ELY GOLD ROYALTIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(Unaudited)

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

As at	Notes		June 30, 2020 (Unaudited)		December 31, 2019 (Audited)
ASSETS					
Current					
Cash and cash equivalents		$	13,122,081	$	2,973,520
Marketable securities	6		1,015,139		1,248,828
Receivables	7		628,378		137,902
Prepaid expenses			194,408		71,946
			14,960,006		4,432,196
Non-Current					
Reclamation bond			29,866		28,463
Right-of-use lease asset	8		118,773		48,549
Royalty assets	10		24,402,006		2,961,135
Mineral and royalty interests	9		1,784,436		896,530
Deferred charges	12		2,317,976		3,135,556
		$	43,613,063	$	11,502,429
LIABILITIES					
Current					
Accounts payable and accrued liabilities	11, 15	$	176,630	$	281,109
Current portion of lease obligation	13		49,459		23,363
Current portion of obligation under royalty acquisition	10		708,869		1,178,901
			934,958		1,483,373
Non-Current					
Lease obligation	13		74,878		30,757
Obligation under royalty acquisition	10		286,207		264,742
Promissory note	12		-		1,000,000
			1,296,043		2,778,872
EQUITY					
Share capital	14		64,291,928		30,055,890
Share-based payment reserve	14		8,232,253		4,988,492
Cumulative translation adjustment			(471,551)		93,686
Subscriptions received			107,500		-
Deficit			(30,315,334)		(26,414,511)
Equity attributable to owners			41,844,796		8,723,557
Non-controlling interest			472,224		-
			42,317,020		8,723,557
		$	43,613,063	$	11,502,429

Approved and authorized by the Board:

"Tom Wharton"	Director	*"Stephen Kenwood"*	Director
Tom Wharton		Stephen Kenwood	

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

ELY GOLD ROYALTIES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Unaudited – Expressed in Canadian Dollars)

	Notes	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
REVENUE					
Royalties		$ 753,187	$ -	$ 870,570	$ -
Option proceeds		396,234	242,319	503,844	347,759
Gain on disposal of mineral interest		-	918,415	-	918,415
		1,149,421	1,160,734	1,374,414	1,266,174
EXPENSES					
Amortization		382,895	10,593	437,297	21,032
Consulting fees		76,789	27,707	120,774	45,899
Exploration and evaluation		41,923	19,676	73,493	50,583
Insurance		8,065	3,923	13,284	7,197
Management fees	15	484,442	234,161	607,266	370,075
Office and administration		41,190	45,214	72,320	70,377
Professional fees		382,424	75,196	502,046	127,871
Share-based payments	14, 15	1,559,017	334	1,685,546	530
Transfer agent and filing fees		80,757	15,835	137,085	22,519
Travel and promotion		359,760	122,529	628,276	248,460
		(3,417,262)	(555,168)	(4,277,387)	(964,543)
OTHER INCOME (EXPENSE)					
Interest expense	12	(109,633)	(5,768)	(213,977)	(6,627)
Accretion of deferred charges	12	(408,790)	-	(817,580)	-
Interest income		5,166	232	10,351	4,351
Gain (loss) on disposal of marketable securities	6	(25,223)	12,423	(25,223)	12,423
Change in fair value of marketable securities	6	438,923	(122,449)	(168,516)	(85,363)
Gain (loss) on foreign exchange		80,338	16,262	218,246	(16,911)
		(19,219)	(99,300)	(996,699)	(92,127)
Income (loss) for the period		(2,287,060)	506,266	(3,899,672)	209,504
Attributed to:					
Shareholders of the Company		(2,288,211)	506,266	(3,900,823)	209,504
Non-controlling interest		1,151	-	1,151	-
		(2,287,060)	506,266	(3,899,672)	209,504
Other comprehensive income (loss) for the period					
Items subject to reclassification into statement of loss					
Currency translation adjustment		(949,744)	31,141	(565,237)	(46,177)
Comprehensive income (loss) for the period		$(3,236,804)	$ 537,407	$(4,464,909)	$ 163,327
Basic and diluted earnings (loss) per share		$ (0.02)	$ 0.01	$ (0.03)	$ 0.00
Weighted average number of common shares outstanding		138,075,448	93,105,475	123,115,674	92,538,808

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

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

	For the six months ended June 30, 2020	June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	$ (3,899,672)	$ 209,504
Items not affecting cash		
Interest expense	15,177	3,504
Accretion of deferred charges	817,580	-
Amortization	437,297	21,032
Change in fair value of marketable securities	168,516	85,467
Loss (gain) on disposal of marketable securities	25,223	(12,423)
Gain on disposal of mineral interest	-	(918,415)
Share-based payments	1,685,546	530
Unrealized foreign exchange	(29,752)	10,513
	(780,085)	(600,288)
Changes in non-cash working capital items		
Receivables	(466,269)	(98,150)
Prepaid expenses	(122,462)	(6,372)
Accounts payable and accrued liabilities	(76,497)	(80,871)
Net cash used in operating activities	(1,445,313)	(785,681)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral rights and royalty assets	(3,089,353)	(1,064,282)
Proceeds on disposal of mineral interest	-	1,635,251
Payments on acquisition of VEK	(6,646,383)	-
Proceeds on disposition of marketable securities	76,547	56,413
Proceeds received from properties under option	517,826	83,747
Net cash provided by (used in) investing activities	(9,141,363)	711,129
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash, net of issuance costs	16,450,990	328,681
Subscriptions received	107,500	963,467
Proceeds from line of credit	5,000,000	-
Repayment of line of credit	(6,000,000)	-
Repayment of loans payable	-	(183,934)
Lease payments	(27,402)	(24,264)
Shares issued on exercise of options and warrants	5,678,396	-
Payment of royalty obligation	(518,137)	-
Net cash provided by financing activities	20,691,347	1,083,950
Effect on cash of foreign exchange	43,890	(42,857)
Change in cash and cash equivalents for the period	10,148,561	966,541
Cash and cash equivalents, beginning of period	2,973,520	2,437,736
Cash and cash equivalents, end of period	$ 13,122,081	$ 3,404,277
Cash and cash equivalents consist of:		
Cash	$ 3,097,081	$ 3,379,277
Term deposits	10,025,000	25,000
	$ 13,122,081	$ 3,404,277

Supplemental disclosure with respect to cash flows (Note 16)

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

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

	Number of shares	Share capital	Share-based payment reserve	Cumulative translation adjustment	Subscriptions received	Deficit	Shareholders equity	Non-controlling interest	Total
Balance, December 31, 2018	90,105,475	$ 28,519,610	$ 998,942	$ 158,202	$ 47,315	$ (24,866,870)	$ 4,857,199	$ -	$ 4,857,199
Adjustment on adoption of IFRS 16	-	-	-	-	-	(6,003)	(6,003)	-	(6,003)
Private placement, net of issuance costs	3,000,000	328,681	-	-	(47,315)	-	281,366	-	281,366
Reallocation of reserves of expired options	-	-	(6,171)	-	-	6,171	-	-	-
Share-based payments	-	-	530	-	-	-	530	-	530
Loss for the period	-	-	-	-	-	209,504	209,504	-	209,504
Subscriptions received	-	-	-	-	1,010,782	-	1,010,782	-	1,010,782
Other comprehensive loss	-	-	-	(46,177)	-	-	(46,177)	-	(46,177)
Balance, June 30, 2019	93,105,475	28,848,291	993,301	112,025	1,010,782	(24,657,198)	6,307,201	-	6,307,201
Private placement, net of issuance costs	5,615,454	873,444	76,695	-	(1,010,782)	-	(60,643)	-	(60,643)
Warrants issued for mineral and royalty interests	-	-	205,321	-	-	-	205,321	-	205,321
Reallocation of reserves of exercised options and warrants	-	124,805	(124,805)	-	-	-	-	-	-
Warrants issued for line of credit	-	-	3,282,325	-	-	-	3,282,325	-	3,282,325
Shares issued on exercise of options and warrants	1,560,000	209,350	-	-	-	-	209,350	-	209,350
Share-based payments	-	-	555,655	-	-	-	555,655	-	555,655
Loss for the period	-	-	-	-	-	(1,757,313)	(1,757,313)	-	(1,757,313)
Other comprehensive loss	-	-	-	(18,339)	-	-	(18,339)	-	(18,339)
Balance, December 31, 2019	100,280,929	30,055,890	4,988,492	93,686	-	(26,414,511)	8,723,557	-	8,723,557
Private placement, net of issuance costs	21,562,500	15,832,946	618,044	-	-	-	16,450,990	-	16,450,990
Shares issued on exercise of options and warrants	22,919,654	5,678,396	-	-	-	-	5,678,396	-	5,678,396
Reallocation of reserves of exercised options and warrants	-	1,423,108	(1,423,108)	-	-	-	-		-
Warrants issued for mineral and royalty interests	-	-	2,363,279	-	-	-	2,363,279	-	2,363,279
Shares issued on acquisition of royalty interest	12,698,413	11,301,588	-	-	-	-	11,301,588	-	11,301,588
Funds received for exercise of warrants					107,500		107,500		107,500
Share-based payments	-	-	1,685,546	-	-	-	1,685,546	-	1,685,546
Loss for the period	-	-	-	-	-	(3,900,823)	(3,900,823)	1,151	(3,899,672)
Non-controlling interest on acquisition of VEK	-	-	-	-	-	-	-	471,073	471,073
Other comprehensive loss	-	-	-	(565,237)	-	-	(565,237)	-	(565,237)
Balance, June 30, 2020	157,461,496	$ 64,291,928	$ 8,232,253	$ (471,551)	$ 107,500	$ (30,315,334)	$ 41,844,796	$ 472,224	$42,317,020

The accompanying notes are an integral part of these condensed interim 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 a royalty investment company that generates its revenue by selling mineral properties to mining companies while retaining a long-term royalty that pays royalty income over the life of the mine. 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 mineral and royalty interests and royalty assets is dependent upon the confirmation of economically recoverable reserves of properties where the Company holds its interest, the ability of the Companies holding the rights to the properties to obtain necessary financing to successfully complete their exploration and development, upon future profitable production or disposition of its mineral interests.

These condensed interim 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 six months ended June 30, 2020, the Company incurred a net loss of $3,899,672 (2019 - $209,504 net income) and has incurred ongoing losses since incorporation. 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.

The recent outbreak of the coronavirus, also known as COVID-19, continues to impact worldwide economic activity. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and, as such, the Company cannot determine their long-term financial impact at this time. National, provincial and local governments have issued public health orders in response to COVID19 which may cause some delay in the Company's operations.

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on August 28, 2020.

2. BASIS OF PREPARATION AND CONSOLIDATION

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. Therefore, these condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019 ("Annual Financial Statements"), which have been prepared in accordance with IFRS.

2. BASIS OF PREPARATION AND CONSOLIDATION (cont'd…)

The accounting policies applied in preparation of these condensed interim consolidated financial statements are the same as those applied in the most recent Annual Financial Statements and were consistently applied to all the periods presented, with the exception of IFRS 16 *Leases* discussed below.

These condensed interim 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.

These condensed interim 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), Nevada Select Royalty, Inc. ("Nevada Select") (a Nevada corporation), REN Royalties LLC ("REN") (a Nevada corporation) and its 94% owned subsidiary, VEK Associates ("VEK") (a Nevada corporation) .

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 condensed interim 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 condensed interim 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

The fair value of share-based payments is 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.

2. BASIS OF PREPARATION AND CONSOLIDATION (cont'd…)

Critical Accounting Estimates (cont'd…)

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. 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 condensed interim 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.

Amortization of royalty assets

Royalty assets are carried at cost less any accumulated amortization. Amortization is calculated using management's best estimate of the mine's production life. The expected production life of the asset is estimated based on expected quantities of proven and probable mineral reserves and mineral resources. These estimates are based on information obtain by the mine operator through preparation of technical reports on the property. The useful production lives are estimated based on such information and are reviewed annually.

Cost allocation of royalty assets acquired

Management was required to estimate the allocation of cost of acquisition of the VEK assets. The allocation was determined by estimating the present value of expected future revenues. Such calculation required management to make estimates of expected production based on estimated reserves in the underlying assets.

Critical Accounting Judgments

Management must make judgments given the various options available under IFRS for items included in the condensed interim 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 six above noted critical estimates. Judgment is also used in determining whether an acquisition is a business combination or an asset acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited Annual Financial Statements for the fiscal year ended December 31, 2019.

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.

(Unaudited – Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS (cont'd…)

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 values of accounts payable and accrued liabilities approximate fair values due to the short term to maturity of these financial instruments. The carrying value of note payable approximates fair value, as the note bears market interest rate.

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 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:

	June 30, 2020	December 31, 2019
Cash and cash equivalents	$ 13,122,081	$ 2,973,520
Receivables	628,378	137,902
	$ 13,750,459	$ 3,111,422

(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 June 30, 2020, the Company has cash and cash equivalents of $13,122,081 (December 31, 2019 - $2,973,520) and current liabilities of $934,958 (December 31, 2019 - $1,483,373).

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

Due Date	June 30, 2020	December 31, 2019
0 – 90 days	$ 934,958	$ 898,913
90 – 365 days	-	584,460
More than 1 year	361,085	1,295,499
	$ 1,296,043	$ 2,778,872

(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.

4. FINANCIAL INSTRUMENTS (cont'd…)

(c) Market risk (cont'd…)

(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 June 30, 2020, the impact of interest rates on the Company is not deemed significant. 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 as 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 June 30, 2020 and December 31, 2019, the Company has not hedged its exposure to currency fluctuations.

At June 30, 2020 and December 31, 2019, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars:

		June 30, 2020		December 31, 2019
Cash and cash equivalents	US $	830,873	US $	735,612
Accounts payable and accrued liabilities		(84,626)		(83,641)
Interest payable		-		(11,521)
Net	US $	746,247	US $	640,450
Canadian dollar equivalent	$	1,016,985	$	831,818

Based on the above net exposures as at June 30, 2020, a 5% change in the Canadian/US exchange rate would impact the Company's income (loss) and comprehensive income (loss) by approximately $52,000 (December 31, 2019 - $42,000).

(Unaudited – 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 June 30, 2020, a 10% change in the market price of these securities would impact the Company's income (loss) and comprehensive income (loss) by approximately $101,000 (December 31, 2019 - $125,000).

(iv) Fair value hierarchy

The following tables summarize the Company's financial instruments under the fair value hierarchy as at June 30, 2020 and December 31, 2019:

June 30, 2020	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$13,122,081	$ -	$ -	$13,122,081
Marketable securities	$ 1,015,139	$ -	$ -	$ 1,015,139

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

5. CAPITAL MANAGEMENT

The Company is an exploration 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. The Company's primary source of funds comes from the issuance of share capital and debt. 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 six months ended June 30, 2020.

(Unaudited – 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.

	June 30, 2020			December 31, 2019		
	Shares	Cost	Fair Value	Shares	Cost	Fair Value
Gold Resources Corporation	104,811	$ 818,668	$ 587,057	104,811	$ 818,668	$ 754,152
Solitario Royalty & Exploration Corp.	119,352	144,454	37,582	119,352	144,454	46,504
Bitterroot Resources Ltd.	-	-	-	200,000	30,000	7,000
VR Resources Ltd.	100,000	36,250	30,500	100,000	36,250	37,000
Valterra Resource Corp.	-	-	-	525,442	221,831	55,172
Fremont Gold Ltd.	-	-	-	500,000	80,000	39,000
Contact Gold Corp.	2,000,000	420,000	360,000	2,000,000	420,000	310,000
		$1,419,372	$ 1,015,139		$1,751,203	$1,248,828

During the six months ended June 30, 2020, the Company recorded an unrealized loss in the change in fair value on marketable securities of $168,516 (2019 - $85,363) in the condensed interim consolidated statements of loss and comprehensive loss.

During the six months ended June 30, 2020, the Company:

(a) sold 525,442 common shares of Valterra Resource Corp. for net proceeds of $30,108. As at December 31, 2019, these shares had a carrying value of $55,172, which resulted in a loss of $25,064.
(b) sold 200,000 common shares of Bitterroot Resources Ltd. for net proceeds of $5,905. As at December 31, 2019, these shares had a carrying value of $7,000, which resulted in a loss of $1,095.
(c) sold 500,000 common shares of Fremont Gold Ltd. for net proceeds of $40,535. As at December 31, 2019, these shares had a carrying value of $39,936, which resulted in a recovery of $936.

During the six months ended June 30, 2019, the Company:

(a) 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.

(Unaudited – Expressed in Canadian Dollars)

7. RECEIVABLES

The Company's receivables are as follows:

		June 30, 2020		December 31, 2019
Trade receivables	$	596,044	$	122,309
Sales taxes receivable		32,334		15,593
	$	628,378	$	137,902

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 Company recognized lease liabilities in relation to leases that had previously been classified as "operating leases" under the principles of IAS 17 *Leases*. 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 December 31, 2019	$	92,972
Additions for the period		91,550
Balance June 30, 2020		184,522
Accumulated amortization:		
Balance at December 31, 2019	$	42,136
Amortization for the period		23,677
Balance, June 30, 2020	$	65,813
Currency translation adjustment at December 31, 2019	$	(2,287)
Currency translation adjustment at June 30, 2020	$	(64)
Net book value:		
As at December 31, 2019	$	48,549
As of June 30, 2020	$	118,773

9. MINERAL AND ROYALTY INTERESTS

	Green Springs Claims	Cox Claims	Nevada Select Properties	Total
Balance, December 31, 2018	$ -	$ 33,491	$ 1,045,253	$ 1,078,744
Acquisition costs	33,352	26,680	46,432	106,464
Option payments received	(33,352)	(60,171)	(186,761)	(280,284)
Cumulative translation adjustment	-	-	(8,394)	(8,394)
Balance, December 31, 2019	-	-	896,530	896,530
Acquisition costs	-	-	1,356,726	1,356,726
Option payments received	-	-	(498,407)	(498,407)
Cumulative translation adjustment	-	-	29,587	29,587
Balance, June 30, 2020	$ -	$ -	$ 1,784,436	$ 1,784,436

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

Nevada Select Properties

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

During the six months ended June 30, 2020, the Company received total net proceeds from option payments of $164,358 (2019 - $165,472), of which $56,748 (2019 - $60,032) is included as a reduction of mineral property interests and $107,610 (2019 - $105,440) is included in the condensed interim consolidated statements of loss and comprehensive loss as option proceeds.

Tonopah West Project

(a) On April 1, 2020, the Company closed an agreement for the purchase of a 100% interest in 73 patented mining claims from Cliff ZZ LLC ("Cliff ZZ"), 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 paid Cliff ZZ US $650,000 in cash and issued 600,000 share purchase warrants which were fair valued at $184,743. Each warrant will be exercisable into one common share at $0.65 for a period of two years.

(b) On April 1, 2020, the Company closed a purchase option agreement with Blackrock Gold Corp. ("Blackrock") 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 ("NSR") royalty. On closing, the Company received the first payment of US $325,000, as described below.

As consideration, Blackrock's wholly owned US subsidiary will make the following payments:

- US $325,000 on closing (received);
- US $325,000 on the first anniversary of closing;
- US $650,000 on the second anniversary of closing;
- US $700,000 on the third anniversary of closing; and
- US $1,000,000 on the fourth anniversary of closing (the "Final Payment").

After Blackrock makes the Final Payment, the Company will retain a 3% NSR royalty with no buydown and Blackrock will then pay the Company an annual advance minimum royalty ("AMR") 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.

HNT and JAM Claims

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 Mining Nevada Inc. ("McEwen") and the Agreement includes an assignment of the leases to the Company. On closing, the Company paid the initial US $125,000 payment.

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

Nevada Select Properties (cont'd…)

HNT and JAM Claims (cont'd...)

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% NSR royalty at current gold prices.

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 (received);
- 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 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 $241,000, payable over five years to the Company as follows:

- Initial payment – US $1,000 (received);
- US $15,000 one year after the closing date (received);
- 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 AMR payments of US $5,000 on the first and second anniversaries of exercising the option and US $10,000 on subsequent anniversaries.

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

Nevada Select Properties (cont'd…)

Castle West Property (cont'd...)

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.

Gold Bar Property

On November 27, 2019, the Company entered into an agreement with McEwen for the sale of 100% of its Gold Bar Project consisting of 12 patented mining claims and 310 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 2% NSR royalty on the patented and unpatented claims. McEwen can purchase 1% of the royalty on the patented claims for US $1,000,000 and 1% of the royalty on the unpatented claims for US $2,000,000.

Final closing of the agreement is subject to final approval of the New York Stock Exchange and the Toronto Stock Exchange for the shares and final payment of the fees by McEwen.

Butte Valley Project

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

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

- US $15,000 paid on the effective date (received);
- US $35,000 on the first anniversary of the effective date; and
- US $50,000 on the second, third, fourth and fifth anniversaries of the effective date.

On the effective date, Quaterra will also reimburse the Company $24,711 (received) for the 2020 claim fees, taxes and staking costs. As at period-end, the Company has not received any payments from Quaterra. The Company will retain a 2% NSR royalty on the Company's Claims. Quaterra can purchase 1% of the royalty for US $10,000,000 at any time within ten years of the effective date.

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

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 by making cash payments totaling US $250,000, as follows:

- Initial payment – US $10,000 (received);
- 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; and
- 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 royalty 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 by making US $506,572 in option payments to the Company, as follows:

- Initial payment – US $56,572 (received);
- 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; and
- 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 royalty on the Rodeo Creek Claims.

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

Nevada Select Properties (cont'd…)

Stateline Property

On August 8, 2018, the Company entered into a definitive option agreement with Pyramid Gold (US) Corp. ("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);
- US $5,000 six months after the effective date (received);
- 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; and
- 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 royalty on the Stateline claims. There is a one-mile area of interest associated with the NSR royalty.

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

- US $15,000 on the first through third anniversaries of the Stateline Final Option Payment; and
- US $25,000 on the fourth anniversary 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 Ltd. ("VR Resources") whereby VR Resources acquired 100% of the Kraut claims by making the following payments:

- At closing – US $10,000 (received), 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 consolidated 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…)

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 $677,000 in option payments to the Company, as follows:

- Initial payment – US $2,000 (received);
- US $5,000 one year after the closing date (received);
- US $10,000 two years after the closing date (received);
- 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; and
- 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 royalty 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 royalty for an aggregate purchase price of US $1,000,000.

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 Gold Ltd. (collectively, "Fremont"), whereby Fremont can acquire a 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);
- US $75,000 one year after the closing date (received);
- 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; and
- 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 royalty on the Gold Canyon claims and a 1% NSR royalty 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.

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

Nevada Select Properties (cont'd…)

Gold Canyon Project (cont'd…)

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

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

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

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);
- 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 in shares);
- Year 1 – US $100,000 cash or through the issuance of Valterra common shares (received in shares);
- Year 2 – US $35,000 cash (received);
- 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 royalty 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 royalty to a third party and Ely Gold will retain a 1% NSR royalty on those claims.

Valterra will pay the Company AMR payments as follows:

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

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

Nevada Select Properties (cont'd…)

Redlich, Moho and Olympic ("RMO") Projects

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

- Initial payment – US $22,000 (received);
- US $33,000 six months after the closing date (received, included in mineral and royalty interests);
- US $70,000 one year after the closing date (received);
- 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; and
- US $325,000 four years after the closing date (the "RMO Final Option Payment").

If the RMO Final Option Payment is made, the Company will retain a 2.5% NSR royalty on the RMO 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 thereafter, 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 royalty 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 Gold assigned the option agreements for Moho and Redlich to Hochschild Mining PLC with the terms of the option agreement remaining the same.

Olympic Project

On May 22, 2020, the Company entered into an option to purchase agreement with Great Western Mining Corporation Inc. ("Great Western"), a wholly owned subsidiary of Great Western Mining Corporation PLC, to acquire 48 unpatented lode mineral claims on the Olympic Gold Project located in Mineral County, Nevada, for total proceeds of US $150,000. At the conclusion of the option agreement, the Company retains a 3% NSR royalty on any future production at the Olympic Gold Project.

As consideration, Great Western will make the following payments:

- $15,000 on closing the option agreement (received);
- $25,000 on the first anniversary of closing;
- $35,000 on the second anniversary of closing;
- $35,000 on the third anniversary of closing; and
- $40,000 on the fourth anniversary of closing (the "Option Exercise").

Great Western becomes responsible for all lease costs associated with the property and is entitled to carry out a full exploration program with right of access to all historic data. Completion of the acquisition may be accelerated by bringing forward annual option payments. There are no work commitments associated with the option agreement. Relinquishment can be affected by Great Western during the option period without penalty. The option agreement includes a one-mile area of interest. Upon Option Exercise, the Company will retain a 3% NSR royalty, which includes a $15,000 annual AMR payment.

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

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);
- US $25,000 one year after the closing date (received);
- US $25,000 two years after the closing date (received);
- US $25,000 three years after the closing date; and
- 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 royalty 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 thereafter, 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.

(Unaudited – Expressed in Canadian Dollars)

10. ROYALTY ASSETS

Cost	Balance, December 31, 2018	Acquisition	Disposition	Balance, December 31, 2019	Acquisition	Balance, June 30, 2020
Balmoral Fenelon	$ 716,836	$ -	$ (716,836)	$ -	$ -	$ -
Devon Fenelon	-	600,000	-	600,000	-	600,000
Isabella Royalty	-	404,250	-	404,250	-	404,250
Jerritt Canyon PTR	-	969,591	-	969,591	-	969,591
Jerritt Canyon 0.5%	-	-	-	-	11,553,163	11,553,163
Lincoln Hill	-	1,091,123	-	1,091,123	-	1,091,123
Rawhide	-	-	-	-	1,917,925	1,917,925
REN NPI	-	-	-	-	707,100	707,100
REN 1.5%	-	-	-	-	6,024,796	6,024,796
Marigold	-	-	-	-	1,618,343	1,618,343
Other	-	36,371	-	36,371	617,929	654,300
	$ 716,836	$3,101,335	$ (716,836)	$ 3,101,335	$22,439,256	$25,540,591

Accumulated Amortization	Balance, December 31, 2018	Amortization	Balance, December 31, 2019	Amortization	Balance, June 30, 2020
Isabella Royalty	$ -	$ 67,267	$ 67,267	$ 66,186	$ 133,453
Jerritt Canyon PTR	-	25,126	25,126	24,723	49,849
Jerritt Canyon 0.5%	-	-	-	221,412	221,412
REN 1.5%	-	-	-	75,929	75,929
Marigold	-	-	-	25,494	25494
	$ -	$ 92,393	$ 92,393	$ 413,744	$ 506,137

	Cumulative Translation Adjustment		Net Book Value	
	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020
Devon Fenelon	$ -	$ -	$ 600,000	$ 600,000
Isabella Royalty	(13,530)	17,631	323,453	288,428
Jerritt Canyon PTR	(10,915)	18,028	933,550	937,770
Jerritt Canyon 0.5%	-	(406,430)	-	10,925,321
Lincoln Hill	(22,608)	33,346	1,068,515	1,124,469
Rawhide	-	2,767	-	1,920,692
REN NPI	-	(25,700)	-	681,400
REN 1.5%	-	(196,692)	-	5,752,175
Marigold	-	(52,665)	-	1,540,184
Other	(754)	(22,733)	35,617	631,567
	$ (47,807)	$ (632,448)	$ 2,961,135	$24,402,006

10. ROYALTY ASSETS (cont'd…)

(a) On May 19, 2020, the Company completed acquisition of 94.2% of VEK (Note 18) for total consideration of US $4,709,844 and the issuance of 1,888,801 share purchase warrants exercisable at a price of $0.62 per share for a period of two years. VEK owns 50% of the VEK/Andrus partnership, which holds five properties, all of which are currently leased. Four of the leases are with Nevada Gold Mines JV (Barrick 61.5%/Newmont 31.5%) and the other lease is with SSR Mining Inc. ("SSR Mining"). Four of the leases pay AMR payments and carry a 3.0% NSR royalty (50% to VEK) with no buy-downs. Details on the properties are as follows:

- REN Property – currently leased to Nevada Gold Mines, consists of 86 contiguous unpatented lode mining claims located in the Northern Carlin trend. Under the terms of the lease agreement, VEK/Andrus is entitled to minimum royalty payments, which are adjusted for inflation every year. During 2019, VEK/Andrus received US $458,712, of which VEK received 50%. These payments will continue until production commences, at which time VEK will be entitled to a 1.5% royalty.

- 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. Under the terms of the lease agreement, VEK/Andrus is entitled to minimum royalty payments, which are adjusted for inflation every year. During 2019, VEK/Andrus received US $156,500, of which VEK received 50%. These payments will continue until production commences, at which time the lessor will be entitled to a 0.75% royalty.

- 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 trend. Under the terms of the lease agreement, VEK/Andrus is entitled to minimum royalty payments. During 2019, VEK/Andrus received US $15,000, of which VEK received 50%. These payments will continue until production commences, at which time VEK will be entitled to a 1.5% royalty.

- 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. Under the terms of the lease agreement, VEK/Andreus is entitled to minimum royalty payments which are adjusted for inflation every year. During 2019 VEK/Andrus received US $21,780 of which VEK received 50%. These payments will continue until production commences at which time VEK will be entitled to 1.5% royalty.

- Carlin Trend Property – currently leased to Nevada Gold Mines consists of 84 unpatented lode mining claims covering 7 square kilometres along the Carlin trend in sections 1, 2, 3, 10, 11, 12, 20, 21, 28, 34 and 35, Townships 35N and 36N, Ranges 49E and 50, in Eureka County, Nevada. Under the terms of the lease agreement, VEK/Andreus is entitled to minimum royalty payments, which are adjusted for inflation every year. During 2019, VEK/Andrus received US $43,560, of which VEK received 50%. These payments will continue until production commences, at which time VEK will be entitled to a 1.5% royalty.

(b) REN Net Profit Interest ("NPI")

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.

10. ROYALTY ASSETS (cont'd…)

(c) Jerritt Canyon 0.5% Royalty

On May 12, 2020, the Company completed the purchase agreement with Eric Sprott ("Sprott") to acquire a 0.5% NSR 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 issued 12,698,413 shares. In connection with its assistance with the transaction, the Company agreed to pay a finder's fee to Medalist Capital Ltd. comprising a cash fee of 1% of the transaction price, plus 300,000 share purchase warrants, each exercisable over a three-year term to purchase, exercisable at a price of $0.78 per share. All of the securities issued in the transaction are subject to a four-month hold period pursuant to applicable TSX-V policies and applicable securities laws. The shares were valued at $11,301,588 representing the market value of the shares on the date of closing and the warrants were valued at $171,575 using the Black-Scholes option pricing model.

(d) Jerritt Canyon PTR 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 (the "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; and
- $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) and issue 500,000 warrants valued at $106,518 (issued) at closing;
- 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…)

(e) 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 Resources Corporation, 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.

(f) Balmoral Fenelon Royalty

On October 17, 2018, the Company acquired from Balmoral Resources Ltd. ("Balmoral") 100% of all rights and interests in the 1% NSR royalty on the Fenelon Mine Property, operated by Wallbridge Mining Company Ltd. ("Wallbridge"). 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), issued 50,000 common shares of the Company valued at $6,500 (issued) and 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 Sprott). Under the terms of the agreement, Sprott paid Ely Gold a cash consideration of US $1,250,000 (received) for the Fenelon Royalty.

(g) 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, réels 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…)

(h) Rawhide Royalty

On February 29, 2020, the Company acquired a 15% NPI from Liberty Gold Corp. and its subsidiary, Pilot Gold USA Inc. The NPI entitles the Company to 15% of the net profits from the recovery and sale of minerals from certain unpatented claims located in Mineral County, Nevada, known as the Regent Hill Property. The interest also includes the possibility of bonus payments for each gold equivalent ("AuEq") ounce, from the Regent Hill Property placed on leach pads after the first 115,000 AuEq ounce. 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.

Under the terms of the agreement the Company paid a cash consideration of US $800,000 (paid) and issued 2,000,000 share purchase warrants (issued). Each warrant entitles the holder to purchase one common share of the Company for a period of two years at an exercise price of $0.43.

(i) 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 (paid) 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 common share of Ely Gold 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.

(j) 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) for the assignment of 100% of the Scoonover Royalty from an arm's length third party.

(Unaudited – Expressed in Canadian Dollars)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise the following:

		June 30, 2020		December 31, 2019
Trade payables	$	163,523	$	230,476
Accrued liabilities		5,000		28,938
Due to related parties		8,107		21,695
Total	$	176,630	$	281,109

12. PROMISSORY NOTE AND LINE OF CREDIT ("LOC")

On November 29, 2019, the Company entered into an agreement with Sprott whereby Sprott will provide the Company with a $6,000,000 LOC. The LOC is available to the Company, as and when required, until November 29, 2021. Principal outstanding under the LOC will bear interest at 10% 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 issued Sprott 16,216,215 non-transferrable loan bonus warrants (the "Bonus Warrants") at the fair value of $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. 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.

In connection with the LOC, the Company issued 300,000 non-transferrable finder's purchase warrants (the "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 for a term of three years.

The Bonus Warrants were recorded as deferred charges and amortized in the condensed interim consolidated statements of loss and comprehensive loss over the life of the LOC based on the straight-line method. 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 condensed interim consolidated statements of financial position as deferred charge and is being amortized over a two-year period. For the six months ended June 30, 2020, deferred charge amortization of $817,580 (2019 - $nil) was included in interest expense.

The Company drew $1,000,000 during the month of December 2019 and an additional $5,000,000 during the month of March 2020 to finance the acquisition of VEK. The Company repaid the full amount during the month of May 2020.

(Unaudited – Expressed in Canadian Dollars)

13. LEASE LIABILITY

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
Additions	91,555
Interest expense	3,679
Lease payments	(27,402)
Currency translation adjustment	2,385
Balance, June 30, 2020	$ 124,337
Which consists of:	
Current lease liability	$ 49,459
Non-current lease liability	74,878
	$ 124,337

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. The Company renewed the lease for a three year term with monthly payments of $2,850.

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.

14. SHARE CAPITAL AND RESERVES

(a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value.

(b) Issued share capital

- On May 21, 2020, the Company closed a brokered private placement offering of 21,562,500 units at a price of $0.80 per unit for gross proceeds of $17,250,000,

  Each unit comprises one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at an exercise price of $1.00 for a period of three years from closing. The Company paid the Agents cash commissions and also issued compensation options to the Agents entitling them to purchase an aggregate 731,250 common shares at an exercise price of $0.80 for a period of three years from closing. The agent's options were valued at $618,044 using the Black-Scholes option pricing model. At the Company's option, the original expiry date of the warrants may be accelerated if the volume weighted average price of the common shares is greater than or equal to $1.60 for a period of five consecutive trading days. If the Company elects to accelerate the expiry date of the warrants, holders of the warrants will have 30 calendar days to exercise their Warrants after receiving notice via press release from the Company. The Company paid agents fees of $737,500 and incurred legal costs of $53,000 in relation to the placement.

14. SHARE CAPITAL AND RESERVES (cont'd…)

(b) Issued share capital (cont'd…)

- On May 12, 2020, the Company issued 12,698,413 shares as consideration for acquisition of a 0.5% NSR royalty on the gold producing Jerritt Canyon Mine facility, located in Elko, Nevada.

- During the six months ended June 30, 2020, the Company issued 22,694,654 common shares on exercise of warrants for total proceeds of $5,653,396.

- During the six months ended June 30, 2020, the Company issued 225,000 common shares on exercise of options for total proceeds of $25,000.

- 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 $60,643 and issued 336,927 share purchase warrants. Included in share issue costs 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 TSX-V 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 share issuance costs of $1,319. As at December 31, 2019, the Company had received $47,315 in advanced subscription receipts. Included in share issuance costs 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.

(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 ten years and vesting periods are determined by the Board of Directors.

(Unaudited – Expressed in Canadian Dollars)

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

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

As at June 30, 2020 and December 31, 2019, the Company had outstanding stock options enabling the holders to acquire further common shares as follows:

Expiry Date	Exercise Price	June 30, 2020	December 31, 2019
January 5, 2021	$ 0.06	400,000	500,000
September 22, 2021	$ 0.06	700,000	750,000
March 22, 2022	$ 0.57	900,000	-
June 26, 2022	$ 0.19	125,000	125,000
January 30, 2023	$ 0.14	175,000	175,000
January 28, 2024	$ 0.12	500,000	500,000
November 27, 2024	$ 0.06	450,000	450,000
December 24, 2024	$ 0.43	200,000	200,000
April 2, 2025	$ 0.68	1,500,000	-
March 11, 2026	$ 0.09	250,000	250,000
August 18, 2026	$ 0.15	1,050,000	1,050,000
June 19, 2027	$ 0.125	500,000	500,000
November 22, 2027	$ 0.10	1,475,000	1,500,000
February 15, 2028	$ 0.10	200,000	200,000
July 26, 2029	$ 0.27	2,000,000	2,050,000
Total outstanding		10,425,000	8,250,000
Total exercisable		9,875,000	8,250,000

Stock option transactions are summarized as follows:

	June 30, 2020		December 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	8,250,000	$ 0.15	6,875,000	$ 0.10
Granted	2,400,000	$ 0.64	2,375,000	$ 0.28
Expired	-	$ -	(250,000)	$ 0.10
Exercised	(225,000)	$ 0.11	(750,000)	$ 0.11
Options exercisable, end of period	10,425,000	$ 0.27	8,250,000	$ 0.15

On April 2, 2020, the Company granted incentive stock options to directors, consultants and an officer of the Company entitling them to purchase 1,500,000 common shares at a price of $0.68 per share for a period of five years vesting 100% on the grant date and expiring April 2, 2025. The fair value of these options was calculated at $827,492 using the Black-Scholes option pricing model.

On March 19, 2020, the Company granted incentive stock options to consultants of the Company entitling them to purchase 900,000 common shares at a price of $0.57 per share for a period of two years vesting 25% every three months from the date of grant and expiring March 19, 2022. The fair value of these options was calculated at $557,948 using the Black-Scholes option pricing model.

(Unaudited – Expressed in Canadian Dollars)

14. 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 was 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 consolidated statement of loss and comprehensive loss as a share-based payment expense.

During the six months ended DHI BoA is USD $ 33,268, 2019, 250,000 options expired unexercised and the related fair value of $6,171 was transferred from share-based payment reserve to deficit.

(d) Warrants

As at June 30, 2020 and December 31, 2019, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	June 30, 2020	December 31, 2019
May 1, 2020	$ 0.10	-	1,050,000
June 23, 2020	$ 0.125	-	500,000
December 31, 2020	$ 0.135	-	500,000
June 1, 2021	$ 0.18	500,000	500,000
November 29, 2021	$ 0.37	12,216,215	16,516,215
December 2, 2021	$0.78	600,000	-
December 18, 2021	$0.61	2,000,000	-
February 4, 2022	$0.77	100,000	-
May 11, 2022	$0.62	1,888,801	-
May 12, 2023	$0.78	300,000	-
May 22, 2023	$0.90	11,512,501	-
June 15, 2022	$ 0.18	-	500,000
June 28, 2022	$ 0.24	-	3,144,654
January 17, 2024	$ 0.22	-	2,700,000
December 31, 2024	$ 0.22	-	10,000,000
Total		29,117,517	35,410,869

(Unaudited – Expressed in Canadian Dollars)

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

(d) Warrants (cont'd...)

On November 29, 2019, the Company issued 16,216,215 warrants relating to the LOC (Note 12) and 300,000 warrants as finder's fee related to the LOC. 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 LOC.

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 14(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 14(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.

Share purchase warrant transactions are summarized as follows:

	June 30, 2020		December 31, 2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	35,410,869	$ 0.29	12,050,000	$ 0.20
Issued	16,401,302	$ 0.89	24,170,869	$ 0.33
Exercised	(22,694,654)	$ 0.25	(810,000)	$ 0.16
Balance, end of period	29,117,517	$ 0.65	35,410,869	$ 0.29

As at June 30, 2020, the weighted average remaining contractual life for the outstanding warrants is 2.04 (December 31, 2019 - 2.64) years.

(Unaudited – Expressed in Canadian Dollars)

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

(d) Warrants (cont'd...)

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

	June 30, 2020		December 31, 2019	
	Options	Warrants	Options	Warrants
Risk-free interest rate	1.66%	1.32%	1.71%	1.56%
Expected dividend yield	0.00	0.00	0.00	0.00
Expected stock price volatility	102.45%	80.36%	128.08%	96.83%
Expected life in years	1.98	2.50	9.52	2.05
Weighted average fair value	$0.36	$0.41	$0.25	$0.20

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.

15. 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:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Management fees	$ 483,636	$ 234,161	$ 607,266	$ 370,075
Share-based payments	703,895	200	705,141	200
Total	$1,187,531	$ 234,361	$ 1,312,407	$ 370,275

As at June 30, 2020, $8,107 (December 31, 2019 - $21,695) is owing to directors and officers of the Company, which is included in accounts payable and accrued liabilities.

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 $922,333 in the event they are terminated without cause, or $1,576,683 in the event there is a change of control.

(Unaudited – Expressed in Canadian Dollars)

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	For the Six Months Ended June 30 2020	2019
Significant non-cash investing activities consist of:		
Shares issued for acquisition of Jerritt Canyon Royalty	$ 11,301,588	$ -
Fair value of warrants issued on acquisition of property	$ 2,363,279	$ -

17. 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.

18. ACQUISITION OF VEK

On May 19, 2020, the Company completed the acquisition of 94.2% of VEK. The agreement provided for the purchase of up to 100% of the outstanding shares of VEK for cash consideration of US $5,000,000, plus 2,005,164 Ely Gold share purchase warrants, each exercisable over a 24-month term to purchase one Ely Gold common share at an exercise price of $0.62. As at June 30, 2020 the Company has completed the acquisition of 94.2%, paid US $4,709,844 and issued 1,881,801 share purchase warrants.

The acquisition constituted an asset acquisition, rather than a business combination, as the net assets acquired did not meet the definition of a business, as defined in IFRS 3 *Business Combinations*. The Company applied IFRS 2 *Share-based Payments* in accounting for and assessing the transaction. The Company acquired VEK to gain access to its royalty assets.

The consideration paid on the acquisition of VEK was accounted for as a share-based payment with the fair value of the warrants issued valued using the Black-Scholes option pricing model with the following assumptions, volatility of 90.78%, expected life, 2 years, discount rate of 0.29% and dividend rate of 0.0%:

The acquisition of VEK was recorded in the accounts of the Company at its fair value determined as follows:

Consideration paid for 94.2% interest is as follows:		
Cash	$	6,646,383
Fair value of warrants issued		1,143,612
Total consideration paid	$	7,789,995

Assets acquired:		
REN Property	$	6,024,796
Marigold		1,618,343
Pinson		164,396
Carlin Trend		338,704
Lone Tree		114,829
Net assets acquired	$	8,261,068

The net assets acquired has been allocated to the non-controlling interest in VEK as follows:

Net assets acquired	$	8,261,068
Non-controlling interest		(471,073)
Total consideration	$	7,789,995

19. EVENTS AFTER THE REPORTING PERIOD

(a) On May 28, 2020, the Company entered into a binding term sheet with two individuals dealing at arm's length to the Company to purchase 0.4% of a 2% NSR royalty on the Borden Lake Gold Mine (the "Probe Royalty").

The Probe Royalty is subject to a buy-down option pursuant to which Newmont is entitled to buy it down from 2% to 1% for a one-time cash payment of $1,000,000. Under the present transaction terms, if the buy-down right is exercised, the entire reduction will be applied to the vendors' 1.6% Probe Royalty interest and the Company's share will remain at 0.4%. In addition, the vendors have granted a right of first refusal to the Company with respect to any proposed sale by the vendors of their remaining 0.6% of the Probe Royalty.

Under the terms of the transaction, in consideration for its 0.4% Probe Royalty interest, the Company will pay $300,000 in cash, issue 100,000 common shares and 80,000 of the Company's non-transferable common share purchase warrants, each exercisable to purchase one additional common share for a five-year term at an exercise price of $1.37.

In connection with the transaction, the Company has agreed to pay a finder's fee on closing to an arm's length individual in the form of a $7,000 cash payment and 50,000 non-transferable warrants having the same terms as the consideration warrants issuable to vendors.

The transactions expected to close on or before August 31, 2020, remains subject to customary commercial conditions, including completion of the Company's due diligence, settlement of definitive conveyance documentation.

(b) On July 21, 2020, the Company entered into a binding letter agreement to acquire an additional 1% NSR royalty on the Lincoln Hill Property from a private individual. As consideration, the Company will pay US $1,000,000 as follows:

(i) US $500,000 at closing; and
(ii) US $500,000 on January 2021.

The 2021 payment will accrue simple interest at 5% and be secured by the Lincoln Hill Royalty. In addition, the Company will issue the seller 1,000,000 warrants exercisable at a price of $1.69 for a period of two years. Closing of the transaction is subject to certain conditions precedent including approval by the TSX-V. Closing is expected on or about September 1, 2020.

(c) On August 11, 2020, the Company entered into a binding term sheet for the purchase of three NSR royalties from a prospector for US $350,000 cash. The royalty package includes a 0.33% royalty on the Sleeper Mine, 1% royalty on 38 unpatented mining claims in Pershing County, Nevada, and a 1% royalty on 40 acres of free ground in White Pine County, Nevada. The transaction is subject to final documentation. Closing is expected on or about September 15, 2020.

(d) Subsequent to June 30, 2020, 1,000,000 stock options were grated to consultants to the Company.

(e) Subsequent to June 30, 2020:
(i) 500,000 common shares were issued on exercise of share purchase warrants for total proceeds of $235,000; and
(ii) 350,000 common shares were issued on exercise of stock options for total proceeds of $154,000.