

Westhaven Ventures Inc.
(An exploration stage company)

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ending December 31, 2019

Dated April 7, 2020

For the year ended December 31, 2019

Dated April 7, 2020

This Management's Discussion and Analysis ("MD&A") for Westhaven Ventures Inc. (the "Company" or "Westhaven") has been prepared by management and reviewed and approved by the Audit Committee. The following discussion of performance, financial condition and future prospects should be read in conjunction with the audited financial statements of the Company and notes thereto, for the years ended December 31, 2019 and December 31, 2018. The information provided herein supplements but does not form part of the financial statements. This discussion covers the year and the subsequent period up to the date of issue of this MD&A. Unless otherwise noted, all dollar amounts are stated in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

As of January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS"). The financial statements for the year ended December 31, 2019 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of focused common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Forward-looking Statements

Certain sections of this MD&A may contain forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results. The risks, uncertainties and other factors that could influence actual results are described in the "Risks and Uncertainties" section of this report. The forward-looking statements contained herein are based on information available as of April 7, 2020.

Description of Business and Overview

Westhaven is a junior exploration company that is focused on the acquisition, exploration and development of resource properties.

To date the Company has not generated significant revenues and is considered to be in the exploration stage. Continued operations of the Company are dependent on the Company's ability to complete equity financings or generate profitable operations in the future.

Capital Stock as of April 7, 2020

Shares Outstanding:

- 96,949,709

Options:

- 2,200,000 Exercisable at \$0.05 until December 28, 2020
- 1,050,000 Exercisable at \$0.10 until April 13, 2022
- 1,170,589 Exercisable at \$0.14 until March 21, 2023
- 2,900,000 Exercisable at \$1.20 until November 14, 2023
- 300,000 Exercisable at \$0.70 until July 8, 2024
- 1,300,000 Exercisable at \$0.85 until December 20, 2024

Warrants:

- 1,020,269 Exercisable at \$1.50 until October 2, 2021
- 786,774 Exercisable at \$1.50 until October 4, 2021
- 1,477,619 Exercisable at \$1.50 until October 8, 2021

Fully Diluted:

- 109,154,960

Directors and Officers own approximately 32% of the outstanding shares.

In the event that the 12,205,257 options and warrants are exercised, the Company will receive gross proceeds of \$10,100,875.

Overview of the year ending December 31, 2019 and up to April 7, 2020

Westhaven is focused on grassroots exploration with a view to discovering the next generation of economic gold deposits. For a plethora of economical and geological reasons, fewer and fewer discoveries have been made in recent years. This means that new economic gold discoveries should be in high demand and command significant values.

The Company is advancing its Shovelnose, Skoonka, Skoonka North and Prospect Valley gold-silver properties, all are in the Spences Bridge Gold Belt (the "SBGB"), in British Columbia, Canada.

The SBGB projects overview:

- Large land package (37,000 hectares (ha)) on underexplored gold belt*
- District-scale potential*
- 100% ownership of claims*
- Low-cost exploration*
- Close proximity to power and rail*
- Road accessible and close to major highways*
- Close proximity to producing mines and expertise*

Company Overview

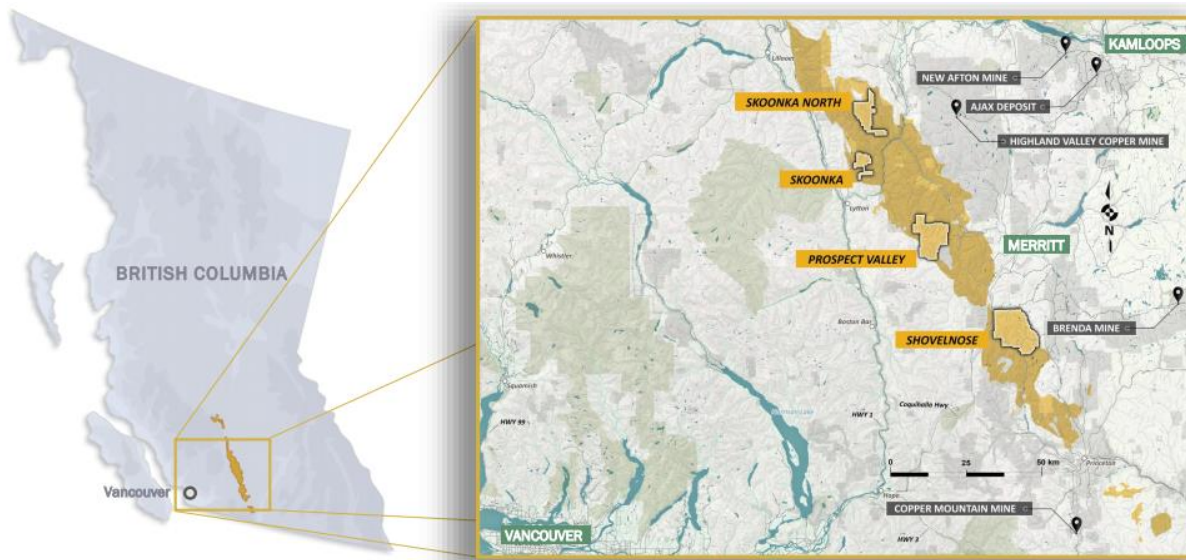
In 2019, Westhaven had its most active year ever as it continued to advance its high-grade gold discovery at the Shovelnose gold property. To finance these initiatives, Westhaven completed two financings in 2019. In February 2019, Westhaven issued 2,207,639 flow-through common shares at a price of \$1.1325 per share for gross proceeds of \$2,500,151. In October 2019, Westhaven sold 6,569,323 units at \$1.05 for gross proceeds of \$6,897,789. Each unit was composed of one common share and one-half of one non-transferable warrant. Each full warrant entitles the holder to purchase one common share at a price of \$1.50 until October 2021.

Westhaven benefits from the British Columbia mining exploration tax credit ("METC"), which is a permanent incentive to support investment in mining and exploration. The METC is a refundable British Columbia income tax credit for eligible individuals and corporations conducting grassroots mineral exploration in British Columbia and is worth 30 percent of qualified mining exploration expenditures. In the first quarter of 2020, Westhaven filed for a METC of \$1,436,750 related to its 2019 exploration activities. In addition, Westhaven began 2020 with cash and cash equivalents of \$4,327,312.

Westhaven's annual general meeting was held on December 13, 2019. The shareholders approved all motions put forth at the meeting, including the reappointment of Smythe LLP, Chartered Professional Accountants, as the company's independent auditor and the confirmation of the company's stock option plan. The shareholders re-elected David Grenville Thomas, Gareth Thomas, Victor Tanaka, Hannah McDonald and Shaun Pollard to the Company's board of directors.

Spences Bridge Gold Belt

The SBGB is 110 kilometres (km) northwest-trending belt of intermediate to felsic volcanic rocks dominated by the Cretaceous Spences Bridge group. Exploration in the belt only began in 2001 when prospector Edward Balon, P.Geol., technical advisor to Westhaven, began by following up on a Regional Geochemical Survey anomalies. These relatively underexplored volcanic rocks are highly prospective for epithermal style gold mineralization. In the mid-19th century, coarse placer gold was discovered near the mouth of the Nicoamen and Fraser rivers. This discovery sparked a gold rush that attracted an estimated 20,000 prospectors to the area.



Westhaven owns a 100%-interest in 4 properties covering over 37,600ha within the prospective SBGB, which is situated within a geological setting like those which host other significant epithermal gold-silver systems. Talisker Resources Ltd. and Westhaven have a combined control of 86% of the SBGB (225,000ha). Any ground staked by Talisker within 5 km of Westhaven's existing projects is subject to a 2.5% Net Smelter Royalty ("NSR"). In addition, Westhaven has a 30-day Right of First Refusal on any properties outside this 5 km radius.

Shovelnose Gold Property

The Shovelnose gold property is located near the southern end of the SBGB, approximately 30 km south of Merritt, British Columbia. The property is accessible by the Coquihalla Highway (BC Provincial Highway #5) at the Coldwater exit, then by a series of logging roads to the northern and southern portions of the property. The property currently consists of 32 contiguous mineral claims encompassing 17,625 ha. Westhaven has a 100% interest in this property subject to a 2% NSR.

From 2011 and up to the end of 2018, there were 69 drill holes completed (2 were abandoned in overburden) for a cumulative total of 18,212 metres (m), in five separate target areas; the Line 6 Zone, Mik Zone, Tower Zone, Alpine Zone and the recently discovered **South Zone**.

In 2019, exploration ramped up considerably and consisted of a 845.3 ha LIDAR survey, 326.91 line-km of ground magnetics, 20.3 line-km of DC Resistivity, 4,901 soil samples, geological mapping with 215 rock samples, archeological surveys, petrographics, TerraSpec mineral analyses on 89 core samples, specific gravity testing, susceptibility on core, and 49 diamond drill holes totalling 21,849.3m. The cost of

exploration in 2019 totaled \$5,066,166. This includes \$3,644 in costs related to staking an additional 2,081 ha on the eastern portion of the property.

A total of 46 holes (20,215m) were drilled in the South zone and 3 reconnaissance holes (1,634m) to the southwest in 2019. The 2019 South zone drilling, in conjunction with previous drilling in the zone, defined three subparallel vein systems, Vein 1 consisting of a zone of quartz veining traced by drilling over a strike length of 1.3 kms and a vertical range of 350m along a northwest striking, steep southwest dipping normal fault. Vein 2, situated 100-150m to the NE of Vein 1, has been traced for 1 km over a vertical range of 400m. Vein 3, a splay off Vein 2 located 50-100m northeast of Zone 2, has been traced by drilling over a strike of 200m and a vertical range of 130m.

Shovelnose Outlook 2020

The Shovelnose gold property has a strategic advantage with regards to location as the property is situated off a major highway, in close proximity to power, rail, large producing mines, and within commuting distance from the city of Merritt, which translates into low cost, year-round exploration.

As a result of systematic exploration completed in 2019, Westhaven identified several target areas that share similar characteristics to the South Zone which have been prioritized for near term drilling. In February 2020, Westhaven initiated a drill program with the focus of testing these exploration targets. Westhaven is well financed and targeting up to 30,000m of drilling at the Shovelnose property in 2020.

Selected Annual Financial Information

The following selected financial data is derived from the audited financial statements prepared in accordance with IFRS.

| | Year Ended December 31, 2019 | Year Ended December 31, 2018 | Year Ended December 31, 2017 |
|--|---------------------------------|---------------------------------|---------------------------------|
| Total Revenue (Interest): | \$20,870 | \$593 | \$640 |
| Loss Before Other Items: | (\$1,690,233) | (\$3,023,413) | (\$408,471) |
| Net Loss: | (\$1,669,363) | (\$3,022,820) | (\$407,831) |
| Loss per Common Share, basic and diluted: | (\$0.02) | (\$0.04) | (\$0.01) |
| Total Assets: | \$14,081,043 | \$5,300,237 | \$3,319,409 |
| Loan Payable: | \$0 | \$279,825 | \$440,000 |
| Dividends Paid/Payable: | \$0 | \$0 | \$0 |

Results of Operations

The Company is in the business of mineral resources exploration and does not generate any revenues from operations, with the exception of interest earned on its cash investments.

The Company recorded a net loss of \$1,669,363 for the year ended December 31, 2019 compared to a net loss of \$3,022,820 for the year ended December 31, 2018. Of this \$1,669,363 net loss, \$685,389 is attributed to share-based payments, specifically options granted during 2019.

Management fees consisted of management consultation fees, and agency fees for a total of \$300,000 (2018 - \$150,000); professional fees of \$49,139 (2018 - \$52,437); rent in the amount of \$34,143 (2018 - \$26,996); regulatory and filing fees of \$45,571 (2018 - \$15,719); and insurance in the amount of \$12,200

(2018 - \$4,508). There was a significant decrease in the interest expense to \$13,410 from \$42,225 in 2018 as the outstanding loan was repaid. To create awareness and raise money for exploration programs, Westhaven undertook investor relations, advertising and promotional activities and experienced a cost increase from \$94,032 in 2018 to \$160,173 in 2019. G&A expenses increased from \$30,766 in 2018 to \$77,966 in 2019.

Mineral Properties

Amounts capitalized as mineral property costs are as follows:

| | Shovelnose Gold Property | Prospect Valley Property | Skoonka Creek Property | Skoonka North Property | Total |
|---------------------------------|--------------------------------|--------------------------------|------------------------------|------------------------------|--------------|
| Balance, December 31, 2017 | \$ 2,062,314 | \$ 679,471 | \$ 221,048 | \$ - | \$ 2,962,833 |
| Deferred exploration costs | | | | | |
| Acquisition costs | - | - | - | 10,792 | 10,792 |
| Geological and assays | 433,630 | 6,413 | 47,375 | 122,820 | 610,238 |
| Drilling | 1,000,336 | - | - | - | 1,000,336 |
| Lab fees | 241,716 | - | - | - | 241,716 |
| Total additions during the year | 1,675,682 | 6,413 | 47,375 | 133,612 | 1,863,082 |
| BCMETS (mining tax credits) | (468,780) | (1,794) | (13,253) | (34,360) | (518,187) |
| Net change during the year | 1,206,902 | 4,619 | 34,122 | 99,252 | 1,344,895 |
| Balance, December 31, 2018 | 3,269,216 | 684,090 | 255,170 | 99,252 | 4,307,728 |
| Deferred exploration costs | | | | | |
| Acquisition costs | 3,644 | - | - | - | 3,644 |
| Geological and assays | 1,729,677 | - | 3,666 | - | 1,733,343 |
| Drilling | 2,616,512 | - | - | - | 2,616,512 |
| Lab fees | 716,333 | - | - | - | 716,333 |
| Total additions during the year | 5,066,166 | - | 3,666 | - | 5,069,832 |
| BCMETS (mining tax credits) | (1,436,750) | - | - | - | (1,436,750) |
| Net change during the year | 3,629,416 | - | 3,666 | - | 3,633,082 |
| Balance, December 31, 2019 | \$ 6,898,632 | \$ 684,090 | \$ 258,836 | \$ 99,252 | \$ 7,940,810 |

Summary of Quarterly Results

| | 3 Months Ending December 31, 2019 | 3 Months Ending September 30, 2019 | 3 Months Ending June 30, 2019 | 3 Months Ending March 31, 2019 | 3 Months Ending December 31, 2018 | 3 Months Ending September 30, 2018 | 3 Months Ending June 30, 2018 | 3 Months Ending March 31, 2018 |
|---|--|---|--|---|--|---|--|---|
| Total Revenue | \$904 | \$13,975 | \$3,427 | \$2,564 | \$593 | \$0 | \$0 | \$0 |
| Loss before other Items: | (\$945,946) | (\$372,728) | (\$179,428) | (\$192,131) | (\$2,575,427) | (\$68,350) | (\$94,015) | (\$285,621) |
| Net Loss: | (\$1,303,783) | (\$12) | (\$176,001) | (\$189,567) | (\$2,574,834) | (\$68,350) | (\$94,015) | (\$285,621) |
| Loss per Common Share, Basic and Diluted | (\$0.01) | (\$0.01) | (\$0.01) | (\$0.01) | (\$0.01) | (\$0.01) | (\$0.01) | (\$0.01) |
| Loan payable: | \$0 | \$0 | \$0 | \$0 | (\$279,825) | (\$273,000) | (\$462,000) | (\$451,000) |
| Dividends Paid/Payable: | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

For the 3-month period ended December 31, 2019, the Company recorded a net loss of \$1,303,783. Of the \$1,303,783, \$582,897 can be attributed to the 1,300,000 options grant with an exercise price of \$0.85 announced in December 2019. For the same 3-month period ended December 31, 2018, the Company recorded a net loss of \$2,574,834. Of the \$2,574,834 loss, \$2,421,210 can be attributed to an options grant of 2,900,000 options with an exercise price of \$1.20 announced in November 2018.

With the goal of increasing awareness, management participated in several resource related conferences in the fourth quarter. As a result, advertising, promotion and travel costs increased to \$60,202 from \$48,416 for the same period in 2018.

As a result of significantly increased exploration initiatives, Westhaven's employee numbers have increased. This has led to an increase of salary and benefits to \$152,326 for the fourth quarter compared to \$0 for the same period 2018.

In the fourth quarter 2019, Westhaven completed a non-brokered private placement and sought to obtain Depository Trust Company ("DTC") eligibility for its securities. An "eligible security" is one that is freely tradable and fungible and is otherwise qualified to be held at DTC and traded and serviced through DTC's electronic book-entry system. These initiatives lead to an increase in the associated regulatory, filing fees and professional fees to \$52,608 for the quarter compared to \$40,369 for the same period 2018. Westhaven achieved DTC eligibility in January 2020.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the year ended December 31, 2019.

Proposed Transactions

There are no proposed transactions as of the date of this MD&A.

Liquidity and Capital Resources

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

At December 31, 2019, the Company had cash and cash equivalents in the amount of \$4,327,312 (2018 - \$364,222), accounts payable and accrued liabilities of \$538,260 (2018 - \$130,963) and loan payable of \$nil (2018 - \$279,825). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2019.

The Company finances its operations by raising capital in the equity markets. For the foreseeable future, the Company will need to rely on the sale of its securities to provide working capital and to finance its mineral property acquisitions and exploration activities.

Related Party Transactions

The Company entered into the following transactions with related parties in addition to those discussed elsewhere in the financial statements.

Short-term employee benefits for key management compensation were paid to individuals and personal service corporations as follows:

| | 2019 | | 2018 | |
|---|------|---------|------|---------|
| Stein River Holdings Ltd. | \$ | 150,000 | \$ | - |
| Gravitas Advisory Services | \$ | 150,000 | \$ | 75,000 |
| Anglo Celtic Exploration Ltd. ("Anglo") | \$ | - | \$ | 75,000 |
| Gareth Thomas | \$ | 30,000 | \$ | - |
| Shaun Pollard | \$ | 30,000 | \$ | - |
| Total key management compensation | \$ | 360,000 | \$ | 150,000 |

Share-based payment expense related to options granted to key management during the year ended December 31, 2019 was \$306,785 (2018 - \$1,570,075).

Anglo is a company controlled by Grenville Thomas, a director of the Company, and Gareth Thomas, Chief Executive Officer of the Company.

In addition to the above costs, the Company paid \$27,476 (2018 - \$28,429) of rent and office expenditures to Anglo. On December 31, 2019, a total of \$10,021 (2018 - \$28,207) due to Anglo is included in accounts payable and accrued liabilities.

Gravitas is a company controlled by Shaun Pollard, Chief Financial Officer of the Company.

Stein River is a company controlled by Gareth Thomas, Chief Executive Officer of the Company.

On November 19, 2014, the Company entered into an agreement with Anglo to provide an unsecured loan of \$200,000. The outstanding balance of the loan is to be repaid within 12 months. The Company may repay the loan at any time without any prepayment penalty. The loan will accrue interest at a rate of 10% per annum.

On October 14, 2015, the Company and Anglo amended the terms of the loan to increase the principal to \$400,000 and to extend the repayment date to November 19, 2016. The loan will accrue interest at a rate of 10% per annum. As further consideration, the Company agreed to pay Anglo a bonus of 20% of the value of loan principal through issuance of the Company's common shares. On October 22, 2015, the Company issued 1,230,769 shares in payment of the bonus recorded at the fair value of the shares of \$0.065 per share.

The aggregate finance fees (bonus shares) were recorded against the loan balance and amortized to the statement of loss and comprehensive loss over the life of the loan, based on the original maturity date using the effective interest method. The debt discount was fully amortized as at December 31, 2016 and 2017.

On July 3, 2017, the Company and Anglo agreed to extend the maturity date of the loan to September 31, 2018 on the same terms.

On September 30, 2018, the Company and Anglo entered into an amendment agreement to extend the repayment date of the loan to September 30, 2019. All other terms of the loan agreement remained the same.

During the year ended December 31, 2019, the Company recorded accrued interest of \$4,523 (2018 - \$39,825) related to the loan. The Company repaid the principal balance of \$240,000 (2018 - \$200,000) and accrued interest of \$44,348 (2018 - \$nil) during the year ended December 31, 2019.

Commitments

On September 3, 2019 and December 12, 2019, the Company entered into two three-year leases for building space associated with the Shovelnose project. Under the terms of the lease the Company is committed to annual lease payments totalling \$99,450 plus additional occupancy costs.

As at December 31, 2019, the Company is committed to expend a further \$2,500,151 of flow-through share proceeds related to flow-through shares issued during the year on qualifying exploration expenditures. The Company must incur the eligible expenditures within 24 months from issuing the flow-through shares. The expenditures must be incurred by February 21, 2021.

Events After the Reporting Period

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

It was announced April 3, 2020 Westhaven has temporarily ceased operations at the Merritt core facility, including drilling at the Shovelnose gold property. The Company's priority is to protect the health and safety

of its employees, contractors, stakeholders, families and communities. Exploration and drilling activities will resume once it is safe to do so. At this time, the Company is pleased to report that none of its employees or contractors have been diagnosed with COVID-19.

Critical Accounting Estimates

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

Share-based payments

The value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

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

Right of use assets and lease liability

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency, and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

Critical Accounting Judgements

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

Recoverability of mineral properties

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

Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economic assessments/studies, accessible facilities and existing permits.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year as they fall due

involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Mining exploration tax credits

The Company is entitled to refundable tax credits on qualified mining exploration expenses incurred in the province of British Columbia. Management's judgment is applied in determining whether the mining exploration expenses are eligible for claiming such credits. Those benefits are recognized when the Company estimates that it has reasonable assurance that the tax credits will be realized. Upon review of the mining exploration tax credit claim by the Canada Revenue Agency, any adjustments to the estimate made by the Company are recorded in the period of the tax assessment.

Right of use assets and lease liability

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Financial Assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss.

Subsequent measurement

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

Financial assets measured at amortized cost

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

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

There are no financial assets classified as measured at amortized cost.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is

measured at fair value with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income remain within accumulated other comprehensive income when the financial instrument is derecognized or its fair value substantially decreases.

There are no financial assets classified as measured at FVTOCI.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company classifies cash and cash equivalents and receivables (net GST) as fair value through profit or loss.

Derecognition

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

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

Financial liabilities

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

Fair value hierarchy

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

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

The Company's financial instruments as at December 31, 2019 are as follows:

| | Level 1 | Level 2 | Level 3 |
|---|--------------|---------|---------|
| Financial assets at FVTPL | | | |
| Cash and cash equivalents | \$ 4,327,312 | \$ - | \$ - |
| Other receivables | \$ 63,227 | \$ - | \$ - |
| Financial liabilities at amortized costs | | | |
| Accounts payable and accrued liabilities | \$ 538,260 | \$ - | \$ - |

The Company's financial instruments as at December 31, 2018 are as follows:

| | Level 1 | Level 2 | Level 3 |
|---|------------|------------|---------|
| Financial assets at FVTPL | | | |
| Cash and cash equivalents | \$ 364,222 | \$ - | \$ - |
| Other receivables | \$ 46,813 | \$ - | \$ - |
| Financial liabilities at amortized costs | | | |
| Accounts payable and accrued liabilities | \$ 130,963 | \$ - | \$ - |
| Loan payable | \$ - | \$ 279,825 | \$ - |

Changes in Accounting Policies

IFRS 16 Leases ("IFRS 16")

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The comparative figures for the 2018 reporting period have not been restated and are accounted for under IAS 17 *Leases* ("IAS 17"), and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard.

The Company applied the exemption not to recognize a right-of-use asset ("ROU asset") and lease liability for leases with less than 12 months of lease term and leases for low-value assets when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

As at January 1, 2019, the Company did not have any leases that were classified as operating leases under IAS 17. As a result, there was no impact on the statement of financial position at the date of initial application.

The new accounting policy for leases under IFRS 16 is included in note 3 of the audited financial statements.

Segmented Reporting

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

Risk Management and Financial Instruments

The Company's cash and cash equivalents, other receivables, accounts payable and accrued liabilities and loan payable have carrying values that approximate their fair values due to their short term to maturity.

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents, by ensuring that these financial assets are placed with a major Canadian financial institution with strong investment-grade ratings. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as amounts are held with a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

| | 2019 | 2018 |
|--|--------------|------------|
| Cash and cash equivalents – Canadian dollars | \$ 4,327,312 | \$ 364,222 |
| Other receivables – Canadian dollars | \$ 63,227 | \$ 4,934 |

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves. The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations.

Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously held an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

April 7, 2020

On behalf of Management and the Board of Directors,

“Shaun Pollard”
Chief Financial Officer and Director