REGENCY
GOLD CORP.

Consolidated Financial Statements

Nine Months Ended October 31, 2019 and 2018

(expressed in Canadian dollars)

(Unaudited)

Notice to Reader

These interim financial statements of Regency Gold Corp. have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

REGENCY GOLD CORP.
Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

		October 31, 2019		January 31, 2019
ASSETS				
Current				
Cash	$	**1,692,327**	$	704,747
Prepaid expenses		**27,500**		-
Receivables (note 5)		**50,273**		16,316
Loan receivable (note 5)		**150,000**		-
	$	**1,920,100**	$	721,063
LIABILITIES				
Current				
Trades and other payables (note 3)	$	**353,632**	$	36,131
Notes payable (note 4)		**1,323**		1,323
		354,955		37,454
SHAREHOLDERS' DEFICIENCY				
Share capital (note 6)		**73,585,313**		72,251,980
Reserves (note 6)		**2,902,457**		2,749,897
Deficit		**(74,081,250)**		(74,318,268)
		2,406,520		683,609
	$	**1,920,100**	$	721,063

Nature of operations and going concern (note 1)

These consolidated financial statements were authorized for issue by the Board of Directors on December 19, 2019.

They are signed on the Company's behalf by:

"William Radvak"
William Radvak, Director

"Aleem Nathwani"
Aleem Nathwani, Director

REGENCY GOLD CORP.

Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

	Three months ended October 31,		Nine months ended October 31,	
	2019	2018	**2019**	2018
Operating Expenses				
Consulting fees and salary (Note 6)	$ **13,500**	$ 13,500	$ **35,500**	$ 59,000
Geological consulting	**281,000**	-	**281,000**	-
Office	**3,118**	112	**9,569**	6,206
Professional fees	**25,235**	714	**88,449**	714
Shareholder relations	**3,219**	5,436	**15,746**	5,526
Share-based compensation	**152,560**	-	**152,560**	-
Transfer agent and filing fees	**1,875**	2,209	**21,439**	14,243
Travel and entertainment	**-**	-	**95**	6,371
Loss and comprehensive loss for the period	**(480,507)**	(21,971)	**(604,358)**	(92,060)
Loss per share – basic and diluted	$ **(0.02)**	$ (0.00)	$ **(0.03)**	$ (0.00)
Weighted average number of common shares outstanding	**25,483,382**	13,039,770	**22,959,979**	10,516,367

REGENCY GOLD CORP.

Consolidated Statements of Cash Flows

(Unaudited - expressed in Canadian dollars)
Nine months ended October 31

		2019		2018
Operating Activities				
Loss and comprehensive loss for the period	**$**	**(604,358)**	$	(92,060)
Items not affecting cash from operations:				
Share-based compensation		**152,560**		-
Changes in non-cash working capital:				
Receivables		**(33,957)**		(10,708)
Prepaid expenses		**(27,500)**		-
Loan receivable		**(150,000)**		-
Trade and other payables		**317,501**		(36,247)
Cash Flows Used in Operating Activities		**(345,754)**		(139,015)
Financing Activities				
Exercise of warrants for common shares		**1,333,333**		1,000,000
Notes payable		**-**		(89,851)
Cash Flows Provided by Financing Activities		**1,333,333**		910,149
Change in Cash for the period		**987,579**		771,133
Cash, Beginning of period		**704,747**		7,121
Cash, End of period	**$**	**1,692,327**	$	778,255

REGENCY GOLD CORP.
Consolidated Statements of Changes in Deficiency
(Unaudited - expressed in Canadian dollars)

	Share Capital				
	Number of shares	Share $	Reserves $	Deficit $	Total $
January 31, 2018	1,928,658	71,012,130	2,749,897	(74,095,152)	(333,125)
Issuance of common shares for cash	11,111,112	1,000,000	-	-	1,000,000
Loss for the period	-	-	-	(92,060)	(92,060)
October 31, 2018	13,039,770	72,012,130	2,749,897	(74,187,212)	(574,815)
January 31, 2019	14,372,270	72,251,980	2,749,897	(74,318,268)	683,609
Exercise of warrants	11,111,112	1,333,333	-	-	1,333,333
Share-based payments	-	-	152,560	-	152,560
Loss for the period	-	-	-	(604,358)	(604,358)
October 31, 2019	**25,483,382**	**73,585,313**	**2,902,457**	**(74,922,626)**	**1,565,144**

1. Nature of Operations and Going Concern

Regency Gold Corp. (the "Company") is a publicly traded company incorporated under the laws of the Province of British Columbia and continued under the Canada Business Corporations Act. The Company's shares are listed on the NEX board of the TSX Venture Exchange ("TSXV"). The corporate office of the Company is Suite 1703 – 595 Burrard Street, Vancouver, BC V7X 1J1. The Company is engaged in the identification, acquisition, exploration and, if warranted, development of exploration and evaluation assets. The consolidated financial statements of the Company as at and for the nine months ended October 31, 2019, comprise the Company and its wholly-owned subsidiary, Silvio USA Inc.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company's ability to continue on a going concern basis depends on its ability to raise additional financing and develop profitable operations. The Company has incurred ongoing losses and has a working capital deficiency. Accordingly, these factors give rise to a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Based on its working capital as at October 31, 2019 and, the Company estimates that it will have enough capital to operate over the next twelve months.

2. Significant Accounting Policies

a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 – *Interim Financial Reporting*.

b) Basis of preparation and consolidation

The unaudited condensed consolidated interim financial statements, prepared in conformity with IAS 34, follow the same accounting principles and methods of application as the most recent annual consolidated financial statements. Since the unaudited condensed consolidated interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's annual consolidated financial statements for the year ended January 31, 2019.

c) Functional and presentation currency

The presentation currency of the Company is the Canadian dollar.

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiary is the Canadian dollar.

2. Significant Accounting Policies *(continued)*

d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(ii) Critical accounting judgments

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

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates* ("IAS 21"). Significant changes to those underlying factors could cause a change to the functional currency.

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

2. Significant Accounting Policies *(continued)*

e) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Name of subsidiary	Place of incorporation	Proportion of ownership interest	Principal activity
Silvio USA Inc.	State of Nevada	100%	Dormant

f) Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year. The Company's reporting currency and the functional currency of all of its operations is the Canadian dollar, as this is the principal currency of the economic environment in which they operate.

g) Exploration and evaluation assets and expenditures

Upon acquiring the legal right to explore a property, all direct costs related to the acquisition of exploration and evaluation assets are capitalized. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development, are charged to profit or loss, net of recoveries.

Development expenditures incurred subsequent to a development decision, and to increase or extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to operations during the period such determination is made.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amounts may exceed the recoverable amounts.

h) Restoration, rehabilitation and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a decommissioning liability is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with decommissioning as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

2. Significant Accounting Policies *(continued)*

i) Restoration, rehabilitation and environmental obligations *(continued)*

Subsequently, these capitalized decommissioning liabilities are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time and changes in the estimated future cash flows underlying any initial estimates.

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are changed to profit or loss. The Company had no decommissioning liabilities for the years presented.

j) Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

l) Financial instruments – classification and fair value

(i) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as FVTPL unless they are designed as effective hedges. Assets at FVTPL include cash.

2. Significant Accounting Policies *(continued)*

l) Financial instruments – classification and fair value *(continued)*

Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value with changes recognized in profit or loss. Attributable transaction costs are recognized in profit or loss when incurred.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months or those that are expected to be settled after 12 months from the end of the reporting period, which are classified as non-current assets. There are no assets classified as loans and receivables.

Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is used to determine the amortized cost of loans and receivables and to allocate interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

(iii) Financial assets held-to-maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss. There are no assets classified in this category.

(iv) Available-for-sale assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of loss is removed from equity and recognized through profit or loss.

(v) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization

2. Significant Accounting Policies *(continued)*

l) Financial instruments – classification and fair value *(continued)*

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of a trade or other receivable is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(vi) De-recognition of financial assets

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all of the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

m) Financial liabilities and equity – classification and fair value

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company has no financial liabilities classified through FVTPL and has classified trades and other payables and notes payable as other financial liabilities.

n) Share capital

Common shares are classified as share capital. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

2. Significant Accounting Policies *(continued)*

o) Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted loss per share is the same as basic loss per share, as the effect of outstanding share options and share purchase warrants on loss per share would be anti-dilutive.

p) Share-based compensation

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation 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. In situations where equity instruments are issued to individuals who are not considered to be employees and the fair value of the services received cannot be reliably measured, it will be measured at the fair value of the share-based compensation. Otherwise, the share-based compensation is measured at the fair value of the services rendered. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized 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 each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

q) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2. Significant Accounting Policies *(continued)*

r) Income taxes *(continued)*

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

s) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

t) New standards, interpretations and amendments

IFRS 9 'Financial Instruments: Classification and Measurement' is effective for annual periods beginning on or after January 1, 2018. IFRS 9 is a new financial instruments standard that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at FVTP, financial guarantees and certain other exceptions. The amendments also provided relief from the requirement to restate comparative financial statements for the effects of applying IFRS 9. The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements.

The Company assessed that there was no significant impact to the consolidated financial statements on the adoption of classification and measurement of its financial instruments, as set out below.

Financial Instrument	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Trade and other payables	Other financial liabilities	Amortized cost
Notes payable	Other financial liabilities	Amortized cost

There was also no impact to the carrying value of any of the Company's financial assets or liabilities on the date of transition.

u) New standards, interpretations and amendments issued but not yet adopted

At the date of authorization of these consolidated financial statements, the IASB and IFRIC has issued the following new and revised standards, amendments and interpretations which are not yet effective:

i. IFRS 16 Leases - The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

(Unaudited - expressed in Canadian dollars)

u) New standards, interpretations and amendments issued but not yet adopted *(continued)*

ii. FRIC 23 Uncertainty over Income Tax Treatments – The standard provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the consolidated financial position and financial performance of the Company.

3. Trade and Other Payables

		As at October 31, 2019		As at January 31, 2019
Trade and other payables	**$**	**353,632**	$	21,931
Liabilities to related parties (note 6)		**-**		6,700
Accrued liabilities		**-**		7,500
Total	**$**	**353,632**	$	36,131

4. Notes Payable

The Company has notes payable to shareholders totaling $1,323 (January 31, 2019 - $1,323), which are due on demand, unsecured, bear interest at a rate of 12% per annum, with no fixed terms of repayment.

5. Receivables

On March 26, 2019, the Company issued an interest-free loan to Vanadium North in the amount of $150,000 to be used to finance exploration and for general working capital purposes. The loan is secured by the assets of Vanadium North and is repayable in cash and on demand, subject to closing the Vanadium North acquisition, at which time the borrower shall have no further obligation to repay the loan.

On February 8, 2019, the Company entered into a definitive agreement to acquire Vanadium North Resources Inc. (“Vanadium North”), pursuant to which the Company has agreed to acquire all of the issued and outstanding common shares of Vanadium North. Vanadium North is a privately-owned Canadian mining company that holds the Valley of Vanadium project in the Northwest Territories. The 9,600-hectare project comprises wholly owned claims in addition to an option to acquire 100 per cent of mining claims owned by Strategic Metals Ltd. (“Strategic Metals”), previously known as the Van project. Strategic Metals and Vanadium North are arm's-length parties to each other.

5. Receivables *(continued)*

Strategic Metals will retain a 2-per-cent net smelter return royalty on any commercial production from the property, one-half of which may be purchased for a payment of $1-million any time prior to the commencement of commercial production. Upon completion of the acquisition: (a) the Company will own 100 per cent of Vanadium North in consideration for the issuance to Vanadium North shareholders of an aggregate of 13,995,985 common shares in the capital of the Company; and (b) the Company will issue 7.5 million common shares to Strategic Metals.

On July 18, 2019, the Company announced that it had terminated the definitive agreement with Vanadium North and has provided notice to Vanadium North regarding the return of the loaned finances.

6. Share Capital and Reserves

a) Authorized share capital

An unlimited number of common shares without par value.

b) Issued share capital

During the nine-month period ended October 31, 2019, the Company issued an aggregate of 11,111,112 common shares pursuant to the exercise of warrants at $0.12.

During the year ended January 31, 2019, the following share issuances occurred:

On April 4, 2018, the Company completed a non-brokered private placement through the issuance of 11,111,112 units for gross proceeds of $1,000,000. Each unit consisted of one common share and one common share purchase warrant, exercisable at $0.12 until April 4, 2019.

On November 15, 2018, the Company issued an aggregate of 1,332,500 common shares at $0.18 to settle outstanding debt in the amount of $213,200. The common shares issued had a fair value of $239,850, as a result the Company recorded a loss on settlement of $26,650. The outstanding debts were in respect to management fees due to its Chief Executive Officer and Chief Financial Officer which have been accrued, and to a consultant for past services rendered.

c) Stock option compensation plan

The Board of Directors adopted a stock option incentive plan (the “Plan”), which has been approved by the Company’s shareholders and the TSX.V. Stock options may be granted to the Company’s directors, senior officers, employees, consultants and consultant’s companies. The stock option plan: (i) provides that the number of common shares reserved for issuance, within a one year period, to any one optionee, shall not exceed 5% of the outstanding common shares; (ii) provides the maximum number of common shares reserved for issuance pursuant to options granted may not exceed 10% of the issued common shares; and (iii) contains other provisions to ensure the stock option plan is compliant with stock exchange regulations. Vesting terms are determined by the Board of Directors.

During the period ending October 31, 2019, an aggregate of 1,275,000 stock options were granted which resulted in share-based compensation of $152,560 (2018 - $Nil) being recognized during the quarter ending October 31, 2019. The options were valued using the Black-Scholes option pricing model assuming a life expectancy of five years (2018 – Nil), a risk-free interest rate of 1.4%, (2018 – Nil%) a forfeiture and dividend rate of Nil (2018 – Nil), and a volatility of 265% (2018 – Nil).

(Unaudited - expressed in Canadian dollars)

6. Share Capital and Reserves *(continued)*

The continuity of stock options is as follows:

	October 31, 2019		January 31, 2019	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	-	-	-	-
Granted	1,275,000	$0.12	-	-
Exercised	-	-	-	-
Expired/Cancelled	-	-	-	-
Ending balance	**1,275,000**	**$0.12**	**-**	**-**

As at October 31, 2019, the Company had incentive stock options enabling the holders to acquire further common shares as follows:

Expiry Date	Options Outstanding	Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life
				(years)
September 30, 2024	1,275,000	1,275,000	0.12	4.92
	1,275,000	**1,275,000**	**0.12**	**4.92**

d) Warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price
		($)
Balance – January 31, 2018	-	-
Issued	11,111,112	0.12
Balance – January 31, 2019	11,111,112	0.12
Exercised	(11,111,112)	(0.12)
Balance – October 31, 2019	-	-

During the nine-month period ended October 31, 2019, 11,111,112 warrants were exercised at $0.12 for gross proceeds of $1,333,333. As at October 31, 2019, there were no warrants outstanding.

(Unaudited - expressed in Canadian dollars)

7. Related Parties

The Company's related parties consist of directors and companies with directors and executive officers in common and companies owned in whole or in part by executive officers and directors.

The Company has notes payable due to related parties totaling $Nil as at October 31, 2019 (January 31, 2019 - $Nil).

Trade and other accounts payable as at October 31, 2019 includes $Nil (January 31, 2019 - $6,700) to directors, officers, or companies they control. The amounts are non-interest bearing, unsecured and due on demand.

Compensation of key management personnel:

The remuneration of directors and other members of key management personnel during the nine months ended October 31, 2019, and 2018, were as follows:

		2019		2018
Consulting fees, CEO(1)	**$**	**17,500**	$	21,000
Consulting fees, CFO (2)		**18,000**		18,000
Total	**$**	**35,500**	$	39,000

(1) As at October 31, 2019 consulting fees have been accrued as trade and other payables to the CEO, for a total balance owing of $Nil.
(2) As at October 31, 2019, $Nil remains payable to KMC Capital Corp., for consulting fees and reimbursable expenses, which is included in trades and other payables.

8. Segmented Information

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and evaluation. All of the Company's significant assets are held in Canada.

9. Management of Financial Risk

Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category		October 31, 2019		January 31, 2019
Cash	FVTPL	**$**	**1,692,327**	$	704,747
Trade and other payables	Amortized cost		**353,632**		36,131
Notes payable	Amortized cost		**1,323**		1,323

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

9. Management of Financial Risk *(continued)*

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value using level one as the basis for measurement in the fair value hierarchy.

Risk management

The Company's risk exposures and the impact on the Company's consolidated financial instruments are summarized as follows:

<u>Credit Risk</u>
Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits the exposure to credit risk in its cash by only holding its cash with high-credit quality financial institutions in business and/or savings accounts.

<u>Liquidity Risk</u>
Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next ninety days. The Company is exposed to liquidity risk.

<u>Market Risk</u>
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) <u>Interest Rate Risk:</u> Management has determined that the Company is not exposed to any significant interest rate risks.

(b) <u>Foreign Currency Risk:</u> The Company has identified its functional currency as the Canadian dollar. Management believes the foreign exchange risk related to currency conversions are minimal and therefore, does not hedge its foreign exchange risk.

(c) <u>Commodity Price Risk</u>: The Company does not have any hedging or other commodity based risks in respect to its operational activities.

Historically, the price of gold has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold.

10. Management of Capital

The Company manages its equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of exploration and evaluation assets, pursue its exploration activities, and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account, where possible.

There have been no changes to the Company's approach to capital management during the nine months ended October 31, 2019. The Company is not subject to externally imposed capital requirements.