CANADIANOREBODIES

Financial Statements

January 31, 2019 and 2018

(expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Canadian Orebodies Inc.:

Opinion

We have audited the financial statements of Canadian Orebodies Inc. (the "Company"), which comprise the statements of financial position as at January 31, 2019 and January 31, 2018, and the statements of operations and comprehensive loss, cash flows, and changes in equity 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 January 31, 2019 and January 31, 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 audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the 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.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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.

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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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

The engagement partner on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

May 30, 2019 — Licensed Public Accountants

Canadian Orebodies Inc.
Statements of Financial Position
As at January 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
Assets		
Current assets		
Cash and cash equivalents *(note 5)*	$ 2,269,903	$ 2,414,885
Accounts receivable	26,423	24,302
Prepaid expenses	9,126	4,523
Exploration advances	33,670	61,545
Total Assets	$ 2,339,122	$ 2,505,255
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 89,414	$ 55,859
Deferred premium on flow-through shares *(note 11)*	137,809	-
	227,223	55,859
Shareholders' Equity		
Share capital *(note 7)*	29,197,027	27,405,524
Contributed surplus *(note 8)*	6,336,442	5,695,250
Warrants *(note 9)*	24,609	674,894
Accumulated deficit	(33,446,179)	(31,326,272)
	2,111,899	2,449,396
Total Equity and Liabilities	$ 2,339,122	$ 2,505,255

Subsequent events *(note 15)*

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

On behalf of the Board:

Signed: *"Gordon McKinnon"*
Director

Signed: *"Michael Leskovec"*
Director

Canadian Orebodies Inc.
Statements of Operations and Comprehensive Loss
For the years ended January 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
Expenses		
Exploration expenditures *(note 6)*	$ 1,768,694	$ 3,351,309
Management and administrative services *(note 13)*	422,108	368,194
Office and administration	78,368	84,127
Professional and consulting fees	52,276	68,669
Shareholder information	44,622	203,165
Share based compensation *(note 8 and 13)*	18,520	550,325
Travel	3,217	6,389
Premium on flow-through shares income *(note 11)*	(233,966)	-
Interest income	(33,932)	(37,798)
Gain on sale of marketable securities	-	(59,678)
Recovery on sale of mineral properties	-	(150,000)
Net loss for the year	(2,119,907)	(4,384,702)
Other comprehensive income (loss)		
Items reclassified to profit or loss:		
Realized (gain)	-	(6,400)
	-	(6,400)
Total comprehensive loss for the year	$ (2,119,907)	$ (4,391,102)
Basic and diluted net loss per share *(note 10)*	$ (0.04)	$ (0.09)

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

Canadian Orebodies Inc.
Statements of Cash Flows
For the years ended January 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
Operating Activities		
Net loss	$ (2,119,907)	$ (4,384,702)
Items not affecting cash and cash equivalents from operating activities:		
Interest income	(33,932)	(37,798)
Shares and warrants issued for mineral properties	39,000	721,525
Share based compensation	18,520	550,325
Gain on sale of marketable securities	-	(59,678)
Premium on flow-through shares income	(233,966)	-
Changes in non-cash working capital items		
Accounts receivable	(2,121)	16,283
Prepaids and deposits	(4,603)	31,433
Exploration advances	27,875	(18,745)
Accounts payable and accrued liabilities	33,555	(38,657)
	(2,275,579)	(3,220,014)
Financing Activities		
Issue of common shares	2,061,435	-
Share issue costs	(75,563)	-
Exercise of warrants *(note 7)*	110,793	32,429
	2,096,665	32,429
Investing Activities		
Interest income	33,932	37,798
Sale of marketable securities	-	124,683
Sale of short term investments	-	500,000
	33,932	662,481
Net change in cash and cash equivalents	(144,982)	(2,525,104)
Cash and cash equivalents, beginning of year	2,414,885	4,939,989
Cash and cash equivalents, end of year	$ 2,269,903	$ 2,414,885
Supplementary cash flow information		
Shares and warrants issued for mineral properties	$ 39,000	$ 721,525

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

Canadian Orebodies Inc.
Statements of Changes in Equity
For the years ended January 31, 2019 and 2018
(Expressed in Canadian dollars)

	Share Capital			Reserves			
	Number of shares	**Amount**	**Contributed surplus**	**Warrants**	**Accumulated other comprehensive (loss) income**	**Accumulated Deficit**	**Total**
Balance, January 31, 2017	**45,558,156**	**$ 26,677,763**	**$ 5,144,925**	**$ 648,701**	**$ 6,400**	**$(26,941,570)**	**$ 5,536,219**
Issued for mineral properties *(note 6)*	1,450,000	681,500	-	40,025	-	-	721,525
Exercise of warrants *(note 7)*	135,120	32,429	-	-	-	-	32,429
Fair value of warrants exercised *(note 7)*	-	13,832	-	(13,832)	-	-	-
Share-based compensation *(note 8)*	-	-	550,325	-	-	-	550,325
Comprehensive loss for the year	-	-	-	-	(6,400)	(4,384,702)	(4,391,102)
Balance, January 31, 2018	**47,143,276**	**$ 27,405,524**	**$ 5,695,250**	**$ 674,894**	**$ -**	**$(31,326,272)**	**$ 2,449,396**
Private placements *(note 7)*	6,153,537	2,061,435	-	-	-	-	2,061,435
Flow-through share premium *(note 11)*	-	(371,775)	-	-	-	-	(371,775)
Cost of issue of private placements	-	(100,172)	-	24,609	-	-	(75,563)
Issued for mineral properties *(note 6)*	140,000	39,000	-	-	-	-	39,000
Exercise of warrants *(note 7)*	461,637	110,793	-	-	-	-	110,793
Fair value of warrants exercised *(note 7)*	-	52,222	-	(52,222)	-	-	-
Fair value of warrants expired	-	-	622,672	(622,672)	-	-	-
Share-based compensation *(note 8)*	-	-	18,520	-	-	-	18,520
Comprehensive loss for the year	-	-	-	-	-	(2,119,907)	(2,119,907)
Balance, January 31, 2019	**53,898,450**	**$ 29,197,027**	**$ 6,336,442**	**$ 24,609**	**$ -**	**$(33,446,179)**	**$ 2,111,899**

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

1. Nature of Operations

Canadian Orebodies Inc. (the "Company") was incorporated pursuant to the provision of the Business Corporations Act (of Alberta) on January 28, 2008 ("Inception Date"). On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. Its principal business activity is the exploration of mineral properties. The address of the Company's registered office is 141 Adelaide Street West, Suite 301, Toronto, Ontario M5H 3L5. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the cumulative expenditures on mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

2. Basis of Presentation and Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business, and on a historical cost basis except for the revaluation of certain financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements were approved by the Board of Directors on May 30, 2019.

3. Significant Accounting Policies

(a) Changes in accounting policies

The Company adopted the following standard during the year ended January 31, 2019:

IFRS 9 - Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued in its final form by the IASB in July 2014 and replaces *IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39")*. IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date for the application of IFRS 9 was February 1, 2018. The Company's adoption of IFRS 9 did not have a material impact on the financial statements.

3. Significant Accounting Policies - continued

(b) Future changes in accounting standards not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt those standards when they become effective.

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. The Company has reviewed the standard in detail and determined that the impact on the Company's financial statements will not be material.

(c) Financial instruments

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, 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. IFRS 9 largely retains the existing requirements in IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"), for the classification and measurement of financial liabilities.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest. 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 the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

3. Significant Accounting Policies - continued

(c) Financial instruments - continued

Financial assets:	**IAS 39 Classification**	**IFRS 9 Classification**
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivable	Loans & receivables	Amortized cost
Marketable securities	Available for sale	FVTPL
Financial liabilities:	**IAS 39 Classification**	**IFRS 9 Classification**
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Fair value hierarchy

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Cash and cash equivalents, and marketable securities are classified within level 1 of the fair value hierarchy.

(d) Mineral properties and exploration expenditures

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized; this includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(e) Income taxes

Income tax on the profit or loss for the periods presented consists of 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 or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

3. Significant Accounting Policies - continued

(e) Income taxes - continued

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized either in profit or loss and comprehensive income or loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent their future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(f) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes income for the amount of tax reduction renounced to the shareholders. The premium is deferred and recognized as other income as the expenditure incurs, and the related deferred tax is recognized as a tax provision.

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

(g) Share issue costs

Costs incurred for the issue of common shares and warrants are deducted from share capital and warrants respectively.

(h) Share-based payment transactions

The share option plan allows the Company’s employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

3. Significant Accounting Policies - continued

(h) Share-based payment transactions - continued

The fair value is measured at grant date and each tranche is recognized on a graded vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(i) Asset retirement obligation

The operations of the Company are subject to regulations governing the environment, including future site restoration costs for mineral properties. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is recognized when a reasonable estimate of fair value can be made.

The Company has determined that there are no asset retirement obligations or any other environmental obligations with respect to its mineral properties, and therefore no liability has been recognized in these financial statements.

(j) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted earnings (loss) per share if their inclusion would be anti dilutive.

4. Critical Accounting Estimates and Significant Judgements

The preparation of these financial statements requires management to make judgments and estimates 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. The financial statements include judgments and estimates which, by their nature, are uncertain, and actual outcomes could differ. The impacts of such judgments and estimates are 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 also in future periods when the revision affects both current and future periods.

The preparation of these financial statements required the following critical accounting estimates and significant judgments:

(i) the calculation of the fair value of warrants and stock options requires the use of estimates of inputs in the Black-Scholes option pricing model (notes 8 and 9).

(Expressed in Canadian dollars)

5. Cash and Cash Equivalents

Cash and cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

	January 31, 2019	January 31, 2018
Cash	$ 219,715	$ 198,563
Money market instruments	2,050,188	2,216,322
Cash and cash equivalents	**$ 2,269,903**	**$ 2,414,885**

6. Mineral Properties and Exploration Expenditures

The total cumulative expenditures, net of recoveries, on each active property in the Company's mineral property portfolio are as follows:

	Hemlo North Limb	Pic (Wire Lake)	Belcher Islands Iron	Other Properties	Total
January 31, 2017	**$ 487,050**	**$ 187,952**	**$ 14,201,094**	**$ 882,034**	**$ 15,758,130**
Expenditures	442,552	2,905,009	3,748	-	3,351,309
Recoveries	-	-	-	(150,000)	(150,000)
Disposals *	-	-	-	(731,534)	(731,534)
January 31, 2018	**$ 929,602**	**$ 3,092,961**	**$ 14,204,842**	**$ 500**	**$ 18,227,905**
Expenditures	7,088	1,757,928	3,678	-	1,768,694
Recoveries	-	-	-	-	-
Disposals *	-	-	-	(500)	(500)
January 31, 2019	**$ 936,690**	**$ 4,850,889**	**$ 14,208,520**	**$ -**	**$ 19,996,099**

** Disposal indicates the Company no longer holds an interest in the respective property, excluding royalty interests, and as such the cumulative expenditure has been eliminated.*

Hemlo North Limb Project

On May 24, 2016, the Company purchased a 100% interest in 135 claim units comprising 2,160 hectares approximately 40 kilometers northeast of Marathon, Ontario. As consideration, the Company paid a total of $25,000 in cash and issued 125,000 common shares valued at $25,000. In addition, the vendors retain a 1% Net Smelter Return ("NSR") royalty on the purchased claims.

In addition to the purchased claims, the Company staked 303 claim units totaling 4,848 hectares. In April 2018, the Company's 438 claim units converted to a total of 589 mining claim cells.

6. Mineral Properties and Exploration Expenditures - continued

Pic Project (formerly referred to as Wire Lake Project)

Staked Claims

In addition to the option and property purchases described below, the Company has staked 852 mining claim cells that form a portion of the Pic Project.

Wire Lake Property

On October 7, 2016, the Company entered into an option agreement with All-Terrain Track Sales & Services Ltd. ("ATTSS") to acquire a 100% interest in 251 claim units (now 866 claim cells) comprising 4,047 hectares approximately 15 kilometers northeast of Marathon, Ontario. On signing, the Company paid $40,000 in cash and issued 78,125 common shares valued at $25,000. The option agreement calls for the Company to make additional cash payments to ATTSS totaling $550,000 over the following five anniversary dates of the option agreement as detailed below:

(i) 2017 - $100,000; (paid)
(ii) 2018 - $100,000; (paid)
(iii) 2019 - $100,000;
(iv) 2020 - $150,000; and
(v) 2021 - $100,000.

ATTSS may elect to receive payment in common shares of the Company in lieu of cash at their discretion. Upon completion of the option agreement, the Company will grant ATTSS a 2% NSR royalty, one-half of which may be bought back for a lump sum payment of $1,000,000.

Black Raven Property

On April 23, 2017, the Company entered into an acquisition agreement (the "Acquisition Agreement") with StrikePoint Gold Inc. ("StrikePoint") to acquire a 100% interest in 415 claim units (now 576 claim cells) (the "Black Raven Property") totaling 6,640 hectares located adjacent to the Company's Wire Lake Property. Pursuant to the Acquisition Agreement, the Company paid $15,000 cash on signing, and issued 1,250,000 common shares valued at $587,500. Additionally, the Company issued 250,000 share purchase warrants, valued at $40,025, entitling StrikePoint to acquire up to 250,000 common shares at a price of $0.63 per share for a period of 12 months.

In conjunction with the Acquisition Agreement, on April 23, 2017 the Company executed a termination and assumption agreement (the "Termination and Assumption Agreement") with the underlying optionors of the Black Raven Property in order to terminate the underlying option agreement, discharge a future milestone payment and assume the underlying royalty obligations. The Termination and Assumption Agreement called for the Company to issue 200,000 common shares on signing to the Optionors, valued at $94,000, and assume a 2.5% NSR royalty. The royalty agreement provides that 1.5% of the NSR royalty may be bought back by the Company at any time upon payment of $1,500,000, or in increments of 0.5% NSR royalty for $500,000 each.

6. Mineral Properties and Exploration Expenditures - continued

Goodchild Property

On February 20, 2018, the Company purchased the Goodchild Lake mining property (the "Goodchild Property") from the court-appointed receiver of Century Mining Corporation (“Century”) for a cash payment of $40,000, the assumption of Century’s three percent (3%) net smelter returns royalty obligations in respect of the Goodchild Property and the payment of a portion of the receiver’s expenses associated with the transaction. In connection with the purchase, the Company also entered into an agreement with Teck Resources Limited (“Teck”) to terminate certain rights Teck had in relation to the Goodchild Property in exchange for the granting to Teck of a one-half of one percent (0.5%) net smelter returns royalty in respect of the Goodchild Property. The Company also entered into an agreement with the existing net smelter returns royalty holders on the Goodchild Property to vary the terms on which the royalty may be bought down. In exchange for the issuance of 40,000 shares of the Company, valued at $12,000, the Company obtained the right to purchase up to two-thirds of the royalty for $1,500,000.

Benton Property

On August 16, 2018, the Company completed the acquisition of the "Goodchild Lake" mining claims (the "Benton Property") from Benton Resources Inc. ("Benton"). The Benton Property consists of 31 claim cells totaling approximately 500 hectares, and covers a prospective trend adjacent to the northwest portion of the Company’s 100% owned Black Raven Property. As consideration for the purchase, the Company issued Benton 100,000 common shares in the capital stock of the Company valued at $27,000 and granted Benton a 1.5% net smelter returns royalty (“NSR”). The Company will have the option to buy-down 50% of the NSR at any time for the sum of $750,000.

Belcher Islands Iron Project

On February 14, 2011, the Company entered into a non-arm’s length Purchase Agreement (the "Agreement") to acquire up to a 100% legal and beneficial interest in the Inuit Owned Lands Mineral Exploration Agreement (the "NTI Agreement") with Nunavut Tunngavik Incorporated ("NTI") which covers the Haig Inlet Iron Project with an area of approximately 1,226 hectares, located on the Belcher Islands, Nunavut, Canada (the “Property”). The Company now holds a 100% interest in the NTI Agreement and the vendors retain a 3% gross overriding royalty, of which one-third can be purchased by the Company for a maximum of $3,000,000. In addition to the lands acquired under the Agreement, the Company staked 29 claims covering 21,816 hectares of Municipal Land.

6. Mineral Properties and Exploration Expenditures - continued

Royalty Interests

Crescent Lake Project

On March 4, 2016, and as amended on December 6, 2016, the Company signed an option agreement (the "Crescent Lake Option") to sell its 100% interest in the Zig Zag and Falcon Lake properties to Sunrise International Resources Ltd., a subsidiary of Argonaut Resources NL, for staged payments totaling approximately $490,000 (received) and the following milestone payments, subject to certain conditions:

(i) $400,000 in cash or shares payable on the announcement of a maiden resource estimate; and
(ii) $1,000,000 in cash or shares payable on a decision to mine.

Greenbush Property

The Company has a 2% NSR royalty on the Greenbush property, which covers 752 hectares in Greenbush Lake Township and is 100% owned by Sunrise Canada Inc., a subsidiary of Argonaut Resources NL.

Hawkins Property

The Company has a 0.5% NSR royalty on the Hawkins property, which covers 1,536 hectares located in the Hawkins and Walls Townships. The Hawkins property is 100% owned by Pavey Ark Minerals Inc.

7. Share Capital

Authorized share capital

On April 23, 2017, the Company issued 1,450,000 common shares valued at $681,500 pursuant to the Black Raven Property acquisition (note 6).

On February 20, 2018, the Company issued 40,000 common shares valued at $12,000 pursuant to the Goodchild Property acquisition (note 6).

On June 15, 2018, the Company closed the first tranche of a non-brokered private placement raising gross proceeds of $1,689,250 through the sale of 5,042,537 flow-through shares ("FT Shares") of the Company at a price of $0.335 per FT Share. The Company paid cash finders' fees of $45,120 and issued 152,552 finders warrants ("Finders Warrants") on the closing of the first tranche. Each Finders Warrant will entitle the holder thereof to purchase one common share of the Company at a price of $0.335 per share for a period of 18 months from the date of issuance.

On July 4, 2018, the Company closed the second and final tranche of a non-brokered private placement raising gross proceeds of $372,185 through the sale of 1,111,000 FT Shares of the Company at a price of $0.335 per FT Share. The Company paid cash finders' fees of $14,918 and issued 62,160 Finders Warrants on the closing of the final tranche.

(Expressed in Canadian dollars)

7. Share Capital - continued

On August 16, 2018, the Company issued 100,000 common shares valued at $27,000 pursuant to the Benton Property acquisition (note 6).

At January 31, 2019, the authorized share capital consisted of an unlimited number of common shares and the issued share capital amounted to 53,898,450 common shares for $29,197,027. The common shares do not have a par value. All issued shares are fully paid.

Exercise of Warrants

During the year ended January 31, 2019, a total of 461,637 share purchase warrants (2018 - 135,120) with an exercise price of $0.24 were exercised for gross proceeds of $110,793 (2018 - $32,429). The fair value attributed to these warrants was $52,222 (2018 - $13,832).

8. Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statements of operations and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk-free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

The following table reflects the continuity of share options for the years ended January 31, 2019 and 2018:

	Options	Weighted avg. exercise price
Balance, January 31, 2017	1,662,500	$ 0.20
Granted	2,510,000	0.27
Balance, January 31, 2018	4,172,500	$ 0.24
Granted	100,000	0.28
Balance, January 31, 2019	**4,272,500**	**$ 0.24**

(Expressed in Canadian dollars)

8. Share Options - continued

On February 3, 2017, the Company granted 2,310,000 share options to Directors, Officers and consultants of the Company, vesting immediately, and exercisable at $0.25 per share for a period of five years from the date of issuance. The value ascribed to the 2,310,000 share options granted was estimated at $474,705 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.24; expected dividend yield - 0%; weighted expected volatility - 130%; risk-free interest rate - 1.11% and an expected life of 5 years.

On April 11, 2017, the Company granted 200,000 share options to consultants of the Company, vesting immediately, and exercisable at $0.47 per share for a period of five years from the date of issuance. The value ascribed to the 200,000 share options granted was estimated at $75,620 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.47; expected dividend yield - 0%; weighted expected volatility - 117%; risk-free interest rate - 1.12% and an expected life of 5 years.

On July 4, 2018, the Company granted 100,000 share options to consultants of the Company, vesting immediately, and exercisable at $0.28 per share for a period of five years from the date of issuance. The value ascribed to the 100,000 share options granted was estimated at $18,520 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.25; expected dividend yield - 0%; weighted expected volatility - 101%; risk-free interest rate - 2.06% and an expected life of 5 years.

The following table reflects the actual share options issued, exercisable, and outstanding as at January 31, 2019.

Expiry date	**Options**	**Exercise price**
June 1, 2021	1,662,500	$ 0.20
February 3, 2022	2,310,000	0.25
April 11, 2022	200,000	0.47
July 4, 2023	100,000	0.28
	4,272,500	**$ 0.24**

(Expressed in Canadian dollars)

9. Warrants

The following table reflects the continuity of warrants for the years ended January 31, 2019 and 2018:

	Number of warrants	Allocated value
Balance, January 31, 2017	12,609,869	$ 648,701
Issued	250,000	40,025
Exercised	(135,120)	(13,832)
Balance, January 31, 2018	12,724,749	$ 674,894
Issued	214,712	24,609
Exercised	(461,637)	(52,222)
Expired	(12,263,112)	(622,672)
Balance, January 31, 2019	**214,712**	**$ 24,609**

The exercise price and expiry date of the warrants outstanding as at January 31, 2019 are as follows:

Expiry Date	Type	Warrants	Exercise Price
December 15, 2019	Finders' warrants	152,552	$ 0.335
January 4, 2020	Finders' warrants	62,160	0.335
		214,712	**$ 0.335**

10. Loss Per Common Share

The following table sets forth the computation of basic and diluted loss per share for the years ended January 31, 2019 and 2018:

	2019	2018
Loss attributable to common shareholders	$ (2,119,907)	$ (4,384,702)
Weighted-average common shares outstanding - basic and diluted	51,492,237	46,687,554
Basic and diluted loss per common share	**$ (0.04)**	**$ (0.09)**

Diluted loss per share does not include the effect of share options and warrants outstanding if their effect is anti-dilutive.

(Expressed in Canadian dollars)

11. Deferred Premium on Flow-through Shares

To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income.

Balance, January 31, 2018	**$ -**
Flow-through financing premium - June 15, 2018	277,340
Flow-through financing premium - July 4, 2018	94,435
Premium recognized in loss from operations	(233,966)
Balance, January 31, 2019	**$ 137,809**

12. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2018 - 26.5%) to the effective tax rate is as follows:

	2019	**2018**
Net income (loss) before recovery of income taxes	$ (2,119,907)	$ (4,384,702)
Expected income tax (recovery) expense	(561,780)	(1,161,946)
Share based compensation and non-deductible expenses	6,190	133,224
Share issuance booked through equity	(33,070)	37
Flow-through share premium	(62,000)	-
Renunciation of flow-through expenditures	336,500	-
Change in tax benefits not recognized	314,160	1,017,108
Income tax (recovery) expense	-	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2019	**2018**
Non-capital losses	$ 6,882,640	$ 6,193,610
Capital losses	40,370	40,370
Exploration expenditures	16,446,280	15,998,190
Mining tax credits	510,880	510,880
Share issue costs	195,650	147,260
Property, plant, and equipment	2,460	2,460

(Expressed in Canadian dollars)

12. Income Taxes - continued

The Canadian non-capital loss carry forwards expire as noted in the table below. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Share issue and financing costs will be fully amortized in 2023. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

Year	Amount
2029	$ 67,900
2030	79,740
2031	67,900
2032	953,130
2033	1,241,970
2034	864,550
2035	766,920
2035	633,400
2037	775,540
2038	738,710
2039	692,880
Total	**$ 6,882,640**

13. Related Party Transactions and Balances

(a) Director and executive management compensation

Directors and executive management's compensation for the years ended January 31, 2019 and 2018 consisted of the following:

	2019	2018
Cash compensation	$ 416,528	$ 363,309
Employment benefits	5,580	4,884
Fair value of stock options	-	436,688
	$ 422,108	**$ 804,881**

(b) Director and executive management transactions

There were no transactions or outstanding balances relating to entities over which directors and executive management have control or significant influence during the years ended January 31, 2019 and 2018.

14. Capital Risk Management

The Company's capital is composed of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended January 31, 2019. The Company is not subject to externally imposed capital requirements.

As at January 31, 2019, the Company had approximately $764,129 of flow-through expenditure obligations remaining, which must be expended by December 31, 2019.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

The Company's credit risk is primarily attributable to accounts receivable which consist primarily of Harmonized Sales Tax receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

(b) Liquidity risk

The Company is currently in the exploration stage and has not commenced commercial operations. As at the date of issue of these financial statements, the Company had an accumulated deficit of $33,446,179. As at January 31, 2019, the Company was not yet generating operating cash flows, but had working capital of $2,111,899. Within this amount, it had a cash balance of $2,269,903 (January 31, 2018: $2,414,885) to settle current liabilities of $227,223 (January 31, 2018: $ 55,859).

14. Capital Risk Management - continued

(b) Liquidity risk - continued

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to fund its liabilities as they become due. All of the Company's financial liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company may be required to obtain additional capital to continue its progress toward recovering the amount expended on its mineral properties, and although success in this regard is not assured, management is of the opinion that additional capital can be raised as required for the foreseeable future.

(c) Market risk

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. Interest rate risk is remote.

(ii) Price risk

The Company is indirectly exposed to price risk with respect to the price of both precious and base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(d) Fair Value

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payable approximate their carrying values because of the short term-nature of these instruments.

(e) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes a 50% change in equity prices is "reasonably possible" over a twelve month period. As at January 31, 2019, the Company held no marketable securities and as such net income (loss) would not be impacted by such moves in equity prices.

15. Subsequent Events

(a) On March 22, 2019, the Company allowed Sunrise Canada Inc., a subsidiary of Argonaut Resources NL, to let the claims underlying the Greenbush Property expire, thereby relinquishing the Company’s royalty interest.

(b) On May 15, 2019, the Company entered into a termination and mineral claims transfer agreement with Sunrise Canada Inc. (“Sunrise”), a subsidiary of Argonaut Resources NL. Pursuant to the agreement, the Company released Sunrise from all its obligations under the Crescent Lake Option in exchange for the return of a 100% interest in 48 mining claim cells.