NEWFOUND GOLD CORP

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2019 AND DECEMBER 31, 2018

(Expressed in Canadian Dollars)

DNTW Toronto LLP
Chartered Professional Accountants
Licensed Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
New Found Gold Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New Found Gold Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of loss and comprehensive loss, statements of changes in equity, and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

DNTW Toronto LLP

February 28, 2020
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

New Found Gold Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2019 $	December 31, 2018 $
ASSETS			
Current assets			
Cash		7,336,638	323,179
Investments, at fair value	4	114,937	398,102
Amounts receivable		46,085	164,850
Prepaid expenses and deposits		436,436	68,630
Sales taxes recoverable		291,075	109,414
Total current assets		8,225,171	1,064,175
Non-current assets			
Exploration and evaluation assets	3	1,100,716	677,681
Property, plant and equipment		29,149	41,641
Total non-current assets		1,129,865	719,322
Total Assets		9,355,036	1,783,497
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	392,849	828,306
Total current liabilities		392,849	828,306
EQUITY			
Share capital	5	10,735,862	2,845,700
Reserves	5	4,667,467	530,601
Deficit		(6,441,142)	(2,421,110)
Total equity		8,962,187	955,191
Total Equity and Liabilities		9,355,036	1,783,497

NATURE OF OPERATIONS (Note 1)
COMMITMENT (Note 11)
SUBSEQUENT EVENTS (Note 14)

These financial statements are authorized for issue by the Board of Directors on February 28, 2020. They are signed on the Company's behalf by:

"Collin Kettell", Director

"*John Anderson*", Director

New Found Gold Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2019 $	2018 $
Expenses			
Exploration and evaluation expenditures	3,6	657,539	1,742,415
Depreciation		12,492	4,308
Filing fees		390	858
Office and sundry		31,859	52,535
Professional fees		74,648	107,644
Salaries and consulting	6	987,399	602,606
Share-based compensation	5,6	2,130,528	122,361
Travel		30,554	27,328
Loss from operating activities		(3,925,409)	(2,660,055)
Foreign exchange loss		(909)	(10,813)
Gain on sale of exploration and evaluation assets	3(iii)	-	2,300,840
Impairment of exploration and evaluation assets	3(i)	(91,335)	(71,755)
Interest and other income		-	16,451
Net realized losses on disposal of investments	4	(120,734)	(216,570)
Net change in unrealized gains (losses) on investments	4	118,355	(699,231)
Net loss for the year		(4,020,032)	(1,341,133)
Exchange differences on translation of foreign operations		-	6,205
Total loss and comprehensive loss for the year		(4,020,032)	(1,334,928)
Loss per share – basic and diluted ($)	7	(0.07)	(0.02)
Weighted average number of common shares outstanding – basic and diluted		60,041,181	56,336,997

New Found Gold Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2019 $	2018 $
Cash flows from operating activities		
Loss for the year	(4,020,032)	(1,341,133)
Adjustments for:		
Depreciation	12,492	4,308
Gain on sale of exploration and evaluation assets	-	(2,300,840)
Impairment of exploration and evaluation assets	91,335	71,755
Net realized losses on disposal of investments	120,734	216,570
Net change in unrealized gains (losses) on investments	(118,355)	699,231
Share-based compensation	2,130,528	122,361
	(1,783,298)	(2,527,748)
Change in non-cash working capital items:		
Decrease (increase) in amounts receivable	118,765	(94,719)
(Increase) decrease in prepaid expenses and deposits	(367,806)	71,520
(Increase) decrease in sales taxes recoverable	(181,661)	90,606
(Decrease) increase in accounts payable and accrued liabilities	(435,457)	558,935
Net cash used in operating activities	(2,649,457)	(1,901,406)
Cash flows from investing activities		
Purchase of exploration and evaluation assets	(307,370)	(262,655)
Proceeds on disposal of investments	280,786	551,532
Proceeds on sale of exploration and evaluation assets	-	975,000
Purchase of property, plant and equipment	-	(45,949)
Net cash (used in) generated from investing activities	(26,584)	1,217,928
Cash flows from financing activities		
Issuance of common shares in private placements	9,250,000	-
Stock options exercised	439,500	-
Amounts paid on behalf of Radio Fuels Corp.	-	(258,460)
Reimbursements of amounts owed from Radio Fuels Corp.	-	258,460
Amounts paid on behalf of Casino Gold Corp.	-	(331,039)
Reimbursements of amounts owed from Casino Gold Corp.	-	331,039
Net cash generated from financing activities	9,689,500	-
Net increase (decrease) in cash	7,013,459	(683,478)
Exchange rate changes on foreign currency cash balances	-	(4,459)
Cash at beginning of year	323,179	1,011,116
Cash at end of year	7,336,638	323,179

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Note 8)

New Found Gold Corp.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of shares	Amount $	Equity settled share-based payments $	Warrants $	Foreign currency translation $	Deficit $	Total equity $
Balance at December 31, 2017	56,309,250	2,828,700	408,240	-	(6,205)	(573,168)	2,657,567
Issued pursuant to acquisition of exploration and evaluation assets	42,500	17,000	-	-	-	-	17,000
Stock dividend paid	-	-	-	-	-	(506,809)	(506,809)
Share-based compensation	-	-	122,361	-	-	-	122,361
Total comprehensive loss for the year	-	-	-	-	6,205	(1,341,133)	(1,334,928)
Balance at December 31, 2018	56,351,750	2,845,700	530,601	-	-	(2,421,110)	955,191
Issued pursuant to acquisition of exploration and evaluation assets	517,499	207,000	-	-	-	-	207,000
Share-based compensation	-	-	2,130,528	-	-	-	2,130,528
Shares issued in private placement	19,125,000	6,997,542	-	2,252,458	-	-	9,250,000
Stock options exercised	2,930,000	685,620	(246,120)	-	-	-	439,500
Total comprehensive loss for the year	-	-	-	-	-	(4,020,032)	(4,020,032)
Balance at December 31, 2019	78,924,249	10,735,862	2,415,009	2,252,458	-	(6,441,142)	8,962,187

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

1. NATURE OF OPERATIONS

New Found Gold Corp. (the "Company") was incorporated on January 6, 2016, under the Business Corporations Act in the Province of Ontario. The address of the Company's registered office is Suite 1010 – 69 Yonge Street, Toronto, ON, Canada M5E 1K3.

The Company is a mineral exploration company engaged in the acquisition, exploration and evaluation of resource properties with a focus on gold properties located in the Provinces of Newfoundland and Labrador and Ontario, Canada. The Company's exploration and evaluation assets presently have no proven or probable reserves, and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. The recoverability of amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements were approved by the Board of Directors of the Company on February 28, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Statement of compliance

The Company's financial statements, including comparatives, have been prepared in accordance with and using accounting policies in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), effective for the Company's reporting for the year ended December 31, 2019.

b) Basis of presentation

These financial statements have been prepared on a historical cost basis except for financial instruments classified as subsequently measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of consolidation

These financial statements include the accounts of the Company and its previously wholly-owned subsidiary for the period up to June 6, 2018. For the period from June 7, 2018 onwards, these financial statements present the financial position and performance of New Found Gold Corp as an individual entity.

	Place of Incorporation	Principal Activity
Brownstone Ventures (US) Inc. ("Brownstone")	Delaware, USA	Exploration company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Foreign currencies

The presentation and functional currency of the Company is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

e) Exploration, evaluation and development expenditures

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred. Once the legal right to explore has been acquired, the Company capitalizes the costs of acquiring rights or licenses, including those purchased from other parties or staked directly by the Company, until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs and costs of surveying, exploratory drilling, sampling, materials, fuel, equipment rentals or payments to contractors are expensed as incurred.

Exploration and evaluation properties are not amortized during the exploration and evaluation stage.

The Company does not have revenue from mining operations. The Company recognizes gains or losses on the sale of exploration and evaluation assets in accordance with the terms of the purchase and sale agreements. Gains or losses are recognized when a mining option is executed and the cost is derecognized in accordance with the percentage interest sold.

At each reporting date the carrying amounts of the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. 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 the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units ("CGU") to which the exploration activity relates. Each of the Company's properties is considered to be a separate CGU. Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Cash and cash equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

g) Decommissioning liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment when those obligations result from the acquisition, construction, development or normal operation of assets. The net present value of future rehabilitation costs is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Pre-tax discount rates that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets. 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 exploration and evaluation assets and the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. There are no decommissioning liabilities for the periods presented.

h) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation calculated using the straight-line method over the estimated useful lives. Depreciation of an asset begins once it is available for use.

Long-lived assets are comprised of property, plant and equipment. At the end of each reporting period the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained by the sale of the asset in any arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of the estimated cash flows expected to arise from the continued use of the asset, including an expansion projects. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Impairment is assessed at the CGU level, which is identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Non-financial assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

i) Share-based payment transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Valuation of equity units issued in private placements

The Company follows the residual method with respect to the measurement and allocation of proceeds from shares and warrants issued as private placement units. This values each component at fair value and allocates total proceeds received between shares and warrants based on the pro rata relative values of the components. The fair value of the common shares is based on the closing quoted bid price on the issue date and the fair value of the common share purchase warrants is determined at the issue date using the Black- Scholes pricing model. In event of a modification in warrants issued as private placement units, no re-measurement adjustment is recognized within equity.

k) Financial instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights to receive cash flows have expired or substantially all risks and rewards of ownership have been transferred.

Financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest are measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any change taken through profit or loss or other comprehensive income

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in profit or loss for the period. Financial assets and liabilities classified at amortized cost are measured at amortized cost using the effective interest method.

The following table sets out the classifications of the Company's financial assets and liabilities:

Financial assets/liabilities	Classification under IFRS 9
Cash	Amortized cost
Investments	FVTPL
Amounts receivable	Amortized cost
Deposits	Amortized cost
Accounts payables and accrued liabilities	Amortized cost

l) Investments

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the fair value of investments are reflected in the statement of loss and comprehensive loss. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed so as to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the statement of loss and comprehensive loss as incurred. Interest income and other income are recorded on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The fair value of investments is determined as follows:

(a) Securities that are traded in an active market and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the date of statement of financial position. If there were no trades on the date of the statement of financial position, these securities are presented at the closing price on the last date the security traded. These investments are included in Level 1 of the fair value hierarchy.

(b) Securities that are traded in an active market, but which are escrowed or otherwise restricted as to their sale or transfer, are recorded at amounts discounted from market value to a maximum of 10%. In determining the discount for such investments, the Company considers the nature and length of the restriction. These investments are included in Level 2 of the fair value hierarchy.

m) Earnings and loss per share

The Company presents basic and diluted earnings and loss per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share does not adjust the earnings or loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

n) Income taxes

Income tax on the profit or loss for the years presented 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, in which case it is recognized in equity.

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

Deferred tax is provided using the statement of financial position 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. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at year end applicable to the period of expected realization or settlement.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Significant Accounting Estimates and Judgments

The preparation of these 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 financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates may be pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that 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 the following:

(i) Critical accounting estimates

Valuation of Options Granted and Warrants Issued

The fair value of common share purchase options granted and warrants issued is determined at the issue date using the Black-Scholes option pricing model. The Black-Scholes model involves six key inputs to determine the fair value of an option, which are: risk-free interest rate, exercise price, market price at the grant date, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense. These estimates impact the values of stock-based compensation expense, share capital, and reserves.

Computation of Income Taxes

The determination of tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings which affect the extent to which potential future tax benefits may be used.

The Company is subject to assessments by taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

Shares Issued to Acquire Exploration and Evaluation Assets

From time to time, the Company issues common shares in the course of acquiring exploration and evaluation assets. When shares are issued without cash consideration, the transaction is recognized at the fair value of the assets received. In the event that the fair value of the assets cannot be reliably determined, the Company will recognize the transaction at the fair value of the shares issued. These estimates impact the value of share capital and exploration and evaluation assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Critical accounting judgments

Impairment of Exploration and Evaluation Assets

Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The carrying value of each exploration and evaluation asset is reviewed regularly for conditions that may suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

Management has determined that there were indicators of impairment as at December 31, 2019 and has impaired $91,335 (December 31, 2018 - $71,755) in exploration and evaluation assets. Refer to Note 3 for further information.

p) Changes in Accounting Standards and Interpretations

The Company has adopted the following accounting standards effective January 1, 2018:

The Company adopted, retrospectively without restatement, all of the requirements of IFRS 9: Financial Instruments ("IFRS 9") as of January 1, 2018. This standard replaces the guidance in IAS 39: Financial Instruments: Recognition and Measurements ("IAS 39"). The adoption of IFRS 9 did not impact the carrying value of any of the Company's financial assets or financial liabilities on the transition date.

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

The adoption of the following accounting standards, effective January 1, 2018, had no impact on the financial statements. These standards are:

IFRS 15 – Revenue from Contracts with Customers
Interpretations 22 – Foreign Currency Transactions and Advance Considerations

The adoption of the following accounting standards, effective January 1, 2019, had no impact on the financial statements. These standards are:

IFRS 16 - Leases

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS

The schedules below summarize the carrying costs of acquisition and exploration costs incurred to date for each exploration and evaluation asset that the Company is continuing to explore as at December 31, 2019 and 2018:

	Newfoundland			
	Queensway(i)	Other	Ontario (ii)	Total
Year ended December 31, 2019	$	$	$	$
Exploration and evaluation assets				
Balance as at December 31, 2018	276,330	107,835	293,516	677,681
Additions	382,370	-	132,000	514,370
Impairment	-	(91,335)	-	(91,335)
Balance as at December 31, 2019	658,700	16,500	425,516	1,100,716
Exploration and evaluation expenditures				
Cumulative exploration expense - December 31, 2018	1,890,601	-	831,337	2,721,938
Assays	37,456	-	1,937	39,393
Drilling	250,260	-	-	250,260
Geophysics	153,934	-	-	153,934
Salaries & consulting	92,831	-	-	92,831
Supplies & equipment	62,412	-	-	62,412
Property taxes, mining leases and rent	45,500	-	3,859	49,359
Travel	9,350	-	-	9,350
	651,743	-	5,796	657,539
Cumulative exploration expense – December 31, 2019	2,542,344	-	837,133	3,379,477

	Newfoundland				
	Queensway(i)	Other	Ontario (ii)	Other(iii)	Total
Year ended December 31, 2018	$	$	$	$	$
Exploration and evaluation assets					
Balance as at December 31, 2017	220,585	79,590	418,266	431,204	1,149,645
Additions	55,745	100,000	32,850	97,923	286,518
Disposals	-	-	(157,600)	(529,127)	(686,727)
Impairment	-	(71,755)	-	-	(71,755)
Balance as at December 31, 2018	276,330	107,835	293,516	-	677,681
Exploration and evaluation expenditures					
Cumulative exploration expense - December 31, 2017	907,752	-	122,374	299,298	1,329,424
Assays	78,387	-	78,387	-	156,774
Geophysics	300,000	-	338,156	-	638,156
Salaries & consulting	423,922	-	43,325	50,603	600,090
Supplies & equipment	43,327	-	125,565	-	86,652
Property taxes, mining leases and rent	22,775	-	9,092	-	31,867
Travel	114,438	-	114,438	-	228,876
	982,849	-	708,963	50,603	1,742,415
Properties no longer explored	-	-	-	(349,901)	(349,901)
Cumulative exploration expense – December 31, 2018	1,890,601	-	831,337	-	2,721,938

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

(i) Queensway Project – Gander, Newfoundland

As at December 31, 2019, the Company owns a 100% interest in 64 mineral licenses including 3,547 claims comprising 88,675 hectares of land located in Gander, Newfoundland. The project rights were acquired by map staking mineral licenses and making staged payments in cash and common shares of the Company from 2016 through 2019 under nine separate, fully executed option agreements. The optioned lands carry various net smelter return ("NSR") royalties ranging from 0.6% to 2.0% which can be reduced to 0.5% to 1.0%, at the Company's option, with payments ranging from $250,000 to $1,000,000 to the optionors. The total cost of the NSR's that may be purchased at the Company's discretion is $5,250,000.

During the year ended December 31, 2019, the Company recorded an impairment of $91,335 (2018 - $71,755) in acquisition costs related to projects no longer being explored.

(ii) Ontario Projects

As at December 31, 2019, the Company owns a 100% interest in the Lucky Strike project in Kirkland Lake, Ontario comprising 11,441 hectares, as well as a portfolio of mining and royalty interests throughout northeastern Ontario. The project rights were acquired by map staking mineral licenses and making staged payments in cash and common shares of the Company from 2016 through 2019 under a fully executed option agreement. The optioned lands carry an NSR of 1%

Disposal of Ontario Properties

During the year ended December 31, 2018, the Company recognized gains on disposals of certain northeastern Ontario exploration and evaluation assets of $2,300,840. The Company received total proceeds of $2,458,400, which was comprised of cash of $1,030,000 and investments having a fair value of $1,428,440, and derecognized exploration and evaluation assets at their carrying value of $157,600.

(iii) Other Projects

There were no disposals of exploration and evaluation assets during the year ended December 31, 2019.

Disposal of Nevada Properties

On June 6, 2018, pursuant to the terms of a rollover agreement, the Company disposed of its wholly-owned subsidiary, Brownstone, to Casino Gold Corp. ("Casino Gold"), a newly-formed Ontario mineral exploration corporation, which has similar officers and directors as the Company. At the time of the disposal, the sole asset of Brownstone was its ownership of the Company's Nevada, USA resource properties. The disposal of Brownstone occurred in exchange for the issuance of 56,351,700 common shares of Casino Gold.

Concurrently upon receipt of the shares of Casino Gold, on June 6, 2018, the Company declared and paid a dividend in-kind to its shareholders on the basis of one share of Casino Gold for each share of New Found Gold.

The transaction has been accounted for through the deconsolidation of Brownstone on June 6, 2018, and the derecognition of its assets and liabilities, and the recognition of a dividend. The dividend was recognized at the carrying value of the disposed net assets as follows:

Exploration and evaluation assets	$	466,681
Accounts payable and accrued liabilities		(22,318)
Net assets of Brownstone	$	444,363

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Disposal of Saskatchewan Properties

On June 6, 2018, pursuant to the terms of a rollover agreement, the Company disposed of its Saskatchewan uranium property to Radio Fuels Corp. ("Radio Fuels"), a newly-formed Ontario mineral exploration corporation, which has similar officers and directors as the Company. The disposal of the Saskatchewan property occurred in exchange for the issuance of 56,351,700 common shares of Radio Fuels.

Concurrently upon receipt of the shares of Radio Fuels, on June 6, 2018, the Company declared and paid a dividend in-kind to its shareholders on the basis of one share of Radio Fuels for each share of New Found Gold.

The transaction has been accounted for through the derecognition of the exploration and evaluation assets and the recognition of a dividend at the carrying value of the assets of $62,446.

4. INVESTMENTS

The Company classifies its investments as subsequently measured at FVTPL. Realized gains and losses on disposal of investments and unrealized gains and losses in the fair value of investments are reflected in the statement of loss and comprehensive loss in the period in which they occur.

The fair value and cost of investments as at December 31, 2019 and 2018 are as follows:

	Fair Value $	Cost $
December 31, 2019	114,937	586,920
December 31, 2018	398,102	988,440

An analysis of investments including related gains and losses during the year is as follows:

	Year ended December 31,	
	2019 $	2018 $
Investments, beginning of year	398,102	436,995
Purchase of investments through the sale of exploration and evaluation assets	-	1,428,440
Disposition of investments	(280,785)	(551,532)
Realized (loss) gain on investments	(120,734)	(216,570)
Unrealized (loss) gain on investments	118,355	(699,231)
Investments, end of period	114,937	398,102

5. SHARE CAPITAL AND RESERVES

Authorized Share Capital

At December 31, 2019, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Details of Common Shares Issued in 2019

During the year ended December 31, 2019, the Company issued 517,499 common shares at $0.40 per share totaling $207,000, pursuant to the acquisition of exploration and evaluation assets in accordance with the terms of certain property option agreements.

During the year ended December 31, 2019, 2,930,000 stock options were exercised at $0.15 per share for gross proceeds of $439,500.

On June 18, 2019, the Company completed a non-brokered private placement financing of 1,875,000 common shares at $0.40 per share for gross proceeds of $750,000.

On July 3, 2019, the Company completed a non-brokered private placement financing of 1,250,000 common shares at $0.40 per share for gross proceeds of $500,000.

On November 29, 2019, the Company completed a non-brokered private placement financing of 16,000,000 units at $0.50 per unit for gross proceeds of $8,000,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.75 per share for three years from the issuance date.

Details of Common Shares Issued in 2018

During the year ended December 31, 2018, the Company issued 42,500 common shares at $0.40 per share totaling $17,000, pursuant to the acquisition of exploration and evaluation assets in accordance with the terms of certain property option agreements.

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on the maximum number of eligible shares not exceeding 10% in the aggregate and 5% with respect to any one optionee of the Company's outstanding common shares at the time of grant. If outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the Plan increase proportionately. The exercise price and vesting terms of each share purchase option is set by the Board of Directors at the time of grant. Share purchase options granted are subject to a four-month hold period and exercisable for a period determined by the Board of Directors which cannot exceed five years.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the year ended December 31, 2019 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2018	Granted	Exercised	Cancelled/ Expired	Outstanding December 31, 2019	Exercisable December 31, 2019
February 20, 2022	$0.15	4,860,000	-	(2,930,000)	-	1,930,000	1,930,000
September 30, 2023	$0.40	350,000	-	-	-	350,000	350,000
December 17, 2024	$0.50	-	5,605,000	-	-	5,605,000	5,605,000
		5,210,000	5,605,000	(2,930,000)	-	7,885,000	7,885,000
Weighted average exercise price $		0.17	0.50	0.15	-	0.41	0.41
Weighted average contractual remaining life (years)		3.18	5.0	-	-	4.22	4.22

The continuity of share purchase options for the year ended December 31, 2018 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2017	Granted	Exercised	Cancelled/ Expired	Outstanding December 31, 2018	Exercisable December 31, 2018
February 20, 2022	$0.15	4,860,000		-	-	4,860,000	4,860,000
September 30, 2023	$0.40	-	350,000	-	-	350,000	350,000
		4,860,000	350,000	-	-	5,210,000	5,210,000
Weighted average exercise price $		0.15	0.40	-	-	0.17	0.17
Weighted average contractual remaining life (years)		4.14	5.0	-	-	3.18	3.18

The weighted average fair value of share purchase options granted during the year ended December 31, 2019 is $0.38 (2018 - $0.35). The weighted average fair value of share purchase options exercised during the year ended December 31, 2019 is $0.15 (2018 - $Nil).

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Year ended December 31,	
	2019	2018
Risk-free interest rate	1.64%	2.42%
Expected option life in years	5.0	5.0
Expected share price volatility(i)	103%	134%
Grant date share price	$0.50	$0.40
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(i) The expected share price volatility is based on the average historical share price volatility of comparable companies over the life of the option.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the year ended December 31, 2019 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2018	Issued	Exercised	Cancelled/ Expired	Outstanding December 31, 2019
November 29, 2022	$0.75	-	16,000,000	-	-	16,000,000
		-	16,000,000	-	-	16,000,000
Weighted average exercise price $		-	0.75	-	-	0.75
Weighted average contractual remaining life (years)		-	3.0	-	-	2.92

The Company did not have any warrants outstanding as at December 31, 2018.

The weighted average fair value of warrants issued during the year ended December 31, 2019 is $0.14 (2018 - $Nil).

Warrants were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of warrants issued:

	Year ended December 31, 2019	2018
Risk-free interest rate	1.56%	-
Expected warrant life in years	3.0	-
Expected share price volatility(i)	75.03%	-
Grant date share price	$0.50	-
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(i) The expected share price volatility is based on the average historical share price volatility of comparable companies over the life of the option.

6. RELATED PARTY BALANCES AND TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations. A summary of the Company's related party transactions with corporations having similar directors and officers is as follows:

	Year ended December 31, 2019 $	2018 $
Amounts paid to Goldspot Discoveries Inc. (i) for exploration and evaluation	163,500	305,000
Amounts paid on behalf of Radio Fuels Corp. (ii)	-	(258,460)
Reimbursements of amounts owed from Radio Fuels Corp.	-	258,460
Amounts paid on behalf of Casino Gold Corp. (iii)	-	(331,039)
Reimbursements of amounts owed from Casino Gold Corp.	-	331,039
Issuance of common shares to Goldspot Discoveries Inc. in a private placement	750,000	-
Options exercised by members of key management	375,000	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(i) Goldspot Discoveries Inc. is a related entity having common officers and directors to the Company.
(ii) Radio Fuels Corp. is a related entity having common officers and directors to the Company.
(iii) Casino Gold Corp. is a related entity having common officers and directors to the Company.

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the year ended December 31, 2019, key management personnel compensation totaled $2,392,822 (2018 - $297,401) comprised of salaries and consulting of $786,899 (2018 - $210,000) paid to the Chief Financial Officer, the Chief Operating Officer and companies controlled by the Company's Chief Executive Officer and Executive Chairman and share-based compensation of $1,605,923 (2018 - $87,401) relating to 4,225,000 (2018 – 250,000) stock options granted to directors and officers of the Company.

As at December 31, 2019, $21,667 is included in accounts payable and accrued liabilities for amounts owed to the Chief Operating Officer (2018 - $349,450 owed to Goldspot Discoveries Inc.).

7. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2019 and 2018 was performed using the following as the numerator and denominator:

	Year ended December 31,	
	2019	2018
Loss attributable to common shareholders ($)	4,020,032	1,341,133
Weighted average number of common shares outstanding	60,041,181	56,336,997

Diluted loss per share did not include the effect of 7,885,000 (2018 – 5,210,000) share purchase options and 16,000,000 (2018 – Nil) common share purchase warrants as they are anti-dilutive.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Year ended December 31,	
	2019	2018
	$	$
Non-cash investing and financing activities:		
Stock dividend paid	-	506,809
Issuance of shares pursuant to the acquisition of exploration and evaluation assets	207,000	17,000
Investments acquired through the sale of exploration and evaluation assets	-	1,428,440
Warrants issued in private placement	2,252,458	-
Cash paid for income taxes	-	-
Cash paid for interest	-	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. SEGMENTED INFORMATION

The Company's operations are limited to a single reportable segment, being mineral exploration and evaluation. All of the Company's evaluation and exploration assets are located in Canada.

10. INCOME TAXES

The recovery of income taxes shown in the statements of loss (income) and comprehensive loss (income) differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2019	2018
	$	$
(Loss) income before income taxes	(4,020,032)	(1,341,132)
Income tax (recovery) expense at statutory rate	(1,065,000)	(355,000)
Permanent and other differences	584,000	(115,000)
Change in unrecognized deductible temporary differences	481,000	470,000
Income tax recovery	-	-
Statutory tax rate	26.50%	26.50%

Deferred income taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2019	2018
	$	$
Deferred income tax assets		
Investments	63,000	78,000
Exploration and evaluation assets	456,000	266,000
Non-capital tax loss carryforward	300,000	-
Net capital loss carryforward	8,000	-
Other	(1,000)	(4,000)
	826,000	340,000
Unrecognized deferred tax asset	(826,000)	(340,000)
	-	-

As at December 31, 2019, the Company has Canadian non-capital loss carry forwards of $1,125,052 that may be available for tax purposes. The Company's non-capital losses expire as follows:

Expiry Date	$
2036	89
2037	-
2038	2,326
2039	1,122,637
	1,125,052

(Expressed in Canadian Dollars Unless Otherwise Noted)

11. COMMITMENTS

The following table summarizes the Company's long-term commitments:

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Option payments for exploration and evaluation assets	-	75,000	-	-	-

The Company is required to spend approximately $1,007,737 over the next 12 months to keep all claims owned and under option agreements in good standing.

12. FINANCIAL INSTRUMENTS

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Fair Values

Financial assets and liabilities measured at fair value are recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy are as follows:

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

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's only financial instrument measured at fair value are its investments, for which the fair value is determined using closing prices at the statement of financial position date with any unrealized gain or loss recognized in profit or loss.

The carrying values of other financial instruments, including cash, deposits and amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

		Level 1 $	Level 2 $	Level 3 $	Total $
Recurring measurements	Carrying amount	Fair value			
Investments, at fair value					
December 31, 2019	114,937	114,937	-	-	105,906
December 31, 2018	398,102	398,102	-	-	398,102

12. FINANCIAL INSTRUMENTS (continued)

(b) Financial Instrument Risk Exposure

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company does not have financial instruments that potentially subject the Company to credit risk. Overall the Company's credit risk has not changed significantly from the prior year. Sales taxes recoverable are due from the Canada Revenue Agency and the Company places its cash with financial institutions with high credit ratings, therefore in management's judgment, credit risk is low.

There have been no changes in management's methods for managing credit risk since December 31, 2018.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to fund exploration programs and may require doing so again in the future. As at December 31, 2019, the Company has total liabilities of $392,849, and cash of $7,336,638 which is available to discharge these liabilities (2018 – total liabilities of $828,306 and cash of $323,149). Accordingly, in management's judgment, liquidity risk is low.

There have been no changes in management's methods for managing liquidity risk since December 31, 2018.

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuation include cash accounts denominated in US dollars and investments denominated in Australian Dollars. Fluctuations in the exchange rate between the US dollar and the Canadian dollar at December 31, 2019 would not have a material impact on the Company's net earnings and other comprehensive income. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the Australian Dollar at December 31, 2019 would change the company's net loss (income) by $11,494 as a result of a 10% change in the Canadian dollar exchange rate relative to the Australian dollar.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As the Company deposits its short-term investments into fixed rate guaranteed investment certificates with one year maturities or less, the Company is not exposed to interest rate risk.

(iii) Commodity price risk

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's property has exposure to predominantly gold. Commodity prices, especially gold, greatly affect the value of the Company and the potential value of its property and investments.

12. FINANCIAL INSTRUMENTS (continued)

(iv) Equity price risk

Equity price risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments in unfavorable market conditions which could result in dispositions of investments at less than favorable prices. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability. The sensitivity of the Company's net income (loss) to changes in market prices at December 31, 2019 would change the Company's net income (loss) by $11,494 as a result of a 10% change in the market price of its investments.

There have been no changes in management's methods for managing market risks since December 31, 2018.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To safeguard our ability to continue as a going concern in order to develop and operate our current projects;
- Pursue strategic growth initiatives; and
- To maintain a flexible capital structure which lowers the cost of capital.

In assessing our capital structure, we include in our assessment the components of equity consisting of common shares, stock options and warrants, and deficit that as at December 31, 2019 totalled $8,962,187 (2018 - $955,191). In order to facilitate the management of capital requirements, the Company prepares annual expenditure budgets and continuously monitors and reviews actual and forecasted cash flows. The annual and updated budgets are monitored and approved by the Board of Directors. To maintain or adjust the capital structure, the Company may, from time to time, issue new shares, issue new debt, repay debt or dispose of non-core assets. The Company's current capital resources are sufficient to carry out our exploration plans and support operations through the current operating period.

The Company is not subject to any capital requirements imposed by a regulator.

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

14. SUBSEQUENT EVENTS

Acquisition by Mexican Gold Corp.

On January 26, 2020, the Company entered into a binding letter agreement with Mexican Gold Corp. ("Mexican Gold") to have all of the issued and outstanding shares of the Company acquired by Mexican Gold. On February 19, 2020, the Company announced that the binding letter agreement was mutually terminated.