METALLIC MINERALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JULY 31, 2019 AND 2018

(Stated in Canadian Dollars)

Baker Tilly WM LLP
900 – 400 Burrard Street
Vancouver, British Columbia
Canada V6C 3B7
T: +1 604.684.6212
F: +1 604.688.3497

vancouver@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Metallic Minerals Corp.:

Opinion

We have audited the consolidated financial statements of Metallic Minerals Corp. and its subsidiary (together, the "Company"), which comprise the consolidated statements of financial position as at July 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in 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 July 31, 2019 and 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 in our audits 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 describes conditions indicating 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 the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

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 and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, B.C.
November 28, 2019

METALLIC MINERALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	**July 31, 2019**	July 31, 2018
ASSETS		**$**	$
Current			
Cash		**813,348**	1,367,132
Receivables	13(b)	**113,905**	73,834
Due from related party	13(b)	**145,001**	-
Prepaid expenses and deposits	5	**41,106**	151,164
		1,113,360	1,592,130
Non-Current			
Receivables		**30,000**	30,000
Due from related parties	13(b)	**-**	280,869
Equipment		**4,724**	6,749
Exploration and evaluation assets	6, 13	**979,892**	892,373
		2,127,976	2,802,121
LIABILITIES			
Current			
Accounts payable and accrued liabilities	13(b)	**153,930**	1,099,996
Loans payable		**22,000**	22,000
Flow-through share premium liability	7	**12,030**	186,712
		187,960	1,308,708
EQUITY			
Share capital	8	**16,090,387**	13,395,277
Share-based payment reserve	8	**1,438,958**	1,391,990
Accumulated deficit		**(15,589,329)**	(13,293,854)
		1,940,016	1,493,413
		2,127,976	2,802,121

Approved on behalf of the Board:
"Stephen Pearce", Director
"Greg Johnson", Director

METALLIC MINERALS CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JULY 31
(Expressed in Canadian dollars)

	Note	2019	2018
		$	$
Expenses			
Consulting fees	13	433,488	354,453
Bonuses	8(b), 13	-	285,450
Depreciation		3,305	-
Exploration expenditures	6, 13	1,313,636	2,752,715
Investor relations and corporate development		471,765	459,565
Office and administration	13	137,494	82,626
Professional fees		64,397	33,041
Property evaluation		31,223	18,775
Share-based payment expense	8(d), 13	208,672	523,928
Transfer agent, regulatory and filing fees		47,739	30,447
Travel and accommodation		6,469	16,875
		2,718,188	4,557,875
Other Items			
Other income	7	(174,682)	(141,992)
Miscellaneous and interest income		(27,261)	(8,353)
		(201,943)	(150,345)
Total loss and comprehensive loss for the year		(2,516,245)	(4,407,530)
Basic and diluted loss per share		$ (0.04)	$ (0.08)
Basic and diluted weighted average number of shares outstanding		64,656,481	52,278,276

See accompanying notes to the consolidated financial statements.

METALLIC MINERALS CORP.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Share-based payment reserve	Accumulated deficit	Total
			$	$	$	$
Balance, July 31, 2017		**45,314,419**	**9,967,634**	**826,149**	**(8,886,324)**	**1,907,459**
Net loss for the year		-	-	-	(4,407,530)	(4,407,530)
Private placements, net of share issue costs	8(b)	7,052,810	2,219,193	19,373	-	2,238,566
Private placement, bonus shares	8	865,000	250,850	-	-	250,850
Shares issued pursuant to exploration and evaluation asset acquisitions	6, 8(b)	705,000	235,600	-	-	235,600
Warrants issued pursuant to exploration and evaluation asset acquisitions	6, 8(e)	-	-	22,540	-	22,540
Shares issued pursuant to exercise of warrants	8(b)	7,220,000	722,000	-	-	722,000
Share-based payment expense	8(d)	-	-	523,928	-	523,928
Balance, July 31, 2018		**61,157,229**	**13,395,277**	**1,391,990**	**(13,293,854)**	**1,493,413**
Net loss for the year		-	-	-	(2,516,245)	(2,516,245)
Private placements, net of share issue costs	8(b)	4,038,075	836,010	59,066	-	895,076
Shares issued pursuant to exploration and evaluation asset acquisitions	6, 8(b)	250,000	52,500	-	-	52,500
Shares issued pursuant to exercise of warrants	8(b)	18,066,000	1,806,600	-	-	1,806,600
Share-based payment expense	8(d)	-	-	208,672	-	208,672
Reclass of expired warrants		-	-	(34,444)	34,444	-
Reclass of expired stock options		-	-	(186,326)	186,326	-
Balance, July 31, 2019		**83,511,304**	**16,090,387**	**1,438,958**	**(15,589,329)**	**1,940,016**

See accompanying notes to the consolidated financial statements.

METALLIC MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31
(Expressed in Canadian dollars)

	Note	2019	2018
Operating Activities			
Net loss for the year		**(2,516,245)**	(4,407,530)
Items not involving cash:			
Bonus shares		**-**	285,450
Depreciation		**3,305**	-
Other income	7	**(174,682)**	(141,992)
Share-based payment expense	8(d)	**208,672**	523,928
		(2,478,950)	(3,740,144)
Net change in non-cash working capital	9	**(938,249)**	623,616
Cash used in operating activities		**(3,417,199)**	(3,116,528)
Investing Activities			
Purchase of equipment		**(17,499)**	(6,749)
Acquisition of exploration and evaluation assets	6	**(35,019)**	(155,292)
Cash used in investing activities		**(52,518)**	(162,041)
Financing Activities			
Proceeds received pursuant to private placements	8(b)	**900,834**	2,550,205
Share issue costs	8(b)	**(5,758)**	(159,527)
Net receipts from related parties	13	**214,257**	-
Proceeds pursuant to exercise of warrants	8(b)	**1,806,600**	722,000
Cash provided by financing activities		**2,915,933**	3,112,678
Net decrease in cash		**(553,784)**	(165,891)
Cash, beginning of year		**1,367,132**	1,533,023
Cash, end of year		**813,348**	1,367,132

Supplemental cash flow information (Note 9)

1. NATURE OF OPERATIONS AND GOING CONCERN

Metallic Minerals Corp. (the "**Company**") is a publicly listed company on the TSX Venture Exchange ("**TSX-V**"), incorporated under the laws of British Columbia on May 3, 2007. The Company was registered as an extra-territorial corporation under the Business Corporations Act (Yukon) on July 10, 2009. The Company is involved in activities that include the acquisition and exploration of mineral properties.

The Company's head office is located at 904 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

These consolidated financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of $2,516,245 for the year ended July 31, 2019 (2018: $4,407,530). As at July 31, 2019, the Company had an accumulated deficit of $15,589,329 (2018: $13,293,854). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

While the Company has been successful in obtaining the necessary financing through the issuance of common shares, the exercise of warrants and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in these consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("**IASB**") and include the accounts of the Company and its wholly-owned subsidiary 536386 Yukon Inc. All intercompany transactions and balances have been eliminated upon consolidation. Subsequent to July 31, 2019, the Company incorporated two additional wholly-owned subsidiaries, Metallic Minerals USA Inc. and 1219166 B.C. Ltd.

These consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the "**Board**") approved these consolidated financial statements on November 28, 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently during the year ended July 31, 2019, unless otherwise indicated.

a) Cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. There are no cash equivalents at July 31, 2019 and 2018.

b) Pre-Exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

c) Exploration and Evaluation ("E&E") Expenditures

Once the legal right to explore a property has been acquired, costs related to acquisition, such as option payments, which enable the Company to explore certain properties, and claim staking costs, are recognized and capitalized on the consolidated statement of financial position.

Costs directly related to E&E are expensed and reported in the Company's loss until such time as an assessment of the technical feasibility and commercial viability has been completed. These direct expenditures include such costs as materials used, surveying and sampling costs, drilling costs, payments made to contractors, geologists, consultants, and depreciation on plant and equipment during the exploration phase.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E assets in respect of that project are deemed to be impaired. As a result, those E&E assets, in excess of estimated recoveries, are written off to the Company's profit or loss. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". E&E assets are tested for impairment before the assets are transferred.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized acquisition costs.

Mineral exploration and evaluation assets are classified as intangible assets.

d) Option Payments Received

Where a third party has been granted the option to acquire an interest in a property owned by the Company, the fair value of any proceeds received in respect of that property is applied to the E&E assets cost which is capitalized on the Company's consolidated statement of financial position. Once the amount capitalized in respect of that property has been reduced to $Nil, any further payments received are reported in the Company's profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Option Payments Received (continued)

A portion of the Company's development activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities. The Company does not record any exploration expenditures made by a joint venture partner on that partner's own account.

e) Equipment

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent Costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in the Company's profit or loss as incurred.

Gains and Losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized, net, within profit or loss.

Depreciation

Depreciation in profit or loss is provided on a straight-line basis over the estimated useful life of the assets.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets, including E&E assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has no cash generating unit for which impairment testing was performed.

An impairment loss is charged to the Company's profit or loss, except to the extent that it reverses gains previously recognized in other comprehensive loss/income.

g) Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("**IFRS 9**") as of August 1, 2018. IFRS 9 replaces International Accounting Standard ("**IAS**") 39 Financial Instruments: Recognition and Measurement ("**IAS 39**"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("**FVTPL**"), at fair value through other comprehensive income (loss) ("**FVTOCI**") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

The Company completed a detailed assessment of its financial assets and liabilities as at August 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Due from related party	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated other comprehensive income on August 1, 2018.

(ii) Measurement

Financial assets and liabilities at FVTOCI or amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of loss.

h) Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by E&E activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligations are incurred. The nature of the rehabilitation activities include: restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on the passage of time, current market discount rates and liability specific risks. Adjustments to the liability as a result of the passage of time are recognized as borrowing costs, all other changes are recognized as a corresponding change to evaluation and exploration assets in the period in which they occur.

i) Share Capital

Financial instruments issued by the Company are classified as equity to the extent that they do not meet the definition of a financial liability or asset. The Company's common shares, share warrants and share options are classified as equity instruments.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrants. If the warrants expire unexercised, the value attributed to the warrants is transferred to deficit.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are recorded in equity as a deduction, net of tax, from proceeds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Flow-Through Shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through share proceeds into i) share capital, ii) warrants, and iii) a flow-through share premium, if any, using the residual value method. If investors pay a premium for the flow-through feature, it is recognized as a liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes a deferred tax recovery in income for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. At the end of a period, the flow-through share premium liability consists of the portion of the premium on flow-through shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a prescribed period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

k) Profit or Loss Per Share

Basic profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period.

l) Share-Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the Company's profit or loss over the vesting period. The number of equity instruments expected to vest at each reporting date is taken into account so that the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Share-Based Payments (continued)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modifications, is charged to the Company's profit or loss over the remaining vesting period.

All equity-settled share-based payments are reflected in equity reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in equity reserve is credited to share capital, adjusted for any consideration paid. If the options expire unexercised, the value attributed to the options is transferred to deficit.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

m) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Government Grants

Government grants related to exploration activities are recognized in profit or loss as a deduction from the related expenditure when there is reasonable assurance that the grant will be received. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

o) Functional Currency

The consolidated financial statements for the Company are prepared using its functional currency. Functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company is Canadian dollars.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

p) New and Revised Accounting Standards

The following accounting standard has been issued but is not yet effective. The Company has not early adopted this new standard.

IFRS 16 "Leases" – On January 13, 2016 the IASB issued IFRS 16 *Leases.* This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

The impact of adoption of this standard on the consolidated financial statements of the Company is not expected to be material.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in the Company's profit or loss in the period of the change, if it affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year if the estimates and assumptions made by management prove to be incorrect. The critical accounting estimates include, but are not limited to, the following:

Premium on Flow-Through Shares

At the time of issue, the Company estimates the proportion of proceeds attributed to the flow-through share, the common share and the warrant, if applicable, with reference to closing market prices and such techniques as the Black-Scholes option-pricing model.

Share-based Payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for E&E acquisition expenditures requires judgment in determining whether it is likely that future economic benefits will follow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after acquisition expenditures are capitalized, information becomes available suggesting that the recovery of the acquisition expenditures is unlikely, the amounts capitalized are written off in the Company's profit or loss in the period the new information becomes available.

Title to Mineral Property Interests

Although the Company takes steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going Concern

The preparation of these financial statements requires management to make judgments regarding the ability of the Company to continue as a going concern, as discussed in Note 1.

(Expressed in Canadian dollars)

5. PREPAID EXPENSES AND DEPOSITS

	July 31, 2019	July 31, 2018
	$	$
Prepaid expenses	16,717	122,755
Deposits	24,389	28,409
	41,106	151,164

At July 31, 2019 and 2018, prepaid expenses included various prepaid amounts for advertising, marketing and upcoming conference events.

6. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets consist of three main project areas.

KENO SILVER PROJECT

The Company's core 100% owned Keno silver project, located in the Keno Hill silver district of Canada's Yukon Territory, comprises 166 square kilometers ("**km^2**") including the Keno-Lightning, Keno Summit, Gram, Keno-East, Cobalt Hill, Duncan Creek, Formo and Silver Queen properties.

Keno Lightning Property

The 100% owned Keno-Lightning property, which includes Homestake, is one of the largest properties and is subject to a 3% Net Smelter Royalty ("**NSR**") with an option to buy back up to 2%.

Keno Summit and Gram Properties

The Company has a 100% interest in 9 claims in the Keno Summit area and an 8.7 km^2 area (42 claims) contiguous with the east side of the Keno-Lighting property.

The Keno Summit and Gram Properties are subject to a 2% NSR for precious metals and a 1% NSR for base metals and the Company has the option to buy back the full NSR.

Formo and Keno Summit Leases

The Company has a 100% interest in the Formo property and 3 leases on the Keno Summit, which it earned by issuing 200,000 units of the Company to an arms-length party in September 2017. Each unit consisted of one common share of the Company and one share purchase warrant, with each warrant to acquire one common share at a price of $0.45 for 2 years. Subsequent to July 31, 2019, these warrants expired unexercised. The claims are subject to a 2% NSR for precious metals and a 1% NSR for base metals. The Company has an option to buy back the NSR.

Duncan Creek and Keno East Properties

The Company has a 100% interest in the Duncan Creek and Keno East claim blocks within the Keno Hill silver district with no NSR or earn in requirements.

Silver Queen Property

The Company has a 100% interest in the Silver Queen property, consisting of 27 claims and two mining leases, of which seven claims and the two mining leases are in the Keno Summit area with the others at the west end of the district.

The property is subject to a 2% NSR and the Company has the option to buy back the full NSR.

6. EXPLORATION AND EVALUATION ASSETS (continued)

MCKAY HILL PROJECT

The Company's 100% owned McKay Hill project, which covers approximately 44km^2, is located northeast of the Keno silver project in the Yukon Territory.

The property is subject to a 3% NSR and the Company has the option to buy back up to 2% of this NSR.

SILVER HILL PROJECT

During the year ended July 31, 2019, the Company staked 10.7 km^2 of claims 15 km north of the McKay Hill property. The property is not subject to any NSR or earn in requirements.

KLONDIKE GOLD PROJECT – ROYALTY PORTFOLIO

The Company's alluvial properties are tributaries of the Indian River in the Klondike Gold District near Dawson City, Yukon and are comprised of Australia Creek, Dominion Creek, Melba Creek, California Creek and McKim Creek.

Australia Creek Property

On September 7, 2017, and amended on December 29, 2017, the Company completed an option agreement to acquire a 100% interest from underlying claim holders in approximately 26 miles (42km) of mining rights and 18 miles (29km) of bench claims along the Australia Creek drainage (the "**Australia Creek Property**"), a tributary to the Indian River, in the Klondike gold district near Dawson City, Yukon.

Under a production royalty agreement with respect to an approximate 2 mile portion of the Australia Creek Property ("**Lower Australia Creek**"), the Company has given an arms-length alluvial mining operator (the "**Operator**") an exclusive right to mine Lower Australia Creek, in exchange for a 12% royalty on all gold production payable to the Company.

In order to earn a 100% interest in the underlying Australia Creek Property, the Company has the following remaining commitments:

- In December 2018, an amount of $25,000 is to be paid to one of the Vendors (outstanding);
- In December 2019, a final payment of $25,000 is to be paid to one of the vendors; and
- In December 2019, the Company is to issue a total of 275,000 common shares to the vendors, based on continued mining on the Australia Creek Property with gold royalty production or a new mining lease agreement with another operator on additional claims.

Under the Australia Creek option agreement, the vendors will receive a 4% royalty on all alluvial gold production from the Company and the Company has the ability to buy back the royalty.

One of the Vendors is a related party as a director of the Company.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

KLONDIKE GOLD PROJECT – ROYALTY PORTFOLIO (continued)

In October 2018, the Company entered into a production royalty agreement covering four additional miles of valley bottom and bench alluvial claims in two blocks of its Australia Creek Property with an experienced alluvial mining operator in exchange for a 10% royalty on all gold production. This portion of the property is fully permitted for full scale production mining allowing for production to proceed following completion of test work.

Dominion Creek Property

On September 25, 2017, the Company completed an option agreement to acquire a 100% interest in mining rights from an arms-length party consisting of 10 claims along a bench of Dominion Creek, a tributary to the Indian River, in the Klondike Gold District near Dawson City, Yukon. To earn the 100% interest, the Company made cash payments totaling $50,000 and issued 75,000 flow-through common shares valued at $30,000 to the vendor.

The Company also entered into a production royalty agreement with respect to these claims under which the Company has granted exclusive mining rights to the Operator in exchange for a 15% royalty on all gold production.

Capitalized Exploration and Evaluation Acquisition Costs

A summary of the changes in capitalized exploration and evaluation acquisition costs is presented below:

	Keno Silver Project	McKay Hill Project	Klondike Gold Project	Total
	$	$	$	$
Balance, July 31, 2017	380,903	6,000	92,038	478,941
Cash payments	23,399	1,605	82,500	107,504
Licensing costs	19	-	2,110	2,129
Legal and other	400	-	-	400
Shares issued	68,000	17,600	150,000	235,600
Staking costs (recovery)	(520)	244	45,535	45,259
Warrants issued	22,540	-	-	22,540
Balance, July 31, 2018	494,741	25,449	372,183	892,373
Licensing costs	1,055	-	-	1,055
Shares issued	-	-	52,500	52,500
Staking costs			33,964	33,964
	1,055	-	86,464	87,519
Balance, July 31, 2019	495,796	25,449	458,647	979,892

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

A summary of the exploration and evaluation expenditures incurred for the year ended July 31, 2019 is presented below:

	Keno Silver Project	McKay Hill Project	Klondike Gold Project	La Plata (See Note 15)	Total
	$	$	$	$	$
Analysis	21,882	367	-	-	22,249
Camp costs	166,415	8,063	10,619	861	185,958
Community consultation and permitting	22,104	8,871	10,322	-	41,297
Consulting	161,737	8,704	65,415	31,795	267,651
Drilling	374,108	-	-	-	374,108
Equipment and communication	(30,759)	14,051	11,463	6,824	1,579
Fuel	2,769	13,036	7,411	60	23,276
Salaries and benefits	190,286	99,482	14,077	4,926	308,771
Transportation and travel	65,075	17,402	7,843	14,219	104,539
Trenching and test pitting	-	-	49,208	-	49,208
	973,617	169,976	176,358	58,685	1,378,636
Less: Government grants	-	(25,000)	(40,000)	-	(65,000)
	973,617	144,976	136,358	58,685	1,313,636

A summary of the exploration and evaluation expenditures incurred for the year ended July 31, 2018 is presented below:

	Keno Silver Project	McKay Hill Project	Klondike Gold Project	Total
	$	$	$	$
Analysis	47,856	2,921	-	50,777
Camp costs	87,706	63,376	15,432	166,514
Community consultation and permitting	-	-	17,496	17,496
Consulting - geological	335,248	30,044	67,705	432,997
Consulting - other	23,347	21,839	39,150	84,336
Drilling	746,530	-	-	746,530
Equipment and communication	87,301	29,664	69,538	186,503
Fuel	14,692	35,661	2,462	52,815
Overhead and administration	15,150	704	-	15,854
Road work	219,855	-	50,650	270,505
Salaries and benefits	309,036	148,010	124	457,170
Transportation and travel	89,325	207,832	14,061	311,218
	1,976,046	540,051	276,618	2,792,715
Less: Government grants	-	(40,000)	-	(40,000)
	1,976,046	500,051	276,618	2,752,715

(Expressed in Canadian dollars)

7. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

	$
Balance, July 31, 2017	141,992
Flow-through share premium liability on the issuance of flow-through common shares (Note 8(b))	186,712
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(141,992)
Balance, July 31, 2018	186,712
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(174,682)
Balance, July 31, 2019	12,030

8. SHARE CAPITAL

a) Authorized

An unlimited number of no par value common shares, issuable in series.

b) Share issuance details

Year ended July 31, 2019

- On November 21, 2018 the Company closed two concurrent, non-brokered private placements resulting in total gross proceeds to the Company of $900,834 through the issuance of 4,038,075 units. The Company issued 3,415,221 non-flow-through units at a price of $0.22 per unit for total gross proceeds of $751,349, where each non-flow-through unit consisted of one common share of the Company and one-half share purchase warrant. The Company also issued 622,854 flow-through units at a price of $0.24 per unit for gross total proceeds of $149,485, where each flow-through unit consisted of one flow-through common share ("**FT Share**") of the Company and one-half non-flow through share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.33 with an expiry of November 21, 2021. In connection with the financing, the Company paid finder's fees of $5,758.

  The Company's share price was $0.21 per share on the date of completion and as a result, the Company allocated $717,197 of the gross proceeds from the non-flow-through private placement to share capital and the remaining $34,152 of the gross proceeds to warrant reserve using the residual value method.

  The Company allocated $124,571 of the gross proceeds from the flow-through private placement to share capital and the remaining $24,914 to warrant reserve using the Black-Scholes pricing model.

- The Company issued 18,066,000 common shares pursuant to the exercise of 18,066,000 share purchase warrants with a weighted average exercise price of $0.10 per share.

8. SHARE CAPITAL (continued)

b) Share issuance details (continued)

- On December 31, 2018, the Company issued 250,000 common shares valued at $52,500 pursuant to the purchase of the Australia Creek Property.

Year ended July 31, 2018

- On July 31, 2018, the Company completed a non-brokered private placement of 4,667,810 FT Shares at a price of $0.33 per FT Share totaling $1,540,377.

  In connection with this private placement, the Company paid finders fees of 6% on a portion of the gross proceeds and issued 60,000 finders warrants, with each warrant entitling the holder to purchase one common share of the Company at a price of $0.37, with an expiry of July 31, 2020. The fair value of the finders warrants was $3,395 which was recorded as share issue costs.

  As part of the non-brokered private placement, the Company issued 865,000 common shares to employees, Officers and consultants of the Company at a price of $0.33 per share for a total value of $285,450, which was recorded as bonuses in the consolidated statement of comprehensive loss.

  The Company's share price was $0.29 per share on the date of completion and as a result, the Company allocated $1,353,665 of the gross proceeds to share capital and the remaining $186,712 of the gross proceeds to flow-through share premium liability, including $34,600 pertaining to the bonus shares noted above.

- On December 28, 2017, the Company completed a private placement of 3,450,000 FT Shares at a price of $0.40 per FT Share totaling $1,380,000. The Company issued 125,000 and 75,000 of the FT Shares as payment towards its Australia Creek and Dominion Creek Properties, respectively, and as a result, the Company did not receive cash for these FT Shares.

  In connection with this private placement, the Company paid finders fees of 6% on a portion of the gross proceeds, paid $5,000 to cover a finder's due diligence fees related to this private placement and issued 80,250 finders warrants, with each warrant entitling the holder to purchase one common share of the Company at a price of $0.45, with an expiry of December 28, 2019. The fair value of the finders warrants was $15,978 which was recorded as share issue costs.

  The Company's share price was $0.45 per share on the date of completion and as a result, the Company did not allocate any gross proceeds to flow-through share premium liability.

- On November 28, 2017, the Company issued 250,000 common shares valued at $70,000 pursuant to the purchase of the Australia Creek Property.

- On September 27, 2017, the Company issued 55,000 common shares valued at $17,600 pursuant to the purchase of the McKay Hill and Keno Summit Properties.

- On September 18, 2017, the Company issued 200,000 common shares to Independence valued at $68,000 pursuant to the purchase of the Formo and Keno Summit Properties.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

b) Share issuance details (continued)

Year ended July 31, 2018 (continued)

- The Company issued 7,220,000 common shares pursuant to the exercise of 7,220,000 share purchase warrants with a weighted average exercise price of $0.10 per share.

c) Stock options

The Company has a fixed Long-Term Performance Incentive Plan (the "**LTIP**") whereby the Company may grant certain awards to directors, officers, employees and consultants, including stock options, to a maximum of 9,000,000 common shares. The exercise price, term and vesting period of each award are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		$
Balance, July 31, 2017	3,300,000	0.44
Granted	2,200,000	0.30
Cancelled	(150,000)	0.35
Balance, July 31, 2018	5,350,000	0.39
Granted	2,500,000	0.18
Cancelled	(650,000)	0.40
Balance, July 31, 2019	7,200,000	0.31

The following stock options were outstanding as at July 31, 2019:

Outstanding	Exercisable	Weighted average exercise price	Expiry date	Weighted average remaining life (in years)
		$		
2,750,000	2,750,000	0.44	September 19, 2021	2.14
1,950,000	1,950,000	0.30	August 24, 2022	3.07
2,500,000	-	0.18	February 24, 2024	4.57
7,200,000	4,700,000	0.31		3.24

The stock option vesting schedule is 33.3% at each of six, twelve and eighteen months from the date of grant.

d) Share-based payment expense and reserve

The fair value on grant date of the options granted during the year ended July 31, 2019 was $292,939 (2018: $427,292), or $0.12 per option (2018: $0.19). Pursuant to vesting schedules, a portion of the fair value will be expensed in future periods.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

d) Share-based payment expense and reserve (continued)

The share-based payment expense for the year ended July 31, 2019 was $208,672 (2018: $523,928) and was recorded in profit or loss. The fair value of the stock options is calculated using the Black-Scholes option pricing model. The Company has estimated the volatility for options granted in the current period by using the historical volatility of public companies that the Company considers have comparable business activities. The weighted average assumptions were as follows:

	2019	2018
Risk-free interest rate	1.79%	1.39%
Expected stock price volatility	81%	81%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0
Spot price on date of grant	$0.18	$0.30

e) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, July 31, 2017	27,347,666	0.14
Issued pursuant to mineral property acquisitions	200,000	0.45
Issued as finders fees pursuant to private placement	140,250	0.42
Exercised	(7,220,000)	0.10
Balance, July 31, 2018	20,467,916	0.15
Issued pursuant to private placements	2,019,031	0.33
Exercised	(18,066,000)	0.10
Expired	(395,000)	0.55
Balance, July 31, 2019	4,025,947	0.45

The fair values of the warrants that were issued as part of private placements, as finders fees or for mineral property acquisitions during the years ended July 31, 2019 and 2018 were calculated using the Black-Scholes option pricing model. The Company estimated the volatility for warrants issued by using the historical volatility of public companies that the Company considers have comparable business activities.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

e) Share purchase warrants (continued)

Year ended July 31, 2019

The fair value of the 311,427 warrants issued in conjunction with the flow-through private placement completed on November 21, 2018 was $24,914 and was recorded in reserves. The weighted average assumptions were as follows:

Risk-free interest rate	2.19%
Expected annual stock price volatility	80%
Expected dividend yield	0.0%
Expected warrant life in years	3.0
Spot price	$0.20

Year ended July 31, 2018

The fair value of the 60,000 warrants issued as a finders fee pursuant to the private placement completed on July 31, 2018 was $3,395 using the following weighted average assumptions:

Risk-free interest rate	2.14%
Expected annual stock price volatility	51%
Expected dividend yield	0.0%
Expected warrant life in years	2.0
Spot price	$0.28

The fair value of the 200,000 warrants issued pursuant to the acquisition of the Formo and Keno Summit Properties on September 18, 2017 was $22,540 using the following weighted average assumptions:

Risk-free interest rate	1.57%
Expected annual stock price volatility	82%
Expected dividend yield	0.0%
Expected warrant life in years	2.0
Spot price	$0.32

The fair value of the 80,250 warrants issued as a finders fee pursuant to the private placement completed on December 28, 2017 was $15,978 using the following weighted average assumptions:

Risk-free interest rate	1.64%
Expected annual stock price volatility	81%
Expected dividend yield	0.0%
Expected warrant life in years	2.0
Spot price	$0.45

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

e) Share purchase warrants (continued)

The following warrants were outstanding as at July 31, 2019:

Outstanding		Exercisable	Exercise Price	Expiry Date
			$	
200,000	1	200,000	0.45	September 27, 2019
80,250		80,250	0.45	December 29, 2019
1,666,666		1,666,666	0.60	March 23, 2020
60,000		60,000	0.37	July 31, 2020
2,019,031		2,019,031	0.33	November 21, 2021
4,025,947		4,025,947	0.45	

1 Subsequent to July 31, 2019, these warrants expired unexercised.

9. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the years ended July 31 consisted of the following:

	2019	2018
	$	$
Receivables	(40,071)	(360,292)
Prepaid expenses	60,058	239,390
Accounts payable and accrued liabilities	(958,236)	744,518
	(938,249)	623,616

The non-cash financing and investing transactions for the year ended July 31, 2019 consisted of the Company:

- Issuing 250,000 common shares valued at $52,500 pursuant to the purchase of the Australia Creek Property;
- Completing the purchase of certain camp equipment from Midnight Mining and immediate sale to TruePoint. The total amount recorded was $123,240. With respect to the purchase from Midnight Mining, the impact on the Company's books was a reduction of prepaids in the amount of $50,000, a recovery of exploration expenses of $44,850, a reduction of equipment of $17,500, an increase in subscriptions received in advance of $12,170 and a reduction of accumulated depreciation of $1,280. With respect to the sale to TruePoint, the impact on the Company's books was an increase in due from related party of $123,240. No gain or loss was recorded on the sale; and
- Issuing 5,597,600 common shares pursuant to the exercise of 5,597,600 warrants as settlement of $398,551 owed to the President & CEO for consulting fees and expenses, $150,000 owed to a director of the Company for exploration expenditures and $11,209 owed to a consultant for exploration expenditures.

9. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

The non-cash financing and investing transactions for the year ended July 31, 2018 consisted of the Company:

- issuing 200,000 common shares to Independence valued at $68,000 pursuant to the purchase of the Formo and Keno Summit Properties;
- issuing 55,000 common shares valued at $17,600 pursuant to the purchase of the McKay Hill and Keno Summit Properties;
- issuing 200,000 warrants issued to Independence valued at $22,540 pursuant to the Formo and Keno Summit Properties acquisition;
- Issuing 250,000 common shares valued at $70,000 pursuant to the purchase of the Australia Creek Property;
- Issuing 200,000 FT Shares valued at $80,000 as payment towards its Australia Creek and Dominion Creek Properties; and
- Issuing 140,250 warrants as finders warrants valued at $19,373 pursuant to the private placements completed on December 28, 2017 and July 31, 2018.

10. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a number of financial instrument related risks. The fair values of the Company's financial assets and liabilities approximate the carrying amounts.

a) Fair value of financial instruments

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair values of the Company's receivables, amounts due from related party, accounts payable and accrued liabilities and loans payable approximate the carrying amounts, due to the short-term nature of these financial instruments, or the inclusion of market rates of interest thereon. The Company's cash is presented at fair value in accordance with level 1 of the fair value hierarchy.

10. FINANCIAL INSTRUMENTS (continued)

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash. A 1% change in short-term rates would not have a material impact on profit or loss.

c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash balance at July 31, 2019 of $813,348. Cash is held at a chartered Canadian financial institution. Management has assessed credit risk as low.

d) Liquidity risk

Liquidity risk arises from the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. At July 31, 2019, the Company had a total of $1,113,360 of current assets comprised of cash, receivables, due from related parties and prepaid expenses and deposits, working capital of $925,400 and no long-term debt.

While the Company has been successful in obtaining necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future and there remain material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. The Company's loans, trade and other payables are due in the short term.

11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company's strategy remains unchanged from the year ended July 31, 2018.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

12. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items for the years ended July 31:

	2019	2018
	$	$
Loss before income taxes	(2,516,245)	(4,407,530)
Canadian federal and provincial income tax rates	27.00%	27.00%
Income tax recovery based on the above rates	(679,386)	(1,190,033)
Increase (decrease) due to:		
Non-deductible expenses and other permanent differences	60,198	141,461
Non-taxable income	(47,164)	(38,338)
Change in tax rates	-	(73,916)
Impact from flow-through shares	392,380	723,600
Deferred income tax assets for which no tax benefit has been recorded	273,972	437,226
Net income tax recovery	-	-

The components of unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized are as follows:

	July 31, 2019	July 31, 2018
	$	$
Share issue costs	157,492	233,409
Exploration and evaluation assets	3,941,870	3,959,170
Plant and equipment	14,395	11,090
Other	33,998	13,998
Non-capital losses	5,821,745	4,737,120
Unrecognized deferred tax assets	9,969,500	8,954,787

In assessing the ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

(Expressed in Canadian dollars)

12. INCOME TAXES (continued)

The Company has a December 31 year end for tax purposes. As at July 31, 2019, the Company had exploration and evaluation expenditures of approximately $4,922,000, which are available to carry-forward indefinitely, and non-capital losses of approximately $5,822,000 that expire annually on December 31, as follows:

	$
2027	5,000
2028	20,000
2029	78,000
2030	114,000
2031	782,000
2032	609,000
2033	271,000
2034	221,000
2035	48,000
2036	823,000
2037	446,000
2038	1,321,000
2039	1,084,000
	5,822,000

13. RELATED PARTY TRANSACTIONS

Key management personnel are the Directors and Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Amounts paid by the Company for the services provided by related parties are determined by negotiation among the parties and are reviewed and approved by the Company's Board of Directors. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the years ended July 31, 2019 and 2018:

- TruePoint Exploration Inc. ("**TruePoint**"), a privately held geological consulting firm controlled by a group of shareholders including Greg Johnson, the President and CEO of the Company, is a related party through its management contracts, which confer significant influence over operations. Charges are for exploration, management, accounting and office and administration.

- Group Ten Metals Inc. ("**Group Ten**") and Granite Creek Copper Inc. ("**Granite Creek**") are public companies related to the Company by virtue of Directors and/or Officers in common. Together with the Company, they are members of the Metallic Group of Companies which is a collaboration of leading precious and base metals exploration companies that aim to gain a competitive advantage through sharing administration costs, expertise and other resources.

- Midnight Mining Services Ltd. ("**Midnight Mining**") is a private company controlled by Bill Harris, a director of the Company.

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS (continued)

- Foran Mining Corporation ("**Foran**"), a public company whose CFO, Tim Thiessen, is the CFO of the Company.

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

a) Related Party Transactions

		2019	2018
		$	$
Consulting fees	1	335,980	261,525
Exploration and evaluation assets	2	26,250	60,000
Exploration expenditures	3	29,700	64,750
Share-based payment expense	4	181,141	348,116
Bonuses	5	-	222,750
Exploration and administrative support costs	6	443,795	-
		1,016,866	957,141

[1] Consulting fees for the years ended July 31, 2019 and 2018 consisted of fees earned by key management personnel including the CEO, CFO, VP Government & Community Relations, VP Exploration and Corporate Secretary, and fees earned by Midnight Mining.

[2] The amount of $26,250 for the year ended July 31, 2019 consisted of the value of 125,000 common shares issued to a director of the Company in relation to the Australia Creek option agreement (Note 6). The amount of $60,000 for the year ended July 31, 2018 consisted of a cash payment of $25,000 and 125,000 common shares valued at $35,000 issued to a director of the Company in relation to the Australia Creek option agreement.

[3] Exploration expenditures consisted of equipment rentals from Midnight Mining Services Ltd.

[4] Share-based payment expense is a non-cash item that consisted of the fair value of stock options that were granted to key management personnel.

[5] Bonuses for the year ended July 31, 2018 consisted of bonus shares issued to the CEO, CFO and directors of the Company.

[6] Exploration and administrative support costs were charged by TruePoint and consisted of mineral exploration and evaluation costs, consulting fees, corporate advisory fees and office and administration costs.

b) Related Parties Balances

The Metallic Group of Companies pay for certain shared costs on behalf of each other. The receivable and or payable balances with Group Ten and Granite Creek in the tables below are a result of these shared costs.

The Company's related party balances consisted of the following at July 31:

		2019	2018
Current asset		$	$
Due from TruePoint		145,001	-
Due from Greg Johnson	1	51,449	-

1 This amount related to a warrant exercise completed in July 2019 and was included in receivables.

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS (continued)

b) Related Parties Balances (continued)

		2019	2018
Non-current assets		$	$
Due from Group Ten		-	167,969
Due from Granite Creek		-	112,900
		-	280,869

		2019	2018
Current liabilities		$	$
Due to Midnight Mining	1	26,994	-
Due to Greg Johnson	1	-	87,500
Due to Tim Thiessen, CFO	1	3,150	2,678
Due to Foran Mining	1	4,822	7,304
		34,966	97,482

1 These amounts were included in accounts payable and accrued liabilities.

c) Insider Participation in Private Placements

A summary of insider participation in the Company's private placements for the year ended July 31, 2019 was as follows:

November 2018 Private Placement	Number of Shares	Price	Proceeds
		$	$
Alicia Milne, Corporate Secretary	5,000	0.22	1,100
Midnight Mining	250,000	0.22	55,000
Greg Johnson	250,000	0.22	55,000
Mathew Lee, CFO	15,900	0.22	3,498
	520,900		114,598

14. COMMITMENT

As a result of the issuance of FT Shares on July 31, 2018 and November 21, 2018, as at July 31, 2019, the Company had a commitment to incur approximately $249,000 in qualifying Canadian exploration expenditures on or before December 31, 2019.

15. SUBSEQUENT EVENTS

In addition to subsequent events disclosed elsewhere in these consolidated financial statements, the following events occurred after July 31, 2019:

a) On August 8, 2019, the Company granted a total of 1,700,000 stock options to consultants of the Company. The stock options are exercisable at a price of $0.18 and have an expiry date of August 8, 2024.

b) On September 10, 2019, the Company entered into an option agreement to acquire a 100% interest in the La Plata silver-gold-copper property ("**La Plata**") in southwest Colorado from two arms-length vendors. The property, which is approximately 26km northwest of Durango, Colorado, covers approximately $33km^2$ in the historic high-grade La Plata mining district. In consideration, the Company will issue each vendor a total of 5 million units and US$250,000 over a period of four years upon the achievement of certain milestones.

   Upon issuance, each of the units will comprise of one common share and one-half of a share purchase warrant, with each full warrant exercisable into one common share of the Company for a period of 36 months from issuance at an exercise price equal to 120% of the 20-day volume weighted average trading price of the Company's common shares on the TSX-V on the business day immediately preceding the date of issuance.

   In connection with the La Plata acquisition, a total of 2,500,000 common shares and 1,250,000 share purchase warrants were issued on September 26, 2019, with each warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.24 with an expiry of September 26, 2022.

   La Plata will be subject to a 2% NSR and the Company will have the ability to buy down the NSR to 1.5%.

c) On October 17, 2019, the Company completed a non-brokered private placement for gross proceeds of $2,750,000 through the issuance of 12.5 million FT units at a price of $0.22 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.25 with an expiry of October 17, 2021.

   The Company paid a finder's fee of 500,000 units under the same terms and conditions as the private placement units. Net proceeds from the private placement will be used primarily for further exploration on the Keno Silver Project.