ELY
GOLD
ROYALTIES

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

YEARS ENDED DECEMBER 31, 2019 AND 2018

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ELY GOLD ROYALTIES INC.

Opinion
We have audited the consolidated financial statements of Ely Gold Royalties Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the 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 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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

Other Information
Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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.

Auditors' 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 auditors' 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 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Herve Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 9, 2020

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ELY GOLD ROYALTIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	Notes		December 31, 2019		December 31, 2018
ASSETS					
Current					
Cash and cash equivalents		$	2,973,520	$	2,437,736
Marketable securities	6		1,248,828		830,961
Receivables	7		137,902		107,184
Prepaid expenses			71,946		67,258
			4,432,196		3,443,139
Non-Current					
Reclamation bond			28,463		29,896
Right of use lease asset	8		48,549		-
Royalty assets	10		2,961,135		716,836
Mineral and royalty interests	9		896,530		1,078,744
Deferred charges	13		3,135,556		-
		$	11,502,429	$	5,268,615
LIABILITIES					
Current					
Accounts payable and accrued liabilities	11 & 16	$	281,109	$	227,482
Note payable	12		-		183,934
Current portion of lease obligation	14		23,363		-
Current portion of obligation under royalty acquisition	10		1,178,901		-
			1,483,373		411,416
Non-Current					
Lease obligation	14		30,757		-
Obligation under royalty acquisition	10		264,742		-
Promissory note	13		1,000,000		-
			2,778,872		411,416
EQUITY					
Share capital	15		30,055,890		28,519,610
Share-based payment reserve	15		4,988,492		998,942
Cumulative translation adjustment			93,686		158,202
Subscriptions received	15		-		47,315
Deficit			(26,414,511)		(24,866,870)
			8,723,557		4,857,199
		$	11,502,429	$	5,268,615

Approved and authorized by the Board:

"Ronald Husband"	Director	*"Stephen Kenwood"*	Director
Ronald Husband		Stephen Kenwood	

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

ELY GOLD ROYALTIES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the year ended	Notes		December 31, 2019		December 31, 2018
REVENUE					
Option and royalty proceeds	9 & 10	$	1,164,414	$	810,070
Gain on disposal of mineral interests	9		918,416		384,548
			2,082,830		1,194,618
EXPENSES					
Amortization	8 & 10		135,170		-
Consulting fees			169,694		136,579
Exploration and evaluation expenses			331,998		312,162
Insurance			17,638		23,562
Management fees	16		880,220		527,136
Office and administration			101,125		156,002
Professional fees			340,219		149,803
Rent			-		27,000
Share-based payments	16		559,207		24,156
Transfer agent and filing fees			57,385		29,996
Travel and promotion			929,851		569,360
			(3,522,507)		(1,955,756)
OTHER INCOME (EXPENSE)					
Interest expense	13		(185,372)		(17,409)
Interest income			13,580		125
Gain on disposal of marketable securities	6		12,423		60,225
Change in fair value of marketable securities			81,941		(363,478)
Gain/(loss) on foreign exchange			(30,704)		30,853
			(108,132)		(289,684)
Loss for the year			(1,547,809)		(1,050,822)
Other comprehensive income (loss) for the year					
Items subject to reclassification into statement of loss					
Currency translation adjustment			(64,516)		158,202
Comprehensive loss for the year		$	(1,612,325)	$	(892,620)
Basic and diluted loss per share		$	(0.02)	$	(0.01)
Weighted average number of common shares outstanding			96,583,797		77,780,750

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

ELY GOLD ROYALTIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the year ended	December 31, 2019	December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,547,809)	$ (1,050,822)
Items not affecting cash		
Interest expense	6,134	8,533
Amortization of deferred charges	143,750	-
Amortization	135,170	-
Option proceeds paid in marketable securities	(367,767)	(164,865)
Change in fair value of marketable securities	(81,941)	363,478
Gain on disposal of marketable securities	(12,423)	(60,225)
Gain on disposal of mineral interest	(918,416)	(384,548)
Share-based payments	559,207	24,156
Unrealized foreign exchange	70,388	103,639
	(2,013,707)	(1,160,654)
Changes in non-cash working capital items		
Receivables	(33,805)	(34,718)
Prepaid expenses	(4,688)	(19,882)
Reclamation bond	-	30,766
Accounts payable and accrued liabilities	53,628	(243,517)
Net cash used in operating activities	(1,998,572)	(1,428,005)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of mineral	(198,859)	(21,261)
Payments for acquisition of royalty properties	(1,343,042)	(525,000)
Proceeds received from properties under option	228,051	559,416
Proceeds on disposal of marketable securities	56,423	529,408
Proceeds on disposal of mineral and royalty interest	1,635,251	412,694
Net cash provided by investing activities	377,824	955,257
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash, net of issuance costs	1,231,502	988,629
Subscriptions received	-	47,315
Proceeds on promissory note	1,000,000	-
Repayment of loans payable	(183,934)	(728,782)
Lease payments	(48,781)	-
Proceeds received from the exercise of options and warrants	209,350	210,000
Net cash provided by (used in) financing activities	2,208,137	517,162
Effect on cash of foreign exchange	(51,605)	-
Change in cash and cash equivalents for the year	535,784	44,414
Cash and cash equivalents, beginning of year	2,437,736	2,393,322
Cash and cash equivalents, end of year	$ 2,973,520	$ 2,437,736
Cash and cash equivalents consists of:		
Cash	$ 2,198,520	$ 2,412,736
Term deposits	775,000	25,000
	$ 2,973,520	$ 2,437,736

Supplemental disclosure with respect to cash flows (Note 17)
The accompanying notes are an integral part of these consolidated financial statements.

ELY GOLD ROYALTIES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Note	Number of shares	Share capital	Share-based payment reserve	Cumulative translation adjustment	Subscriptions received	Deficit	Total
Balance, December 31, 2017		76,055,475	$ 26,917,261	$ 1,186,671	$ -	$ -	$ (23,816,048)	$ 4,287,884
Private placement, net of issuance costs		10,000,000	988,629	-	-	-	-	988,629
Exercised warrants	15(b)	3,000,000	210,000	-	-	-	-	210,000
Share-based payments allocated to share capital on exercise of warrants	15(d)	-	267,220	(267,220)	-	-	-	-
Subscriptions received	15(b)	-	-	-	-	47,315	-	47,315
Shares issued for mineral and royalty interests	15(b) & 10(c)	1,050,000	136,500	-	-	-	-	136,500
Warrants issued for mineral and royalty interests	15(b) & 10(c)	-	-	55,335	-	-	-	55,335
Share-based payments	15(c)	-	-	24,156	-	-	-	24,156
Loss for the year		-	-	-	-	-	(1,050,822)	(1,050,822)
Other comprehensive income		-	-	-	158,202	-	-	158,202
Balance, December 31, 2018		90,105,475	28,519,610	998,942	158,202	47,315	(24,866,870)	4,857,199
Adjustment on adoption of IFRS 16		-	-	-	-	-	(6,003)	(6,003)
Private placement, net of issuance costs	15(b)	8,615,454	1,202,125	76,692	-	(47,315)	-	1,231,502
Share-based payments	15(c)	-	-	559,207	-	-	-	559,207
Fair value of warrants issued for mineral and royalty interests	15(d) &10	-	-	205,321	-	-	-	205,321
Fair value of warrants issued as consideration for Line of Credit	13 & 15(d)	-	-	3,279,306	-	-	-	3,279,306
Shares issued on exercise of options	15(c)	750,000	79,500	-	-	-	-	79,500
Shares issued on exercise of warrants	15(d)	810,000	129,850	-	-	-	-	129,850
Reallocation of reserves of expired options	15(c)	-	-	(6,171)	-	-	6,171	-
Reallocation of reserves of exercised options and warrants	15(c) & 15(d)	-	124,805	(124,805)	-	-	-	-
Loss for the year		-	-	-	-	-	(1,547,809)	(1,547,809)
Other comprehensive loss		-	-	-	(64,516)	-	-	(64,516)
Balance, December 31, 2019		100,280,929	$ 30,055,890	$ 4,988,492	$ 93,686	$ -	$ (26,414,511)	$ 8,723,557

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

1. NATURE OF AND CONTINUANCE OF OPERATIONS

Ely Gold Royalties Inc. (the "Company" or "Ely Gold") was incorporated under the *Business Corporations Act* (Alberta) on May 10, 1996. The Company was continued into British Columbia in 2002 where it is now domiciled and governed by the *Business Corporations Act* (British Columbia). The Company is listed on the TSX Venture Exchange ("TSX-V"), under the symbol "ELY" and on the OTCQB under the symbol "ELYGF".

The Company is an exploration and development stage natural resource royalty company engaged in the evaluation, acquisition, exploration and development, and sale of natural resource projects and royalties. The Company is currently focused on purchasing royalties and selling its gold projects, with the potential to generate royalties, in the United States and Canada.

The Company's registered office is Suite 2833 – 595 Burrard Street, P.O. Box 49195, Vancouver, British Columbia, Canada, V7X 1J1.

The recovery of the amounts comprising exploration and evaluation assets and royalty interests is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, upon future profitable production, or disposition of its those mineral interests.

These consolidated financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended December 31, 2019, the Company incurred a net loss of $1,547,809 (2018 - $1,050,822) and has incurred ongoing losses since incorporation with an accumulated deficit of $26,414,511 as at December 31, 2019 (2018 - $24,866,870). The Company has limited revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its mineral interests. A number of alternatives, including, but not limited to, selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

These consolidated financial statements were approved by the Board of Directors for issue on April 9, 2020.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which are stated at their fair values. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars, the Company's functional currency, unless otherwise specified.

2. BASIS OF PREPARATION (cont'd…)

Basis of consolidation and presentation

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's wholly owned subsidiaries include, DHI Minerals Ltd. ("DHI") (a Canadian corporation), DHI Minerals (US) Ltd. ("DHI US") (a Nevada corporation), Voyageur Gold Inc. ("Voyageur") (a Canadian corporation) and Nevada Select Royalty, Inc. ("Nevada Select").

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Share-based payments, finder's warrants and bonus warrants

The fair value of share-based payments, finder's warrants and bonus warrant are subject to the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in certain assumptions. As the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and expected forfeiture rate, changes in subjective input assumptions can materially affect the fair value estimate.

Impairment of mineral and royalty interests

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral and royalty interests.

2. BASIS OF PREPARATION (cont'd…)

Use of estimates and judgments (cont'd…)

Critical accounting estimates (cont'd…)

Impairment of mineral and royalty interests (cont'd…)

In respect of costs incurred for its mineral properties, management has determined that exploratory drilling, evaluation and related costs incurred, which have been capitalized, continue to be appropriately recorded on the consolidated statement of financial position at carrying value. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economic assessment/studies, accessible facilities and existing permits.

Leases

Management uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location. Management applies judgement in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options.

Critical accounting judgments

Management must make judgments given the various options available under IFRS for items included in the consolidated financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. Critical judgments have been made by management in arriving at the three above noted critical estimates. Other areas of critical judgment are as follows:

Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding the future funding available for its mineral and royalty interest acquisitions and working capital requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below which have been applied to all the years presented, unless otherwise stated.

IFRS 16 – Leases

The Company adopted the requirements of IFRS 16 effective January 1, 2019. This new standard replaces International Accounting Standard ("IAS") 17 *Leases* and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current accounting for finance leases, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is substantially changed.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Adoption of new accounting policies (cont'd…)

On adoption, the Company's lease consisted of two office leases. The Company transitioned to the new standard using the modified retrospective approach and:

- Measured the lease liability based on the present value of the remaining lease payments discounted using the Company's incremental borrowing rate at January 1, 2019;
- Measured the right-of-use asset as if IFRS 16 had been applied since the commencement date, but discounted using the Company's incremental borrowing rate at January 1, 2019; and
- Recorded the cumulative difference to deficit.

The net impact on deficit on January 1, 2019 was an increase of $6,003.

The following is a reconciliation of total operating lease commitments at December 31, 2018 to the lease liabilities recognized at January 1, 2019:

Lease liabilities before discounting	$	110,763
Discounted using incremental borrowing rate		(11,788)
Operating lease liability at January 1, 2019	$	98,975

The following is a reconciliation of lease liability to right-of-use lease asset at January 1, 2019:

Operating lease liability at January 1, 2019	$	98,975
Prepaid lease payment		1,784
Lease payments prior to January 1, 2019		65,098
Depreciation prior to January 1, 2019		(72,885)
Right-of-use lease asset at January 1, 2019	$	92,972

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Company assesses whether the contract meets three key evaluations, which are whether:

i. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
ii. the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
iii. the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the statement of financial position.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Adoption of new accounting policies (cont'd…)

Measurement and recognition of leases as a lessee (cont'd…)

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

New accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact to the Company in the current or future reporting periods and have not been discussed or presented.

Foreign exchange

The functional currency for the Company and for each of its subsidiaries is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are retranslated at the year-end exchange rates. Non-monetary items, measured using historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Company, Voyageur, DHI, and DHI US is the Canadian dollar. The functional currency of Nevada Select is the US dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21 *The Effects of Changes in Foreign Exchange Rates*.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign exchange (cont'd…)

Foreign operations are translated from their functional currencies into Canadian dollars on consolidation. Items in the consolidated statements of income (loss) and comprehensive income (loss) are translated using the weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Items in the consolidated statements of financial position are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of entities with functional currencies other than the Canadian dollar are recognized in a separate component of equity through other comprehensive income (loss).

On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in a separate component of equity is recognized in profit or loss.

Cash equivalents

Cash equivalents include short-term liquid investments that are cashable or readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

Mineral and royalty interests

Exploration and evaluation assets
Pre-exploration costs are expensed as incurred.

Acquisition costs to obtain the legal right to explore a property are capitalized. Costs related to the exploration and evaluation of mineral properties, including general administrative overhead costs, are expensed in the period in which they occur.

Proceeds for option payments or shares received are recorded on receipt against capitalized exploration and evaluation assets. As related acquisition costs are reduced to nil by the option payments received, any future option payments are recorded as revenues in the statement of loss.

When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the unit-of-production method on commencement of commercial production. Exploration and evaluation assets are also tested for impairment before the assets are transferred as development properties.

When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the unit-of-production method on commencement of commercial production. Exploration and evaluation assets are also tested for impairment before the assets are transferred as development properties.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Mineral and royalty interests (cont'd…)

Royalty interests
Royalty interests consist of acquired royalty interests in producing, development and exploration and evaluation stage properties. Royalty interests are recorded at cost and capitalized as long-term assets. They are subsequently measured at cost less accumulated depletion and depreciation and accumulated impairment losses. The major categories of the Company's interests are producing, development and exploration and evaluation. Producing assets are those that have generated revenue from steady-state operations for the Company. Development assets are interests in projects that are under development, in permitting or feasibility stage and that in management's view, can be reasonably expected to generate steady-state revenue for the Company in the near future. Exploration and evaluation assets represent properties that are not yet in development, permitting or feasibility stage or that are speculative in nature and are expected to require several years to generate revenue, if ever, or are currently not active.

Producing and development royalty interests are recorded at cost and capitalized in accordance with IAS 16, Property, Plant and Equipment. Producing royalty interests are depleted on a straight-line basis over the expected life of the royalty or using the units-of production method over the life of the property to which the interest relates, which is estimated using available estimates of proven and probable mineral reserves specifically associated with the properties and may include a portion of resources expected to be converted into mineral reserves.

Acquisition of royalty interests for exploration and evaluation assets are recorded at cost and capitalized in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources ("IFRS 6") and are not depleted until such time as revenue generating activities begin.

Income (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted income per share is computed similar to basic income (loss) per share, except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. However, diluted loss per share does not include the increase to weighted average shares, as the effect of including additional shares would be anti-dilutive.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Impairment of long-lived assets (cont'd...)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

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

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated to common shares using the market price on the date the common shares are priced and the residual, if any, is allocated to warrants.

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. Share-based payments to employees are measured on the grant date at the fair value of the equity instruments issued, using the Black-Scholes option pricing model and are accrued and charged either to operations or exploration and evaluation assets, over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of the goods or services cannot be reliably measured), and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payment reserve. Consideration paid for the shares on the exercise of stock options or warrants is credited to share capital and the applicable amounts of share-based payment reserve are transferred to share capital. Charges for options that are forfeited before vesting are reversed from share-based payment reserve and transferred to deficit. For options that expire or are forfeited after vesting, the recorded value is transferred from the share-based payment reserve to deficit.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable arising from the use by others of the Company's assets yielding royalties or option proceeds. The Company recognizes revenue pursuant to contractually agreed terms when the Company has met its performance obligations and the collectability of revenue if reasonably assured.

Royalties
Royalties consist of revenues earned directly from royalty agreements. Revenue recognition generally occurs in the month of production from the royalty property. Revenue is measured at fair value of the consideration received or receivable when management can reliably estimate the amounts pursuant to the terms of the royalty agreement.

Option proceeds
Revenues from option proceeds is recognized when received. Option proceeds are initially recorded against the capitalized asset value and any excess is recognized as revenue.

Sale of Mineral Assets
Revenue from the sale of mineral properties is recognized upon the closing of the transaction and when the amount to be received can be reasonably measured and collection is reasonably assured.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that:

i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
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; and
iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in the statement of loss and comprehensive loss.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd…)

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

4. FINANCIAL INSTRUMENTS

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The carrying values of cash and cash equivalents, and marketable securities have been based on quoted market prices, a Level 1 measurement according to the fair value hierarchy. The carrying value of accounts payable and accrued liabilities approximates fair value, due to the short term to maturity of these financial instruments. The carrying value of note payable and promissory note payable approximates fair value as the notes bear market interest rates.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (cont'd…)

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents, by placing its cash balances at major Canadian and American financial institutions.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents and accounts receivables, as all amounts are held at major Canadian and American financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 2,973,520	$ 2,437,736
Accounts Receivable	137,902	107,184
	$ 3,111,422	$ 2,544,920

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2019, the Company has cash and cash equivalents of $2,973,520 (2018 - $2,437,736), current liabilities of $1,483,373 (2018 - $411,416), and non-current liabilities of $1,295,499 (2018 - $nil).

The amounts listed below are the remaining contractual maturities for financial liabilities held by the Company:

As at		December 31, 2019		December 31, 2018
Due Date				
0 – 90 days	$	898,913	$	411,416
90 – 365 days		584,460		-
More than 1 year		1,295,499		-
	$	2,778,872	$	411,416

4. FINANCIAL INSTRUMENTS (cont'd…)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and equity price risk.

(i) Interest rate risk

Interest rate risk consists of three components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

(c) Fluctuations in the interest rates impact the value of cash equivalents. As at December 31, 2019, the Company is not exposed to cash-flow risk as its Promissory note interest rate is fixed. The Company's other liabilities are not exposed to interest rate risk, as they are carried at amortized cost.

(ii) Foreign currency risk

The Company incurs expenditures in Canada and the US. Foreign currency risk arises because the amount of the US dollar cash, intercompany balances and payables will vary in Canadian dollar terms due to changes in exchange rates.

As at December 31, 2019 and 2018, the Company has not hedged its exposure to currency fluctuations.

At December 31, 2019 and 2018, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

		December 31, 2019		December 31, 2018
Cash and cash equivalents	US$	735,612	US$	872,445
Accounts payable and accrued liabilities		(83,641)		(51,583)
Note payable		-		(125,000)
Interest payable		(11,521)		(9,829)
Net	US$	640,450	US$	686,033
Canadian dollar equivalent		$ 831,818		$ 935,886

Based on the above net exposures as at December 31, 2019, a 5% (2018 - 5%) change in the Canadian/US exchange rate would impact the Company's income (loss) and comprehensive income (loss) by approximately $42,000 (2018 - $46,000).

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (cont'd…)

(c) Market risk (cont'd…)

(iii) Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company's marketable securities consisting of common shares are exposed to significant equity price risk due to the potentially volatile and speculative nature of the businesses in which the investments are held.

Based on the marketable securities held as at December 31, 2019, a 10% (2018 – 10%) change in the market price of these securities would impact the Company's income (loss) and comprehensive income (loss) by approximately $125,000 (2018 - $83,000).

(iv) Fair value hierarchy

The following tables summarize the Company's financial instruments under the fair value hierarchy, as at December 31, 2019 and 2018:

December 31, 2019	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,973,520	$ -	$ -	$ 2,973,520
Marketable securities	$ 1,248,828	$ -	$ -	$ 1,248,828

December 31, 2018	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,437,736	$ -	$ -	$ 2,437,736
Marketable securities	$ 830,961	$ -	$ -	$ 830,961

5. CAPITAL MANAGEMENT

The Company is an exploration and development stage company and this involves a high degree of risk. The Company has not determined whether its exploration and evaluation assets contain economically recoverable reserves of ore and currently has only earned revenues from option proceeds on its exploration and evaluation assets and royalty proceeds from royalty interests. The Company's primary source of funds comes from the issuance of share capital, debt and proceeds from option agreements and disposal of mineral properties. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company defines its capital as equity. Capital requirements are driven by the Company's exploration activities on its exploration and evaluation assets. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities.

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

There have been no changes to the Company's approach to capital management during the year ended December 31, 2019.

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES

The Company's marketable securities comprise the following common shares. The fair value of the marketable securities has been determined directly by reference to published price quotations in an active market.

	December 31, 2019			December 31, 2018		
	Shares	Cost	Fair Value	Shares	Cost	Fair Value
Gold Resources Corporation	104,811	$ 818,668	$ 754,152	104,811	$ 818,668	$ 571,933
Colorado Resources Ltd.	-	-	-	800,000	178,000	44,000
Solitario Royalty & Exploration Corp.	119,352	144,454	46,504	119,352	144,454	38,193
Bitterroot Resources Ltd.	200,000	30,000	7,000	200,000	30,000	5,000
VR Resources Ltd.	100,000	36,250	37,000	100,000	36,250	18,000
Valterra Resource Corp.	525,442	221,831	55,172	525,442	221,831	78,816
Fremont Gold Ltd.	500,000	80,000	39,000	500,000	80,000	75,019
Contact Gold Corp.	2,000,000	420,000	310,000	-	-	-
Total		$1,751,203	$ 1,248,828		$1,509,203	$ 830,961

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

(a) recorded an unrealized loss in the change in fair value on marketable securities of $81,941 (2018 - $363,478) in the statements of loss and comprehensive loss.

(b) sold 800,000 common shares of Colorado Resources Ltd. ("Colorado") for net proceeds of $56,423. As at December 31, 2018, these shares had a carrying value of only $44,000, which resulted in a recovery of $12,423.

(c) Received 2,000,000 shares of Contact Gold Corp., valued at $420,000, as part of the consideration on the sale of the Green Springs property (Note 9).

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

(a) acquired 50,000 common shares of VR Resources Ltd. ("VR Resources"), valued at $20,000, as part of the consideration for the option of its Kraut claims to VR Resources (Note 9(c)).

(b) acquired 200,000 common shares of Fremont Gold Ltd ("Fremont"), valued at $32,000, as part of the consideration for the option of its North Carlin mineral property to Fremont.

(c) acquired 300,000 common shares of Fremont valued at $48,000, as part of the consideration for the option of its Hurricane project to Fremont, included in the Platoro West Properties acquisition (Note 9(c)).

(d) acquired 2,655,740 common shares of Valterra Resource Corp. ("Valterra"), valued at $92,951, as part of the consideration for the option of its Weepah project to Valterra (Note 9(c)).

(e) disposed of 85,000 common shares of Gold Resource Corp ("Gold Resource") for net proceeds of $529,408 and realized a gain of $60,225.

(Expressed in Canadian Dollars)

7. RECEIVABLES

The Company's receivables are as follows:

		December 31, 2019		December 31, 2018
Trade receivables	$	122,309	$	6,883
Sales taxes receivable		15,593		100,301
	$	137,902	$	107,184

8. RIGHT-OF-USE LEASE ASSET

The Company's right-of-use asset relates to the lease of office space.

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases that had previously been classified as "operating leases" under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liability on January 1, 2019 was 8%.

Cost:		
Balance at January 1, 2019, on adoption of IFRS 16	$	92,972
Accumulated amortization:		
Balance at January 1, 2019, on adoption of IFRS 16		-
Depreciation for the year		42,136
Balance, December 31, 2019		42,136
Currency translation adjustment	$	(2,287)
Net book value:		
As at January 1, 2019, on adoption of IFRS 16	$	93,613
As of December 31, 2019	$	48,549

9. MINERAL AND ROYALTY INTERESTS

	(a) Green Springs Claims	(b) Cox Claims	(c) Nevada Select Properties	Total
Balance, December 31, 2017	$ 28,658	$ 69,618	$ 1,534,438	$ 1,632,714
Acquisition costs	-	-	21,260	21,260
Option payments received	(28,658)	(36,127)	(522,777)	(587,562)
Disposition	-	-	(28,086)	(28,086)
Cumulative translation adjustment	-	-	40,418	40,418
Balance, December 31, 2018	-	33,491	1,045,253	1,078,744
Acquisition costs	33,352	26,680	46,432	106,464
Option and royalty payments received		-	(186,761)	(186,761)
Disposition	(33,352)	(60,171)	-	(93,523)
Cumulative translation adjustment		-	(8,394)	(8,394)
Balance, December 31, 2019	$ -	$ -	$ 896,530	$ 896,530

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(a) Green Springs

On February 4, 2013, the Company acquired the Green Springs property in White Pine County, Nevada, for US$300,000 (paid) and $50,000 (paid) cash. The Green Springs property is subject to a 2% net smelter return ("NSR") royalty.

On July 7, 2014, the Company entered into an exploration and option agreement (the "EMX Agreement") with EMX Royalty Corp., formerly Eurasian Minerals Inc., ("EMX") for the Cathedral Well gold project consisting of 79 unpatented mining claims (the "Cathedral Well Claims"), which surround the Company's Green Springs claims. The Company completed the acquisition in November 2016 by paying EMX a total of US$100,000 over a three-year period. The property is subject to a 2.5% NSR royalty, inclusive of an underlying 0.5% NSR royalty.

In addition, after earning the 100% interest in the Cathedral Well Project, the Company will pay EMX annual advance royalties equal to 20 ounces of gold each year beginning in year four of the EMX Agreement. After completion of a feasibility study of the Cathedral Well Project and/or the adjacent Company properties, the annual payment will increase to 35 ounces of gold each year thereafter until commencement of commercial production from either, or both, of the Cathedral Well Project and the adjacent Company properties. The Company may purchase 0.5% of the EMX NSR royalty by paying EMX 500 ounces of gold within 60 days after commencement of commercial production from either, or both, of the Cathedral Well Project and the adjacent Company properties. However, EMX will not retain any royalty on the Company's existing Green Springs project.

On May 10, 2018, Colorado terminated the option agreement with the Company for both Green Springs and Cox property.

On July 23, 2019, the Company signed a purchase option agreement with Contact Gold Corp. and its subsidiary Clover Nevada II LLC (collectively, "Contact Gold") for Contact Gold to acquire an undivided 100% interest in the Cox and Green Springs gold projects.

As consideration for the properties Contact Gold will make the following payments and share issuance:

- 2,000,000 common shares of Contact Gold, US$25,000 (received - $31,125), and the reimbursement of prepaid claims fees relating to Green Springs upon entry into the Purchase Option
- US$50,000 on the first anniversary of the Purchase Option
- US$50,000 on the second anniversary of the Purchase Option
- US$50,000 on the third anniversary of the Purchase Option
- US$100,000 on the fourth and final anniversary of the Purchase Option

Anniversary payment amounts may be made in cash or in Contact Gold's common shares at Contact Gold's election. Payment of all amounts can be accelerated and completed at any time. One million of the shares issued at Closing will be restricted for 24 months. The issuance of all common shares is subject to statutory hold periods pursuant to U.S. and Canadian securities regulations, and conditional upon the approval of any required governmental or regulatory authority, including the TSX Venture Exchange (the "TSXV").

Ely Gold will retain a 1% net smelter royalty on 76 core claims and a 0.75% royalty on the 2 leased claims. There is no buy-down provision to the royalties. Contact Gold will also make all third party payments due on the Cathedral properties.

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(b) Cox Claims

On January 16, 2013, the Company acquired a mining lease and a purchase option on mining claims contiguous to the Green Springs property, known as the Cox Claims. The lease on the Cox Claims has a term of 10 years with escalating advanced mining royalty ("AMR") payments and a purchase option to acquire 100% of the property. The AMR payments are payable as follows on each anniversary of the agreement:

- Upon signing, US$7,500 (paid in 2013);
- January 16, 2014, US$10,000 (paid in 2013);
- January 16, 2015, US$12,000 (paid in 2014);
- January 16, 2016, US$15,000 (paid in 2015);
- January 16, 2017, US$15,000 (paid in 2017 by Colorado);
- January 16, 2018, US$15,000 (paid in 2018 by Colorado);
- January 16, 2019, US$20,000 (paid in 2019); and
- January 16, 2020 and on each subsequent anniversary, US $25,000.

The Company has the option to purchase the claims for an amount equal to US$200,000 less the aggregate of the annual AMR payments made prior to the date of exercising the purchase option. Upon exercise of the purchase option, title to the Cox Claims will be taken subject to annual AMR payments of US$25,000 until commencement of commercial production, after which a 2% NSR royalty will be payable, after recovery of the aggregate AMRs. The Company has the option to buy-down 1% of the NSR royalty for US$500,000.

In connection with the acquisition of the Cox Claims, the Company entered into an Agency Agreement with Urawest Energy LLC ("Urawest") to compensate Urawest for its involvement in the acquisition of the Cox Claims. Under the terms of the Agency Agreement, the Company will make total aggregate payments of US$47,500 to Urawest, payable in annual instalments over the 10-year term of the Cox Claims lease:

- Upon signing, US$2,500 (paid in 2013);
- January 16, 2014, US$2,500 (paid in 2014);
- January 16, 2015, US$2,500 (paid in 2015);
- January 16, 2016, US$5,000 (paid in 2016);
- January 16, 2017, US$5,000 (paid in 2017 by Colorado); and
- January 16, 2018 to January 16, 2023, US$5,000 each year (paid in 2018 by Colorado).

In the event the Company exercises the purchase option to acquire 100% of the Cox Claims, any unpaid fees to Urawest as at the date of exercise shall be paid in full. Upon commencement of commercial production from the Cox Claims, the Company shall pay Urawest a 0.25% NSR royalty and a US$2,500 annual AMR payment (the "Urawest Agreement"). Urawest also negotiated a side agreement with Cox for an additional 0.25% NSR royalty on the Cox Claims, to be deducted from Cox's 2% NSR royalty (the "Cox Side Agreement"). Urawest subsequently changed its name to Nevada Eagle and, as part of the acquisition of the Nevada Eagle Properties, the Company was assigned the Urawest Agreement and the Cox Side Agreement.

On July 23, 2019, the Company signed a purchase option agreement with Contact Gold for Contact Gold to acquire an undivided 100% interest in the Cox and Green Springs gold projects.

As consideration for the properties Contact Gold will make payments and share issuances; the details of the agreement is disclosed in Note 9 (a) Green Springs.

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(c) Nevada Select Properties

Nevada Select is the Company's 100% owned U.S. subsidiary that owns title to over 76 mineral properties with 27 deeded royalties and 24 properties under option agreements with third parties.

During the year ended December 31, 2019, the Company received total net proceeds from option payments of $987,098 (2018 - $1,810,226), of which $191,424 (2018 - $554,768) is included as a reduction of mineral property interests, and $795,674 (2018 - $842,864) is included in the statements of loss and comprehensive loss as option proceeds.

War Eagle Property

On January 21, 2019, the Company entered into a definitive option agreement with Delamar Mining Company ("Delamar"), a wholly owned subsidiary of Integra Resources Corp., whereby Delamar can acquire a 100% interest in the Idaho State Lease on the War Eagle property by making US$200,000 in option payments to the Company as follows:

- Initial payment – US$20,000 (received);
- US$20,000 six months after the closing date (received);
- US$30,000 one year after the closing date;
- US$30,000 two years after the closing date;
- US$30,000 three years after the closing date; and
- US$70,000 four years after the closing date ("War Eagle Final Option Payment").

If the War Eagle Final Option Payment is made, the Company will retain a 1% NSR royalty on the War Eagle property. Delamar has the right to accelerate the payments and exercise of the option at any time prior to the fourth anniversary. The War Eagle property is subject to an underlying 5% gross royalty payable to the State of Idaho.

Castle West property

On June 17, 2019, the Company entered into an option agreement with Bitterroot Resources Ltd. ("Bitterroot") whereby Bitterroot will have an option to purchase a 100% interest in the Castle West property located in Esmerelda County, Nevada, for a purchase price of US$250,000, payable over five years to the Company as follows:

- Initial payment – US$1,000 (received);
- US$15,000 one year after the closing date;
- US$40,000 on each of the second, third and fourth anniversaries from the date of closing; and
- US$105,000 on the fifth anniversary from the date of closing.

Bitterroot will make minimum advance royalty payments of US$5,000 on the first and second anniversaries of exercising of the option and US$10,000 on subsequent anniversaries.

The Company will retain a 3% NSR royalty on any precious metals production. Bitterroot has the right to buy-down 1% of the NSR royalty for a payment of US$1,000,000.

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(c) Nevada Select Properties (cont'd…)

Gold Bar Property

On November 27, 2019 the Company entered into an agreement with McEwen Mining Nevada Inc. ("McEwen") to for the sale of 100% of its Gold Bar Project consisting of twelve patented mining claims (and three hundred ten unpatented mining claims located in Elko County, Nevada.

Under the terms of the Agreement, McEwen will issue to Ely Gold 53,600 shares of its common stock in exchange for 100% ownership in the Patented and Unpatented Claims. In addition, McEwen will reimburse Nevada Select US$38,096 for the 2020 claim fees and taxes. The Company will retain a two percent (2%) net smelter return royalty on the Patented and Unpatented Claims. McEwen can purchase one percent (1%) of the royalty on the Patented Claims for US$1,000,000 and one percent (1%) of the royalty on the Unpatented Claims for US$2,000,000.

Gold Bar Property

The Agreement is subject to approval of the New York Stock Exchange and the Toronto Stock Exchange. Agreement was closed subsequent to year end (Note 20).

Butte Valley Project

On December 3, 2019, the Company entered into an option agreement for the sale of 100% interest of its Butte Valley Project consisting of seventy-eight (78) unpatented mining claims located in White Pine County, Nevada to Six Mile Mining Company, a subsidiary of Quaterra Mining Inc. ("Quaterra").

Under the terms of the Agreement to earn 100%, Quaterra will pay the Company a total of $250,000 in cash payments made as follows:

- US $15,000 paid on the Effective Date;
- US $35,000 on the first anniversary of the Effective Date;
- US $50,000 on the second anniversary of the Effective Date;
- US $50,000 on the third anniversary of the Effective Date; and
- US $50,000 on the fourth anniversary of the Effective Date.

On the Effective Date Quaterra will also reimburse the Company $24,711 for the 2020 claim fees, taxes and staking costs. As at year end, the Company has not received any payments from Quaterra. The Company will retain a two percent (2%) net smelter returns royalty on the Company's Claims. Quaterra can purchase one percent (1%) of the royalty for US$10,000,000 at any time within ten (10) years of the Effective Date.

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(c) Nevada Select Properties (cont'd…)

Frost Property

On November 13, 2018, the Company, through its wholly-owned subsidiary Nevada Select, entered into a definitive option agreement with Calico Resources USA Corp, a wholly owned subsidiary of Paramount Gold Nevada Corp. (collectively "Paramount"), whereby Paramount has the option to acquire a 100% interest in the Frost property (the "Frost Property") by making cash payments totaling US$250,000, as follows:

- Initial payment – US$10,000 (received - $12,957)
- US$15,000 on the date on which Paramount receives a permit for a drill program;
- US$25,000 one year after the closing date
- US$50,000 two years after the closing date
- US$50,000 three years after the closing date
- US$100,000 four years after the closing date

Upon completion of the cash payments and the transfer of the Frost claims, Paramount will grant the Company a 2% NSR on the Frost Property. Paramount has the right to reduce the NSR to 1%, at any time, by paying the Company US$1,000,000.

Rodeo Creek Claims

On November 12, 2018, the Company, through its wholly-owned subsidiary Nevada Select, entered into a definitive option agreement with Au-Reka Gold Corporation, a wholly owned subsidiary of Premier Gold Mines Ltd. (collectively "Premier"), whereby Premier has the option to acquire a 100% interest in the Rodeo Creek claims (the "Rodeo Creek Claims") by making US$506,572 in option payments to the Company, as follows:

- Initial payment – US$56,572 (received - $73,300)
- US$50,000 six months after the closing date (received)
- US$50,000 one year after the closing date (received)
- US$50,000 two years after the closing date
- US$50,000 three years after the closing date
- US$125,000 four years after the closing date
- US$125,000 five years after the closing date

Upon completion of the cash payments and the transfer of the Rodeo Creek Claims, Premier will grant the Company a 2% NSR on the Rodeo Creek Claims.

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(c) Nevada Select Properties (cont'd…)

Stateline Property

On August 8, 2018, the Company entered into a definitive option agreement with Pyramid Gold whereby Pyramid Gold can acquire a 100% interest in the Stateline project by making US$100,000 in combined option payments to the Company, as follows:

- Initial payment – US$5,000 (received - $6,479)
- US$5,000 six months after the effective date (received - $6,478)
- US$15,000 one year after the effective date (received)
- US$25,000 two years after the effective date
- US$25,000 three years after the effective date
- US$25,000 four years after the effective date (the "Stateline Final Option Payment")

If the Stateline Final Option Payment is made the Company will retain a 2% NSR on the Stateline claims. There is a one-mile area of interest associated with the NSR.

Pyramid is also required to pay the Company AMR payments as follows:

- US$15,000 on the first through third anniversary dates of the Stateline Final Option Payment;
- US$25,000 on the fourth anniversary date of the Stateline Final Option Payment and on each anniversary thereafter.

Pyramid Gold may terminate the option agreement at any time without further liability for future option payments.

Amsel Claims (formerly Kraut Claims)

On April 27, 2018, the Company closed the sale of the Kraut claims with VR Resources whereby VR Resources acquired 100% of the Kraut claims by making the following payments:

- At closing – US$10,000 (received - $12,957), 50,000 shares valued at $20,000 (received) of VR Resources and the deed of royalty in Nye County, Nevada, for the Danbo Royalty, consisting of 30 unpatented mining claims; and
- An additional US$50,000 and 50,000 shares of VR Resources once an initial drill program commences on the Kraut claims.

The Company will retain a 2% NSR royalty on the Kraut claims. VR Resources will have the right to buy-down 1% of the royalty for US$500,000 per 0.5% for a maximum of US$1,000,000. As a result of the Company selling the Kraut claims, the Company removed the carrying cost of $nil and recognized a gain on disposition of $33,224, which is included in the statement of loss and comprehensive loss for the year ended December 31, 2018. VR Resources has subsequently changed the name to Amsel.

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(c) Nevada Select Properties (cont'd…)

Monitor Claims

On March 22, 2018, the Company entered into a definitive option agreement with Monitor Gold Corporation ("Monitor"), a wholly owned subsidiary of Orla Mining Ltd. whereby Monitor has the option to acquire a 100% interest in four unpatented mining claims (the "Monitor Claims") by making US$527,000 in option payments to the Company, as follows:

- Initial payment – US$2,000 (received - $2,578)
- US$5,000 one year after the closing date (received)
- US$10,000 two years after the closing date
- US$15,000 three years after the closing date
- US$20,000 four years after the closing date
- US$25,000 five years after the closing date
- US$50,000 six through nine years after the closing date
- US$400,000 ten years after the closing date (the "Monitor Final Option Payment")

If the Monitor Final Option Payment is made the Company will retain a 2.5% NSR on the Monitor Claims. There is no area of interest associated with the Monitor Claims and Monitor will have the right to buy-down 1% of the NSR for an aggregate purchase price of US$1,000,000.

County Line Project

On March 9, 2018, the Company entered into a definitive purchase agreement with Gold Resource whereby Gold Resource has acquired a 100% interest in the County Line project for total consideration to the Company of US$300,000 (received $379,410). The Company will retain a 3% NSR on the County line claims. There is a one-mile area of interest associated with the NSR. Gold Resource will have the right to buy-down 1% of the NSR for an aggregate purchase price of US$1,000,000. As a result of the Company selling the County Line property, the Company removed the carrying value of $28,086 and realized a gain on disposition of $351,324, which is included in the statement of loss and comprehensive loss for the year ended December 31, 2018.

North Carlin Project

On February 21, 2018, the Company entered into a definitive option agreement with Intermont Exploration, LLC, a wholly owned subsidiary of Fremont (collectively, "Intermont"), whereby Intermont can acquire a 100% interest in the North Carlin project by making US$267,500 in option payments to the Company.

On February 17, 2019, Intermont terminated the option agreement. Upon termination, the Company granted Intermont a mineral deed for 12 unpatented mining claims and Intermont granted the Company a 2% NSR royalty on the deeded claims.

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(c) Nevada Select Properties (cont'd…)

Gold Canyon Project

On January 16, 2018, the Company entered into a definitive option agreement with Intermont Exploration, LLC, a wholly owned subsidiary of Fremont whereby Fremont can acquire 100% interest in the Gold Canyon project by making US$802,500 in option payments to the Company, as follows:

- Initial payment – US$15,000 (received)
- US$37,500 six months after the closing date (received included in mineral and royalty interest)
- US$75,000 one year after the closing date (received of which US$57,742 included in mineral and royalty interest and US$17,257 in option proceeds)
- US$112,500 two years after the closing date (received)
- US$112,500 three years after the closing date
- US$150,000 four years after the closing date
- US$300,000 five years after the closing date (the "Gold Canyon Final Option Payment")

If the Gold Canyon Final Option Payment is made the Company will retain a 2% NSR on the Gold Canyon claims and a 1% NSR on any acquired or staked additional claims located within a one-mile area of interest. Fremont will have the right to buy-down 1% of the underlying royalties on all the claims for US$3,000,000.

Fremont is also required to pay the Company AMR payments as follows:

- US$25,000 on the first through third anniversary dates of the Gold Canyon Final Option Payment;
- US$35,000 on the fourth anniversary date of the Gold Canyon Final Option Payment and on each anniversary thereafter.

On May 23, 2019, Fermont sold its option to acquire 100% interest in the Gold Canyon Claims to McEwen Mining Inc. All terms and obligations of the option agreement are now between the Company and McEwen Mining Inc.

Gold Bar Property

On September 13, 2017, the Company closed the option of the Gold Bar project with Fremont, whereby Fremont can acquire 100% of the Gold Bar project by making US$1,000,000 in option payments to the Company. To date the Company has received a total of US$150,000.

On July 9, 2019, Freemont terminated the Gold Bar option.

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(c) Nevada Select Properties (cont'd…)

New Boston Project

On September 10, 2017, the Company closed the sale of the New Boston project with VR Resources whereby VR Resources can acquire 100% of the New Boston project by making the following payments:

- At closing – US$10,000 (received - $12,986 included in mineral and royalty interest) and 50,000 shares of VR Resources valued at $16,250 (received included in mineral royalty interest);
- An additional 50,000 shares of VR Resources if VR Resources completes a diamond drill program valued at $20,000 (received).

If a drill program is not completed by VR Resources within 18 months of closing, the property and any new exploration data will be returned to the Company. The Company was granted a 2% NSR on closing, subject to VR Resources' right to buy down one half of the royalty for US$500,000 per 0.5%.

Wolfpack Property and Royalties Acquisition

On September 8, 2017, the Company acquired four deeded royalties and one leased property for US$40,000 from Wolfpack Gold (Nevada) Corp. The Company must pay AMR on the acquired leased property as follows:

- Years 1-9 US$10,000; (paid - $12,986)
- Years 10-14 US$12,500;
- Years 15-19 US$15,000; and
- Years 20+ US$20,000.

Weepah Project

On July 10, 2017, the Company closed an option agreement for the Weepah project with Valterra Resource Corp ("Valterra") whereby Valterra can acquire 100% of the Weepah project, amended May 7, 2019, by making the following option payments to the Company:

- At closing – US$100,000 cash or through the issuance of Valterra common shares (received 2,598,680 Valterra common shares valued at $128,880);
- Year 1 – US$100,000 cash or through the issuance of Valterra common shares (received 2,655,740 Valterra common shares valued at $92,951);
- Year 2 – US$35,000 cash; (received US$11,250)
- On or before December 31, 2019 – US$65,000 (contractual not optional)
- Year 3 – US$300,000 cash; and
- Year 4 – US$400,000 cash (the ("Final Option Payment")

If the Final Option Payment is made the Company will retain a 3% NSR on ten unpatented claims and one patented claim. Valterra will have the right to buy-down 1% of the underlying royalty on these claims for US$1,000,000. Sixty-six unpatented claims are subject to a 2% NSR to a third party and Ely Gold will retain a 1% NSR on those claims.

Valterra will pay the Company AMR payments as follows:

- US$25,000 on the first through third anniversary dates of the Final Option Payment;
- US$35,000 on each anniversary date of the Final Option Payment thereafter.

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(c) Nevada Select Properties (cont'd…)

Platoro West Properties and Royalties Acquisition

On June 23, 2017, the Company closed the transaction with Platoro West Incorporated ("Platoro West") whereby the Company acquired Platoro West's portfolio of 14 mineral properties in Nevada, a portfolio of 8 deeded royalties, and legal and beneficial rights to geological information covering precious metals properties throughout the western United States (together the "Platoro Properties"). Under the terms of the agreement, the company will pay Platoro West US$500,000 as follows:

- US$25,000 upon signing (paid - $34,280);
- US$225,000 upon closing (paid - $298,158);
- US$125,000 cash on the first anniversary together with 5% per annum interest compounded quarterly from the date of closing (paid - $160,629);
- US$125,000 cash on the second anniversary together with 5% per annum interest compounded quarterly from the date of closing. (paid - $132,180)

The Company also issued 1,000,000 shares purchase warrants to Platoro West with a fair value of $73,337, which is included in acquisition costs. Each share purchase warrant is exercisable to purchase one common share of the Company for $0.125 for a period of three years from the date of closing (Note 11(d)).

During the year ended December 31, 2018, the Company received $116,794 (2017 - $32,465) in option payments related to the Platoro Properties which has been included in the statement of loss, which included 300,000 common shares of Fremont valued at $48,000 (Note 6(c)).

During the year ended December 31, 2018, the Company received $101,989 in option payments related to the Platoro Properties, which has been included in option payments received within mineral and royalty interests.

Redlich, Moho and Olympic Projects

On May 26, 2017, the Company entered into definitive option agreements with Pyramid Gold (US) Corp ("Pyramid Gold") whereby Pyramid Gold can acquire a 100% interest in the Redlich, Moho and Olympic projects ("RMO") by making US$600,000 in combined option payments to the Company, as follows:

- Initial payment – US$22,000 (received - $28,569)
- US$33,000 six months after the closing date (received - $42,854, included in mineral and royalty interest)
- US$70,000 one year after the closing date (received - $88,604)
- US$75,000 two years after the closing date (received US$50,000 for the Moho and Redlich claims)
- US$75,000 three years after the closing date
- US$325,000 four years after the closing date (the "RMO Final Option Payments")

If the RMO Final Option Payments are made the Company will retain a 2.5% NSR on the Redlich, Moho and Olympic claims. On the first three anniversaries of the option exercise, Pyramid Gold will pay combined AMR payments of US$30,000 per year on the Redlich and Moho projects. On the fourth anniversary and every year after, Pyramid Gold will pay combined AMR payments of US$50,000 per year. On the Redlich and Moho projects. Pyramid Gold will have the right to buy-down 1% of the NSR on each of the Redlich and Moho projects for an aggregate purchase price of US$1,000,000 per project. On February 7, 2018 Pyramid assigned the option agreements for Moho and Redlich to Hochschild Mining PLC with the terms of the option agreement remaining the same.

9. MINERAL AND ROYALTY INTERESTS (cont'd…)

(c) Nevada Select Properties (cont'd…)

Cimarron Project

On May 26, 2017, the Company entered into a definitive option agreement with 1082223 BC Ltd ("1082 BC") whereby 1082 BC can acquire a 100% interest in the Cimarron project by making US$250,000 in option payments to the Company, as follows:

- Initial payment – US$10,000 (received - $12,986 included in loss and comprehensive loss)
- US$15,000 six months after the closing date (received - $19,479 included in loss and comprehensive loss)
- US$25,000 one year after the closing date (received - $31,838)
- US$25,000 two years after the closing date (received)
- US$25,000 three years after the closing date
- US$150,000 four years after the closing date (the "Cimarron Final Option Payment")

If the Cimarron Final Option Payment is made the Company will retain a 2.5% NSR on the Cimarron claims. On the first three anniversaries of the option exercise, 1082 BC will pay AMR payments of US$15,000 per year. On the fourth anniversary and every year after, 1082 BC will pay AMR payments of US$25,000 per year. On May 17, 2017, 1082 BC assigned its interest in the Cimarron project to Ridgestone Mining Inc.

Hackberry North Project

On January 20, 2017, the Company closed the transaction with Bitterroot Resources Ltd. ("Bitterroot") whereby Bitterroot can acquire a 100% interest in the Company's Hackberry North Project by making cash payments of US$150,000 and issuing 600,000 Bitterroot common shares to the Company. At closing the Company received $25,972 (US$20,000) cash and 200,000 Bitterroot common shares valued at $30,000.

On July 31, 2018, Bitterroot terminated the option agreement. Upon termination, the Company granted Bitterroot a mineral deed for three unpatented mining claims and Bitterroot granted the Company a 3% NSR royalty on the deeded claims.

10. ROYALTY ASSETS

	(a) Jerritt Canyon Royalty	(b) Isabella Royalty	(c)Balmoral Fenelon Royalty	(d) Devon Fenelon Royalty	(e)Other Royalties	Total
Balance, December 31, 2017	$ -	$ -	$ -	$ -	$ -	$ -
Acquisition costs	-	-	716,836	-	-	716,836
Balance, December 31, 2018	-	-	716,836	-	-	716,836
Acquisition costs	969,591	404,250	-	600,000	1,127,494	3,101,335
Amortization	(25,126)	(67,267)	-	-	-	(92,393)
Disposition	-	-	(716,836)	-	-	(716,836)
Cumulative translation adjustment	(10,915)	(13,530)	-	-	(23,362)	(47,807)
Balance, December 31, 2019	$ 933,550	$ 323,453	$ -	$ 600,000	$1,104,132	$2,961,135

(a) Jerritt Canyon Royalty

On September 9, 2019, the Company entered into an agreement to acquire 100% of the rights and interests to a per ton royalty interest (“PTR Interest”) on the Jerritt Canyon Processing Facilities by paying the owner a total cash consideration of US$650,000 and by issuing 500,000 common share purchase warrants. Each warrant entitles the holder to purchase one common share of the Company for a period of three years from the closing date at an exercise price of $0.18.

The License Agreement entitles the owner to receive a per ton royalty payment (the "PTR Payment") based on overall throughput from mining operations at the Jerritt Canyon Processing Facilities with increasing PTR Payments at higher gold prices.

Royalties are calculated, in US dollars, as follows:

- $0.15 per ton if the gold price is less than or equal to $1,300 per ounce;
- $0.225 per ton if the gold price is greater than $1,300 but less than or equal to $1,600 per ounce;
- $0.30 per ton if the gold price is greater than $1,600 but less than or equal to $2,000 per ounce;
- $0.40 per ton if the gold price is greater than $2,000 per ounce.

As consideration the Company will make the following payments:

- US$300,000 cash (paid - $393,343) and issue 500,000 warrants valued at $106,518 (issued) at closing;

  Deferred Payments recognized ab obligation under royalty acquisition:
- US$150,000 cash on the first anniversary of closing;
- US$150,000 cash on the second anniversary of closing; and
- US$50,000 cash on the third anniversary of closing.

The Deferred Payments will accrue simple annual interest at 5% and be secured by the PTR Interest. If production or PTR Payments cease at the facility for two consecutive months or greater, Deferred Payments will be delayed by an amount equal to the time the production is halted. The warrants will be priced at $0.18 and have a term of three years.

10. ROYALTY ASSETS (cont'd…)

(b) Isabella Pearl Royalty

On April 27, 2019, the Company acquired from a private estate a 0.75% gross receipts royalty on the Isabella Pearl Mine, operated by Gold Resource, and located in Mineral County, Nevada. Under the terms of the agreement, the Company acquired the 0.75% gross receipts royalty for cash consideration of US$300,000 (paid - $404,250).

(c) Balmoral Fenelon Royalty

On October 17, 2018, the Company acquired from Balmoral Resources Ltd. ("Balmoral") 100% of all rights and interests in the 1% net smelter royalty on the Fenelon Mine Property, operated by Wallbridge Mining Company Ltd. Under the agreement, the Company is to pay Balmoral cash consideration of $500,000 (paid) issue 1,000,000 common shares valued at $130,000 (issued) and grant Balmoral 1,000,000 share purchase warrants entitling Balmoral to acquire 1,000,000 common shares of the Company for a period of 18 months at an exercise price of $0.10 valued at $52,700 (issued). In connection with the transaction with Balmoral, the Company paid success fees of $25,000 in cash (paid), 50,000 common shares of the Company valued at $6,500 (issued) and issued 50,000 full share purchase warrants entitling the holder to acquire 50,000 common shares of the Company for a period of 18 months at an exercise price of $0.10 valued at $2,636 (issued).

During the period ended June 30, 2019 the Company completed the sale of 100% of all rights and interests in its 1% NSR Balmoral Fenelon Royalty on the Fenelon Mine Property to 2176423 Ontario Ltd., a company controlled by Eric Sprott ("Sprott"). Under the terms of the Agreement, Sprott paid Ely Gold a cash consideration of US$1,250,000, (received) for the Fenelon Royalty.

(d) Devon Fenelon Royalty

On April 18, 2019, the Company acquired from Devon Canada Corporation ("Devon") 100% of all rights and interests in a 2% NSR royalty on the Fenelon Mine Property, the Devon Fenelon Royalty, operated by Wallbridge, and located in west-central, Quebec. This 2% NSR royalty is separate and distinct from the 1% NSR royalty acquired on October 17, 2018. Under the agreement, the Company acquired the additional 2% Fenelon royalty for cash consideration of $600,000 (paid).

On September 30, 2019, the Company and Wallbridge agreed to amend certain terms and conditions of the 2% NSR royalty in the property. Effective June 30, 2019, it was agreed that:

- Wallbridge will acknowledge the royalty and support its registration with the appropriate Ministries in Quebec (the royalty is now registered with Registre Public des Droits Miniers, Reels et immobiliers;
- Payment of the royalty on bulk samples at Fenelon will only apply after the effective date; and
- Toll milling will not be considered a deductible expense when calculating royalty payments.

Subsequent to the sale of the Balmoral Fenelon Royalty, Ely Gold holds a 2% NSR royalty on the Fenelon Mine Property from the purchase of the Devon Fenelon Royalty.

10. ROYALTY ASSETS (cont'd…)

(e) Other Royalties

Lincoln Hill Royalty

On September 10, 2019, the Company entered into an agreement with a private individual to acquire 100% of all rights and interests to a 1% NSR royalty on the Lincoln Hill Property, operated by Coeur Mining Inc., for cash consideration of US$750,000 and by issuing 500,000 common share purchase warrants entitling the holder to purchase one common share of the Company for a period of two years from the closing date at an exercise price of $0.17.

As consideration, the Company will make the following payments:

- US$400,000 at closing (deferred - $531,120) and 500,000 common share purchase warrants valued at $98,803 (issued); and
- US$350,000 by September 10, 2020.

The 2020 payment will accrue simple interest at 5% and be secured by the Lincoln Hill Royalty. Each purchase warrant issued will allow the seller to purchase one share of Ely Gold common stock at $0.17 for two years from the closing date. The purchase agreement includes a right of first refusal if the seller disposes of an additional 1% royalty they currently hold.

Gold Bar Royalty

On September 6, 2019, the Company acquired a 1% NSR royalty covering two separate properties (the "Scoonover Royalty"), located in Eureka County, Nevada. Ely Gold paid US$25,000 (paid - $32,837) for the assignment of 100% of the Scoonover Royalty from an arm's length third party.

Liberty Gold Royalty

On December 18, 2019, the Company signed a binding term sheet for the purchase and assignment of a 15% net profit interest ("NPI") from Pilot Gold USA Inc., a Delaware corporation and wholly-owned subsidiary of Liberty Gold Corp.

Under the Agreement, Ely Gold will pay Liberty $800,000 cash and issue 2,000,000 warrants priced at $0.43 for Ely Gold common shares, at closing. The agreement closed on March 13, 2020 and Ely Gold paid the US$800,000 and issued the 2,000,000 warrants.

The principal entitlement under the NPI is the right to 15% of the net profits from the recovery and sale of minerals from certain unpatented mining claims located in Mineral County, Nevada, USA (commonly referred to as the Regent Hill Property). The interest also includes the possibility of bonus payments for each AuEq oz. from the Regent Hill Property placed on leach pads after the first 115,000 AuEq oz. Quarterly bonus payments per AuEq ounce will be based on a pricing grid providing for payments coming into effect when the monthly average gold price per ounce for each applicable quarter are US$1,400 or more, commencing at US$5.775 per AuEq ounce and increasing to as much as US$29.05 per AuEq ounce if the monthly average exceeds US$1,800 per ounce.

(Expressed in Canadian Dollars)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise the following:

	December 31, 2019	December 31, 2018
Trade payables	$ 230,476	$ 188,558
Accrued liabilities	28,938	38,000
Due to related parties	21,695	924
Total	$ 281,109	$ 227,482

12. NOTES PAYABLE

On June 23, 2017, the Company issued a promissory note in the amount of US$250,000 (the “Platoro Note”) in connection with the acquisition of the Platoro West Properties and Royalties Acquisition. The Platoro Note accrues interest at 5% per annum, compounding every three months from the date of issuance.

On January 2, 2018, the Company repaid the first tranche of the Platoro Note (US$125,000 in principal plus accrued interest of US$3,329) for an amount of $160,629. The second tranche of the Platoro Note plus all accrued interest was repaid during the year ended December 31, 2019.

As at December 31, 2019, the carrying value of the Platoro Note is $nil (2018 - $183,934 (US$134,829)), including accrued interest of $nil (2018 - $13,409).

For the year ended December 31, 2019, $859 (2018 - $8,533) of interest is included in the statement of loss and comprehensive loss relating to the Platoro Note.

13. PROMISSORY NOTE AND LINE OF CREDIT

On November 29, 2019, the Company entered into an agreement with Eric Sprott (“Sprott”) whereby Sprott will provide the Company with a $6,000,000 line of credit (the “LOC”). The LOC is available to the Company, as and when required, until November 29, 2021. Interest on principal outstanding under the LOC will bear interest at 10.0% per annum, with undrawn amounts of the LOC carrying a stand-by fee of 2.5% per annum, compounded monthly and payable quarterly. The LOC is secured by a registered security interest over all of the Company's assets, subordinate only to existing prior encumbrances.

In connection with the LOC, the Company has issued Sprott 16,216,215 non-transferrable loan bonus warrants (the "Bonus Warrants") at the fair value of that share at $0.38 per share. Each Bonus Warrant is exercisable, up to the Maturity Date of November 29, 2021, to purchase one common share of the Company at an exercise price of $0.37 per share. Sprott has agreed not to exercise the Bonus Warrants if such exercise would result in Sprott's direct and indirect holdings of the Company's outstanding voting shares being in excess of 19.9% based on the then-current outstanding shares of the Company.

The bonus warrants were recorded as deferred charges and amortized in the statement of loss and comprehensive loss over the life of the line of credit based on straight-line method.

(Expressed in Canadian Dollars)

13. PROMISSORY NOTE AND LINE OF CREDIT (cont'd)

In connection with the LOC, the Company issued 300,000 non-transferrable finders purchase warrants ("Finder's Warrant") to Medalist Capital Ltd., an arm's length registered dealer. Each Finder's Warrant will be exercisable to purchase one common share of the Company at an exercise price of $0.37 per share for a term of three years.

The fair value of the finder's and bonus warrants was calculated at $3,279,306 using the Black-Scholes option pricing model and is recorded in the statement of financial position as deferred charge and is being amortized over a two-year period. The fair value of the warrants was estimated using following weighted assumptions; expected risk free interest rate of 1.60%, expected dividend yield 0%, expected stock volatility 95.45% and expected life of 2 years. For the year ended December 31, 2019 deferred charge amortization of $143,750 was included in interest expense.

On December 27, 2019, the Company drew down $1,000,000 of the line of credit and subsequent to December 31, 2019 the remaining $5,000,000.

Accrued interest to December 31, 2019 for the amount drawn and LOC available was $13,972.

14. LEASE OBLIGATION

Balance at January 1, 2019, on adoption of IFRS 16	$	98,975
Interest expense		6,211
Lease payments		(48,668)
Currency translation adjustment		(2,398)
Balance, December 31, 2019	$	54,120
Which consists of:		
Current lease liability	$	23,363
Non-current lease liability		30,757
	$	54,120

On March 1, 2017, the Company entered into a lease agreement for its Vancouver head office premises for three years, expiring February 28, 2020. Pursuant to this lease, the Company is obligated to pay basic rent of $2,250 and operating costs, including electricity and related taxes, on a monthly basis.

On July 1, 2017, the Company entered into a lease agreement for its Reno office for five years, expiring June 30, 2022. Pursuant to this lease, the Company is obligated to pay basic rent of US$1,308 and operating costs, including electricity and related taxes, on a monthly basis. The basic rent commitment will increase to US$1,347 per month for the second year, US$1,388 in the third year, US$1,430 in the fourth year and US$1,472 in the last year.

15. SHARE CAPITAL AND RESERVES

(a) Authorized share capital

As at December 31, 2019 and 2018, the authorized share capital of the Company is an unlimited number of common shares without par value.

(b) Issued share capital

- On July 2, 2019, the Company closed a private placement issuing 5,615,454 units at a price of $0.18 per unit for gross proceeds of $1,010,782. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of three years at an exercise price of $0.30. The Company paid a finder's fee of $60,647 and issued 336,927 share purchase warrants. Included in share issue cost is the fair value of the finder's warrants calculated at $40,472 using the Black-Scholes option pricing model.
- On January 17, 2019, the Company closed the second and final tranche of a non-brokered private placement issuing 3,000,000 units at $0.11 per unit for gross proceeds of $330,000. Each unit comprised one common share of the Company and one non-transferrable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.22 for a period of five years, subject to an acceleration provision under which, if at any time after May 17, 2019 the daily volume weighted average trading price of the Company's common shares is higher than $0.60 per share on the TSXV for more than 20 consecutive trading days, the Company may, within three trading days, issue a news release announcing that the Warrants will expire on the date that is 30 calendar days after such 20th trading day. The Company incurred shares issuance costs of $1,319. As at December 31, 2018, the Company had received $47,315 in advanced subscription receipts. Included in share issue cost is the fair value of the finder's warrants calculated at $36,221 using the Black-Scholes option pricing model.
- During the year ended December 31, 2019, the Company issued 750,000 common shares on exercise of options for total proceeds of $79,500.
- During the year ended December 31, 2019, the Company issued 810,000 common shares on exercise of warrants for total proceeds of $129,850.
- On December 31, 2018, the Company closed the first tranche of a non-brokered private placement issuing 10,000,000 units at $0.11 per unit for gross proceeds of $1,100,000. Each unit was comprised of one common share of the Company and one non-transferrable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.22 for a period of five years, subject to an acceleration provision under which, if at any time after April 30, 2019 the daily volume weighted average trading price of the Company's common shares is higher than $0.60 per share on the TSXV for more than 20 consecutive trading days, the Company may, within three trading days, issue a news release announcing that the warrants will expire on the date which is 30 calendar days after such 20th trading day. The Company incurred shares issuance costs of $111,371.
- As at December 31, 2018, the Company had received $47,315 in advanced subscription receipts relating to a private placement that closed subsequent to December 31, 2018.
- On October 31, 2018, the Company issued 1,050,000 common shares with a fair value of $136,500 for the acquisition of the Fenelon Royalty (Note 10(c)).
- On April 26, 2018, the Company issued 3,000,000 common shares upon the exercise of warrants for total proceeds of $210,000.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND RESERVES (cont'd...)

(c) Stock options

The Company has an incentive stock option plan (the "Plan") in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. In addition, the aggregate number of shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding shares (2% if the participant is a consultant). Under the Plan, the exercise price of each option may not be less than the market price of the Company's share capital as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

As at December 31, 2019 and 2018, the Company had outstanding stock options enabling the holders to acquire further common shares as follows:

Expiry Date	Exercise Price	December 31, 2019	December 31, 2018
February 15, 2019*	$ 0.10	-	250,000
January 5, 2021	$ 0.06	500,000	500,000
September 22, 2021	$ 0.06	750,000	850,000
June 26, 2022	$ 0.19	125,000	-
January 30, 2023	$ 0.14	175,000	250,000
January 28, 2024	$ 0.12	500,000	600,000
November 27, 2024	$ 0.06	450,000	550,000
December 24,2024	$ 0.43	200,000	-
March 11, 2026	$ 0.09	250,000	250,000
August 18, 2026	$ 0.15	1,050,000	1,200,000
June 19, 2027	$ 0.125	500,000	500,000
November 22, 2027	$ 0.10	1,500,000	1,725,000
February 15, 2028	$ 0.10	200,000	200,000
July 26, 2029	$ 0.27	2,050,000	-
Total outstanding and exercisable		8,250,000	6,875,000

* On February 15, 2019, 250,000 stock options with an exercise price of $0.10 expired unexercised.

The weighted average remaining contractual life for the outstanding options at December 31, 2018 is 6.39 years (2018 – 7.41 years).

Stock option transactions are summarized as follows:

	December 31, 2019		December 31, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	6,875,000	$ 0.10	6,425,000	$ 0.10
Granted	2,375,000	$ 0.28	450,000	$ 0.10
Expired	(250,000)	$ 0.10	-	$ -
Exercised	(750,000)	$ 0.11	-	$ -
Options exercisable, end of year	8,250,000	$ 0.15	6,875,000	$ 0.10

(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND RESERVES (cont'd...)

(c) Stock options (cont'd...)

On December 25, 2019, the Company granted incentive stock options to a consultant of the Company entitling them to purchase 200,000 common shares at a price of $0.43 per share for a period of five years vesting 25% every three months from the date of grant and expiring December 24, 2024. The fair value of these options were calculated at $75,675 using the Black-Scholes option pricing model.

On July 26, 2019, the Company granted incentive stock options to directors, consultants and an officer of the Company entitling them to purchase 2,050,000 common shares at a price of $0.27 per share for a period of ten years vesting 100% on the grant date and expiring July 26, 2029. The fair value of these options was calculated at $533,482 using the Black-Scholes option pricing model.

On June 26, 2019, the Company granted incentive stock options to the CFO and a consultant of the Company entitling them to purchase 125,000 common shares at a price of $0.19 per share for a period of three years vesting 25% every three months from the date of grant and expiring June 26, 2022. The fair value of these options was calculated at $27,706 using the Black-Scholes option pricing model. For the year ended December 31, 2019, $22,700 is included in the statement of loss and comprehensive loss as a share-based payment expense.

During the year ended December 31, 2019, 250,000 (2018 – none) options expired unexercised and the related fair value of $6,171 (2018 - $nil) was transferred from share-based payment reserve to deficit.

On February 15, 2018, the Company granted incentive stock options to a consultant of the Company entitling them to purchase 250,000 common shares at a price of $0.10 per share for a period of one year vesting 25% every three months from the date of grant and expiring February 15, 2019. The fair value of these options was calculated at $6,171 using the Black-Scholes option pricing model. For the year ended December 31, 2018, $5,975 is included in the statement of loss and comprehensive loss as a share-based payment expense.

On February 15, 2018, the Company granted incentive stock options to a consultant of the Company entitling them to purchase 200,000 common shares at a price of $0.10 per share for a period of ten years vesting 100% on the date of grant and expiring February 15, 2028. The fair value of these options was calculated at $18,181 using the Black-Scholes option pricing model and is included in the statement of income and comprehensive income as a share-based payment expense.

(d) Warrants

As at December 31, 2019 and 2018, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	December 31, 2019	December 31, 2018
May 1, 2020	$ 0.10	1,050,000	1,050,000
June 23, 2020	$ 0.125	500,000	1,000,000
December 31, 2020	$ 0.135	500,000	-
November 29, 2021	$ 0.37	16,516,215	
June 1, 2021	$ 0.18	500,000	-
June 15, 2022	$ 0.18	500,000	-
June 28, 2022	$ 0.24	3,144,654	-
December 31, 2024	$ 0.22	10,000,000	10,000,000
January 17, 2024	$ 0.22	2,700,000	-
Total		35,410,869	12,050,000

15. SHARE CAPITAL AND RESERVES (cont'd...)

(d) Warrants (cont'd…)

On November 29, 2019, the Company issued 16,216,215 warrants relating to the Line of Credit (Note 12) and 300,000 warrants as finder's fee related to the Line of credit. Each share purchase warrant is exercisable to purchase one common share of the Company for $0.37 until November 29, 2021. The fair value of $3,279,306 is recorded as deferred financing cost and will be amortized over the term of the line of credit.

On September 9, 2019, the Company issued 500,000 warrants relating to the Jerritt Canyon Royalty acquisition (Note 10). Each share purchase warrant is exercisable to purchase one common share of the Company for $0.18 until September 9, 2022. The fair value of $106,518 is included as acquisition cost of royalty assets.

On September 10, 2019, the Company issued 500,000 warrants relating to the Lincoln Hill Royalty acquisition (Note 10). Each share purchase warrant is exercisable to purchase one common share of the Company for $0.17 until September 10, 2022. The fair value of $98,801 is included as acquisition cost of royalty assets.

On July 2, 2019, the Company issued 2,807,727 share purchase warrants relating to the non-brokered private placement (Note 15(b)). Each share purchase warrant is exercisable to purchase one common share of the Company for $0.30 for a period of three years. These warrants were determined to have a fair value of $nil. In addition, the Company issued 336,927 finders' warrants related to the private placement.

On January 17, 2019, the Company issued 3,000,000 share purchase warrants relating to the non-brokered private placement (Note 15(b)). Each share purchase warrant is exercisable to purchase one common share of the Company for $0.22 for a period of five years. These warrants were determined to have a fair value of $nil. The Company also issued 10,000 finders' warrants exercisable to purchase one common share at a price of $0.135 for a period of two years.

On December 31, 2018 the Company issued 10,000,000 share purchase warrants relating to the non-brokered private placement (Note 15(b). Each share purchase warrant is exercisable to purchase one common share of the Company for $0.22 for a period of five years. These warrants were determined to have a fair value of $nil

On October 31, 2018, the Company issued 1,050,000 share purchase warrants relating to the Fenelon royalty acquisition (Note 10). Each share purchase warrant is exercisable to purchase one common share of the Company for $0.10 until May 1, 2020. The fair value of $55,335 is included as acquisition costs in mineral and royalty interests.

On June 23, 2017, the Company issued 1,000,000 share purchase warrants relating to the Platoro West properties and royalties acquisition. Each share purchase warrant is exercisable to purchase one common share of the Company for $0.125 until June 23, 2020. The fair value of $73,337 is included as acquisition costs in mineral and royalty interests (Note 8(c)).

(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND RESERVES (cont'd...)

(d) Warrants (cont'd…)

Share purchase warrant transactions are summarized as follows:

	December 31, 2019			December 31, 2018		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of year	12,050,000	$	0.20	9,000,000	$	0.147
Issued	24,170,869	$	0.33	11,050,000	$	0.21
Exercised	(810,000)	$	0.16	(3,000,000)	$	0.07
Expired	-	$	-	(5,000,000)	$	0.20
Balance, end of year	35,410,869	$	0.29	12,050,000	$	0.20

As at December 31, 2019, the weighted average remaining contractual life for the outstanding warrants is 2.64 (December 31, 2018 – 3.53) years.

The fair value of stock options and warrants are estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2019		December 31, 2018	
	Options	Warrants	Option	Warrants
Risk-free interest rate	1.72%	1.60%	2.03%	2.33%
Expected dividend yield	0.00	0.00	0.00	0.00
Expected stock price volatility	127.93%	95.45%	79.85%	62.20%
Expected life in years	9.52	2.05	5.0	1.5
Weighted average fair value	$0.26	$0.19	$0.05	$0.05

The Company has estimated the forfeiture rate to be 0.00%. Expected volatility was determined based on the historical movements in the closing price of the Company's common shares for a length of time equivalent to the expected life of each option and warrant.

(Expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS

Key management comprises directors and executive officers. The Company did not pay post-employment benefits and long-term benefits to key management. The following compensation was paid to key management:

	December 31, 2019	December 31, 2018
Short-term employment benefits	$ 922,306	$ 528,404
Share-based payments	397,442	-
Total	$ 1,319,748	$ 528,404

As at December 31, 2019, $21,695 (2018 - $924) is owing to directors and officers of the Company for management bonuses, which is included in accounts payable and accrued liabilities. A prepaid advance of $16,225 (2018 - $23,795) was made to an officer and director of the Company.

All other amounts due to related parties are payable on demand. Interest is not charged on outstanding balances.

The Company has in place termination clause agreements with three of the Company's officers and directors, whereby the officers and directors are entitled to a cumulative amount of $319,296 in the event they are terminated without cause, or $837,888 in the event there is a change of control.

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the year ended December 31,	2019	2018
Significant non-cash investing activities consisted of:		
Marketable securities received for mineral properties	$ 420,000	$ 192,951
Common shares issued for mineral and royalty interests	$ -	$ 136,500
Fair value of warrants issued for mineral and royalty interests	$ 205,320	$ 55,335
Fair value of warrants issued for deferred charges	$ 3,279,306	$ -
Royalty interests included in current and long-term debt	$ 1,460,580	$ -

18. SEGMENT INFORMATION

The Company has one reportable operating segment, the acquisition and exploration of mineral properties and option of those assets, in one geographic location: North America.

(Expressed in Canadian Dollars)

19. DEFERRED INCOME TAXES

(a) A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows for the years ended December 31, 2019 and 2018:

		2019		2018
Income (loss) for the year	$	(1,547,809)	$	(1,018,028)
Canadian statutory tax rate		27%		27%
Income tax recovery computed at statutory rates		(417,908)		(274,868)
Foreign tax rates different from statutory rates		(3,601)		33,962
Change in timing differences		(6,357)		6,895
Effect of change in foreign exchange rates		(121,034)		94,704
Temporary tax effect related to deferred charges		846,600		-
Non-deductible items		150,170		7,055
Under provided in prior years		278,965		(34,050)
Tax losses and tax offsets not recognized (recognized)		(726,835)		166,302
Income tax recovery	$	-	$	-

The British Columbia corporate tax rate and the Canadian federal corporate tax rate remained was 11% and 16%, respectively (2018 – 11% and 16%, respectively) for a total statutory tax rate of 27% (2018 – 27%).

(b) The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at December 31, 2019 and 2018 are presented below:

		2019		2018
Deferred tax Asset:				
Non-capital losses	$	856,548	$	-
Total deferred tax asset		856,548		-
Deferred tax Liabilities:				
Property and equipment		9,948		-
Deferred charges		846,600		-
Total deferred tax liabilities		856,548		-
Net deferred taxes assets and liabilities	$	-	$	-

(Expressed in Canadian Dollars)

19. DEFERRED INCOME TAXES (cont'd…)

(c) The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate future taxable income. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2019	2018
Non-capital losses	$ 14,002,239	$ 14,509,247
Capital losses	2,252,381	2,252,381
Share issue costs	58,481	17,815
Tax value over book value of equipment	50,724	1,811
Tax value over book value of exploration and evaluation assets	4,704,281	5,529,949
Tax value over book value of investments	751,702	524,019
Unrecognized deductible temporary differences	$ 21,819,808	$ 22,835,222

As at December 31, 2019, the Company has non-capital losses carried forward of approximately $13,148,252 (2018 - $12,741,090) and $3,772,948 (2018 - $2,736,262) that may be applied against future income for tax purposes in Canada and the United States, respectively. The non-capital losses expire between 2026 and 2038.

20. EVENTS AFTER THE REPORTING PERIOD

(a) On April 1, 2020, the Company closed an agreement for the purchase of 100% interest in seventy-five (75) patented mining claims from Cliff ZZ LLC, a Nevada limited liability company. The patented claims are located in Esmeralda and Nye Counties, Nevada and are known as the Tonopah Extension Claims. The Company currently holds 23 patented mining claims and 17 unpatented mining claims contiguous to the Tonopah Extension.

Under the terms of the Agreement to acquire 100% of the Tonopah Extension, the Company will pay Cliff ZZ US$650,000 in cash and issue 600,000 share purchase warrants. Each warrant will be exercisable into one common share at $0.65 for a period of two years. At closing the Company completed the US$650,000 payment and issued the required warrants.

(b) On February 3, 2020, the Company entered into an agreement with Sprott to acquire a 0.50% net smelter returns royalty on the gold producing Jerritt Canyon Mine facility, located in Elko Nevada and currently operated by Jerritt Canyon Gold LLC, a private Nevada limited liability company.

As consideration, the Company has agreed to pay $8,000,000 to Sprott, payable by issuance of 12,698,413 Ely Gold common shares at a deemed issue price of $0.63 per share (the "Ely Gold Shares"). In connection with its assistance with the Transaction, the Company has agreed to pay a finder's fee to Medalist Capital Ltd. comprising a cash fee of 1.0% of the Transaction price, plus 300,000 Ely Gold share purchase warrants each exercisable over a three-year term to purchase one Ely Gold share at an exercise price of $0.63 per share. All of the Ely Gold securities issued in the Transaction will be subject to a four-month hold period pursuant to applicable TSXV policies and applicable securities laws.

20. EVENTS AFTER THE REPORTING PERIOD (cont'd…)

(b) (cont'd…)

The Transaction remains subject to certain customary commercial conditions, including Ely Gold's completion of its due diligence, settling definitive Transaction documentation The Company has received conditional approval by the TSXV and is subject to shareholder approval for Sprott to become a new control person.

Sprott has agreed not to exercise any portion of his warrants if, as a result of such exercise, his direct and indirect holdings would exceed 19.9% of the outstanding voting shares.

(c) On March 26, 2020, the Company closed an agreement to purchase eight unpatented mining claims in Eureka County, Nevada. The claims are currently leased to a subsidiary of McEwen and the Agreement includes an assignment of the leases to the Company. On closing the company paid the initial US$125,000 payment.

Under the terms of the Agreement, the Company will:

- purchase two HNT Claims and assume the corresponding lease;
- purchase six JAM Claims and assume the corresponding lease;
- pay the seller US$125,000 at Closing; (paid)
- and issue 100,000 share purchase warrants to the seller.

The warrants will expire two years from closing and each warrant will allow the holder to purchase one common share at a price of $0.77. The annual lease payment covering the HNT Claims is US$5,000 and the annual lease payment covering the JAM Claims is US$7,000. Both leases provide for a 2.0% net smelter returns royalty at current gold prices.

(d) On April 1, 2020, the Company closed a purchase option agreement with Blackrock Gold Corp. for the Company's Tonopah West Project, located in Nevada, for total proceeds of US$3,000,000, with the Company retaining a 3% net smelter returns royalty. On closing the Company received the first payment of US$325,000 as described below.

As consideration Blackrock Gold Corp.'s wholly owned US subsidiary will make the following payments:

- US$325,000 on Closing (received);
- US$325,000 on the 1st Anniversary of Closing;
- US$650,000 on the 2nd Anniversary of Closing;
- US$700,000 on the 3rd Anniversary of Closing; and
- US$1,000,000 on the 4th Anniversary of Closing (the "Final Payment").

After Blackrock makes the Final Payment, the Company will retain a 3% net smelter returns royalty with no buydown and Blackrock will then pay the Company an annual advance minimum royalty payment of US$50,000 commencing once the option is exercised. As a condition of Closing, the Company will complete the acquisition of the Cliff ZZ land (Note 20(a))

20. EVENTS AFTER THE REPORTING PERIOD (cont'd…)

(e) On February 24, 2020, the Company entered into an agreement with VEK Associates, a privately held Nevada corporation whereby the Company will acquire 100% of the outstanding shares of VEK for cash consideration of US$5,000,000, plus 2,005,164 share purchase warrants of the Company, each exercisable over a 24-month term to purchase one common share at an exercise price of $0.72 per share (the "Warrants"). The acquisition is subject to certain closing requirements and approval by the TSXV. Management is still evaluating the agreement to determine if the transaction is an acquisition of business or assets under IFRS 3 *Business Combinations*.

Pursuant to the Agreement, the Company will purchase 100% of the outstanding shares of VEK Associates, each of VEK's shareholders, all of whom are arm's length to the Company, will receive cash consideration of US$364.06 and 146 Warrants per VEK share. VEK's principal assets are made up of the following five royalty properties and leases:

- REN Property- currently leased to Nevada Gold Mines, consists of 86 contiguous unpatented lode mining claims located in the Northern Carlin Trend.
- Marigold Property- currently leased to SSR Mining consists of 205 unpatented lode mining claims covering 7.8 square kilometres within the SSR Mining operation on the Battle Mountain-Eureka trend
- Lone Tree Property- currently leased to Nevada Gold Mines consists of 38 unpatented lode mining claims covering 3.2 square kilometres along the Battle Mountain Eureka, Nevada
- Pinson Property- currently leased to Nevada Gold Mines consists of 53 unpatented lode mining claims covering 4.4 square kilometres along the Osgood Mountain trend in sections 4, 8 and 16, Township 37N, Range 42E, in Humboldt County, Nevada
- Carlin Trend Property- currently leased to Nevada Gold Mines y consists of 84 unpatented lode mining claims covering 7.0 square kilometres along the Carlin Trend in sections 1, 2, 3, 10, 11, 12, 20, 21, 28 ,34 and 35 Township 35N and 36N, Range 49E and 50 in Eureka County, Nevada

(f) On February 28, 2020, the Company elected to accelerate the expiry date of a total of 2,655,000 outstanding common share purchase warrants originally issued by as part of its private placement of units which closed in two tranches on December 31, 2018 and January 17, 2019 to a new expiry date of March 30, 2020. Each Warrant entitles the holder to purchase one additional common share at an exercise price of $0.22.

(g) On March 10, 2020, the Company closed its purchase of a 15% net profit interest ("NPI") from Liberty Gold Corp. and its subsidiary Pilot Gold USA Inc, (Note 10). Under the terms of the agreement, the company paid US$800,000 and issued 2,000,000 share purchase. Each warrant entitling the holder to purchase one common share for a period of two years at an exercise price of $0.43.

(h) On April 2, 2020 the Company closed an agreement to acquire a 3.5% NPI on the Ren Property in Elko Nevada for total proceeds of US$500,000. The Ren Property is part of the joint venture between Barrick Gold Corporation and Newmont Corp forming Nevada Gold Mines.

(i) Subsequent to December 31, 2019 a total of 18,194,654 share purchase warrants have been exercised for total proceeds of $4,083,397.

(j) Subsequent to December 31, 2019 a total of 50,000 stock options have been exercised for total proceeds of $13,500.

20. EVENTS AFTER THE REPORTING PERIOD (cont'd…)

(k) Subsequent to December 31, 2019 the Company granted a total of 2,400,000 stock options to consultants and employees of the Company. 900,000 of these stock options are exercisable at $0.57 per share of a period of two years and vest 25% on the date of grant and 25% three, six and nine months after the date of grant. 1,500,000 of these stock options are exercisable at $0.68 per share of a period of five years and vest immediately. The stock option grant is subject to TSXV approval.

(l) Subsequent to December 31, 2019 the Company issued 3,000,000 warrants. 2,000,000 of the share purchase warrant is exercisable to purchase one common share of the Company for $0.43 until December 18, 2021. 900,000 of the share purchase warrants is exercisable to purchase one common share of the Company for $0.78 until December 2, 2021 and 100,000 of the shares purchase warrants is exercisable to purchase one common share of the Company for $0.77 until February 4, 2022.

(m) 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 physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. 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.