
Condensed Interim Consolidated Financial Statements

Plato Gold Corp.

**For the Three Months Ended March 31, 2020 and 2019
(Stated in Canadian Dollars)**

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these interim financial statements.

Plato Gold Corp.

Condensed Interim Consolidated Statements of Financial Position

Unaudited - See Notice to Reader

Stated in Canadian dollars

	March 31, 2020	December 31, 2019
Assets		
Current Assets		
Cash	\$ 20,282	\$ 93,667
Other receivables (note 4)	29,522	35,250
Portfolio investments (note 5)	60,002	95,660
	<u>109,806</u>	<u>224,577</u>
Equipment	40	44
Mineral Properties and Deferred Exploration Costs (note 6)	<u>1,709,440</u>	<u>1,657,443</u>
	<u>\$ 1,819,286</u>	<u>\$ 1,882,064</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 11)	\$ 615,206	\$ 629,096
Due to related company (note 7)	2,545	-
	<u>617,751</u>	<u>629,096</u>
Shareholders' Equity		
Share Capital (note 8)	9,163,956	9,154,956
Warrants (note 9)	40,142	154,984
Contributed Surplus	3,570,864	3,456,022
Deficit	(11,546,535)	(11,486,738)
Non-Controlling Interest	(26,892)	(26,256)
	<u>1,201,535</u>	<u>1,252,968</u>
	<u>\$ 1,819,286</u>	<u>\$ 1,882,064</u>

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

Approved on behalf of the Board

_____, Director

"Anthony J. Cohen"

_____, Director

"John H. Paterson"

Plato Gold Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the Three Months Ended March 31

Unaudited - See Notice to Reader

Stated in Canadian dollars

	2020	2019
Income		
Investment income	\$ 974	\$ 1,263
Expenses		
Amortization	3	5
Consulting and director fees	175	175
Insurance	1,844	1,803
Interest and financing fees	166	352
Office and general	1,537	771
Professional fees	21,045	20,625
Publicity and advertising	8,027	267
Rent	600	600
Salaries and benefits	25	25
Transfer and filing fees	8,751	8,852
Write-down of mineral properties (note 6)	5,300	13,913
Add (Less):		
Fair value adjustment on portfolio investments	35,658	(16,358)
Realized gain on sale of portfolio investments	-	(11,340)
Gain on write-off of accounts payable and accrued liabilities	(21,724)	-
	<u>61,407</u>	<u>19,690</u>
Net Loss and Comprehensive Loss	<u>\$ (60,433)</u>	<u>\$ (18,427)</u>
Attributable to:		
Equity holders of Plato Gold Corp.	(59,797)	(17,517)
Non-controlling Interest	<u>(636)</u>	<u>(910)</u>
Loss per Share - basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted Average Number of Common Shares Outstanding - basic and diluted	<u>204,657,419</u>	<u>197,499,727</u>

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

Plato Gold Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the Three Months Ended March 31

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	Share Capital			Contributed Surplus	Accumulated Deficit	Non- Controlling Interest	Total
	Shares	Amount	Warrants				
Balance - January 1, 2019	197,449,727	\$ 8,730,206	\$ 154,984	\$ 3,403,789	\$ (11,217,872)	\$ (24,942)	\$ 1,046,165
Net comprehensive loss	-	-	-	-	(17,517)	(910)	(18,427)
Balance - March 31, 2019	197,449,727	\$ 8,730,206	\$ 154,984	\$ 3,403,789	\$ (11,235,389)	\$ (25,852)	\$ 1,027,738

	Share Capital			Contributed Surplus	Accumulated Deficit	Non- Controlling Interest	Total
	Shares	Amount	Warrants				
Balance - January 1, 2020	204,449,727	\$ 9,154,956	\$ 154,984	\$ 3,456,022	\$ (11,486,738)	\$ (26,256)	\$ 1,252,968
Shares issued for mineral properties (notes 6(b), 8)	300,000	9,000	-	-	-	-	9,000
Reclassification on expiry of warrants	-	-	(114,842)	114,842	-	-	-
Net comprehensive loss	-	-	-	-	(59,797)	(636)	(60,433)
Balance - March 31, 2020	204,749,727	\$ 9,163,956	\$ 40,142	\$ 3,570,864	\$ (11,546,535)	\$ (26,892)	\$ 1,201,535

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

Plato Gold Corp.

Condensed Interim Consolidated Statements of Cash Flow

For the Three Months Ended March 31

Unaudited - See Notice to Reader

Stated in Canadian dollars

	2020	2019
Cash Flows from Operating Activities		
Net comprehensive loss	\$ (60,433)	\$ (18,427)
Items not involving cash from operating activities		
Realized gain on sale of portfolio investments	-	(11,340)
Items not involving cash		
Amortization	4	5
Write-down of mineral properties	5,300	13,913
Fair value adjustment on portfolio investments	35,658	(16,358)
	(19,471)	(32,207)
Changes in non-cash working capital		
Other receivables	5,728	13,072
Accounts payable and accrued liabilities	(13,890)	(3,618)
Due to related company	2,545	-
	(25,088)	(22,753)
Cash Flows from Investing Activities		
Mineral properties and deferred explorations costs	(48,297)	(17,328)
Proceeds on sale of portfolio investments	-	30,554
	(48,297)	13,226
Change in cash	(73,385)	(9,527)
Cash - beginning of period	93,667	11,674
Cash - end of period	\$ 20,282	\$ 2,147

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

Plato Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
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1. Nature of Operations

Plato Gold Corp. (the "Company" or "Plato") is an Ontario corporation formed by amalgamation on May 30, 2005. The primary offices are located at 1240 Bay Street, Suite 800, Toronto, Ontario M5R 2A7.

The Company is a public gold and rare minerals exploration company with four projects. The first project, Good Hope Niobium Project consists of a total of 254 claims, consisting of 227 Single Cell Mining Claims and 27 Boundary Cell Mining Claims, and covers an area of approximately 5,146 hectares in Killala Lake Area and Cairngorm Lake Area Townships, northwest of Marathon, Ontario. The second project, Pic River Platinum Group Metals ("PGM") Project consists of a total of 111 Single Cell Mining Claims and covers an area of approximately 2,247 hectares in the Foxtrap Lake and Grain Township, Thunder Bay Mining District, in Ontario. The third project, the Lolita Project in Santa Cruz, Argentina, includes three adjoining concessions in Southern Argentina, which are held by the Company's 75% owned subsidiary, Winnipeg Minerals S.A. ("WMSA"). The fourth project, the Timmins Gold Project in Northern Ontario includes four properties (Guibord, Harker, Holloway and Marriott) in what is sometimes referred to as the Harker/Holloway gold camp located east of Timmins.

The Company is in the process of exploring its mineral properties and has not yet determined whether its properties contain economic mineral reserves. The recovery of amounts capitalized under mineral properties and deferred exploration costs is dependent upon the discovery of economically resources or reserves and upon future profitable production or sale of its interests, all of which are uncertain. Consequently, as of March 31, 2020 the Company considers itself to be an exploration and evaluation stage company with respect to these properties.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$11,546,535 as at March 31, 2020. The Company's continued existence is dependent upon its ability to raise additional capital and/or obtaining financing from related parties and develop profitable operations. Management believes that it has the ability to raise the required additional funding. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at March 31, 2020, the Company's current liabilities exceed its current assets by \$507,945. Given the above, the Company has material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

2. Basis of Presentation and Going Concern

The Company's condensed interim consolidated financial statements reflect the results of operations for the three months ended March 31, 2020 and 2019, and the assets, liabilities and shareholders' equity as at March 31, 2020.

The condensed interim consolidated financial statements include the accounts of the Company and its 75% owned subsidiary, Winnipeg Minerals S.A., an Argentinean company. All significant intercompany balances and transactions have been eliminated on consolidation.

Plato Gold Corp.

Notes to the Condensed Interim Consolidated Financial Statements
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2. Basis of Presentation and Going Concern (continued)

a) Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). The IAS 34 interim financial statements do not include all of the information required for annual financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019.

The policies applied in the Company's consolidated financial statements are in accordance with International Financial Reporting Standards ("IFRS") effective as of March 31, 2020 as issued by the International Accounting Standards Board. The date that the Board of Directors approved the statements is May 19, 2020.

b) Critical judgments, estimates, and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of operations during the reporting period. Significant estimates and assumptions include those related to the following:

- the recoverability of the carrying value of the resource properties
- management's determination that there is no deferred tax asset recognized in these consolidated financial statements and
- the ability to continue as a going concern
- the value of options and warrants issued by the Company

The application of Company's accounting policy for Mineral properties and deferred exploration costs requires judgment to determine whether future economic benefits are probable, from either future development or sale. There is no assurance that the Company has or will have commercially viable resources.

Determining the value of stock options and warrants involves the application of the Black-Scholes option-pricing model which requires the input of highly subjective assumptions that can materially affect the value. Significant estimates and assumptions are required for the following variables in the Black-Scholes option-pricing model:

- Risk-free interest rate: The Company uses the interest rate available for zero coupon government bonds with an equivalent term as at the date of the grant of the stock options and warrants. The risk-free interest rate will vary depending on the grant date and expected term of the stock options and warrants.
- Volatility: The Company uses historical information of its own publicly traded common shares to determine the degree of volatility at the date when the stock options and warrants are granted. The degree of volatility will vary depending on when the stock options and warrants were granted, and the extent of historical information examined.

Plato Gold Corp.

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2. Basis of Presentation and Going Concern (continued)

b) Critical judgments, estimates, and assumptions (continued)

While management believes that the estimates and assumptions are reasonable, actual results could differ from those estimates.

Management has also used its judgment in determining that the functional currency of the Company and its subsidiary is the Canadian dollar and the state of development of the mineral properties as the exploration stage.

c) Going Concern

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration and development programs and general and administrative expenses, maintain its resource properties, discharge its liabilities as they become due and generate positive cash flows from operations. There is no certainty that the Company will be successful in raising financing given the current condition of the financial markets, and as such there is significant uncertainty the Company will be able to continue as a going concern.

The condensed interim consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business. Accordingly, these consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used, then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these condensed interim consolidated financial statements.

3. Significant Accounting Policies

The Company's complete accounting policies have been included in the consolidated financial statements for the year ended December 31, 2019. The accounting policies the Company followed in preparing these condensed interim consolidated financial statements were the same as those applied by the Company in the annual consolidated financial statements as at and for the year ended December 31, 2019.

a) Changes in accounting standards effective January 1, 2020:

In October 2018, the International Accounting Standards Board ("IASB") issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition of substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. The adoption of these amendments did not have a significant impact on the condensed interim consolidated financial statements.

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4. Other Receivables

As at March 31, 2020, other receivables includes HST receivable of \$22,348 (December 31, 2019 - \$28,069) and other amounts receivable of \$7,174 (December 31, 2019 - \$7,181). Due to the short-term nature, the carrying amount of the receivables approximates fair value.

5. Portfolio Investments

a) Monarch Gold Corporation (formerly Monarques Gold Corporation)

As at March 31, 2020, the Company holds a total of 80,758 (December 31, 2019 - 80,758) shares of Monarch, with fair value of \$10,902 (December 31, 2019 - \$18,170).

b) Kirkland Lake Gold Inc. (formerly St. Andrew Goldfields Ltd.)

As at March 31, 2020, the Company holds 1,000 (December 31, 2019 - 1,000) common shares of Kirkland, with fair value of \$41,450 (December 31, 2019 - \$57,240).

c) Bonterra Resources Inc.

As at March 31, 2020, the Company holds 9,000 (December 31, 2019 - 9,000) common shares of Bonterra, with fair value of \$7,650 (December 31, 2019 - \$20,250).

The Company classifies all portfolio investments as Level 1 under the fair value hierarchy. There were no transfers between fair value levels during the three months ended March 31, 2020.

6. Mineral Properties and Deferred Exploration Costs

	<u>Good Hope Project</u>	<u>Lolita Project</u>	<u>Timmins Gold Project</u>	<u>Total</u>
Balance - December 31, 2014	\$ -	\$ 316,964	\$ 1,025,067	\$ 1,342,031
Expenditures (recoveries) - January 1, 2015 to December 31, 2017	1,470,998	42,260	10,554	1,523,812
Write downs - January 1, 2015 to December 31, 2018	-	(359,224)	(1,035,621)	(1,394,845)
Balance - December 31, 2018	\$ 1,470,998	\$ -	\$ -	\$ 1,470,998
Acquisition costs	138,312	-	-	138,312
Exploration costs	61,076	-	-	61,076
Other	-	11,440	28,246	39,686
Total Current expenditures	199,388	11,440	28,246	239,074
Write-down of mineral property	(12,943)	(11,440)	(28,246)	(52,629)
Balance - December 31, 2019	\$ 1,657,443	\$ -	\$ -	\$ 1,657,443

Plato Gold Corp.

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6. Mineral Properties and Deferred Exploration Costs (continued)

	Good Hope Project	Pic River Project	Lolita Project	Timmins Gold Project	Total
Balance - December 31, 2019	\$ 1,657,443	\$ -	\$ -	\$ -	\$ 1,657,443
Acquisition costs	-	19,000	-	-	19,000
Exploration costs	32,997	-	-	-	32,997
Other	-	-	2,367	2,933	5,300
Total Current expenditures	32,997	19,000	2,367	2,933	57,297
Write-down of mineral property	-	-	(2,367)	(2,933)	(5,300)
Balance - March 31, 2020	\$ 1,690,440	\$ 19,000	\$ -	\$ -	\$ 1,709,440

a) Good Hope Niobium Project

As announced on August 27, 2019, the Company owns 100% of the Good Hope Niobium claims.

On May 31, 2017, the Company signed two Option Agreements, KL226 Option Agreement and KL37 Option Agreement to acquire 100% interest in the Good Hope Niobium Project in Killala Lake area, near Marathon Ontario.

The Good Hope Niobium Property consists of a total of 254 claims, consisting of 227 Single Cell Mining Claims and 27 Boundary Cell Mining Claims, and covers an area of approximately 5,100 hectares in Killala Lake Area and Cairngorm Lake Area Townships, northwest of Marathon, Ontario. The Good Hope Property is located approximately 45 kilometers northwest of Marathon and 28 km north of Highway 17. The property is readily accessible from Trans-Canada Highway 17 and Dead Horse Road. The Property is also in close proximity to the Hemlo gold mining camp.

For the KL226 Option Agreement, the Company, as the Optionee, will earn in for 100% interest in the KL226 claims upon completion of the following:

i) Total cash payment of \$106,600 as follows:

- i) \$11,600 within 7 days of signing
- ii) \$15,000 within 60 days of TSXV approval
- iii) \$20,000 on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

ii) Total payment of 7,500,000 common shares

- i) 3,500,000 common shares within 15 days of TSXV approval
- ii) 1,000,000 common shares on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

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6. Mineral Properties and Deferred Exploration Costs (continued)

a) Good Hope Niobium Project (continued)

iii) Combined exploration expenditures of \$400,000 on either or both the KL226 and KL37 properties

- i) \$100,000 on or before the 1st anniversary of the TSXV approval
- ii) \$300,000 on or before the 4th anniversary of the TSXV approval

For the KL37 Option Agreement, the Company, as the Optionee, will earn in for 100% interest in the KL37 claims upon completion of the following:

i) Total cash payment of \$2,000 as follows:

- i) \$2,000 within 7 days of signing

ii) Total payment of 1,600,000 common shares

- i) 1,000,000 common shares within 15 days of TSXV approval
- ii) 150,000 common shares on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

iii) Combined exploration expenditures of \$400,000 on either or both the KL226 and KL37 properties

- i) \$100,000 on or before the 1st anniversary of the TSXV approval
- ii) \$300,000 on or before the 4th anniversary of the TSXV approval

For both the KL226 and KL37 Option Agreements

- i) A 3% Net Smelter Return Royalty to Optionors, with first right of refusal for 50% buy back for \$1,500,000.
- ii) A 3% Gross Overriding Royalty from the production of diamonds only to Optionors, with first right of refusal for 50% buy back for \$1,500,000.
- iii) Performance Shares of 1,000,000 common shares to Optionors, if a NI 43101 compliant resource exceeding 100 million tonnes of Nb205/P205 and an additional 2,000,000 common shares to Optionors, upon a positive bankable feasibility study.
- iv) 10% of the sale price or option price in cash or shares to Optionors, if the KL226 or KL37 claims are sold or optioned to a third party.

Prior to the 1st anniversary of the TSXV approval, on May 31, 2018, the Company issued 1,150,000 common shares for the KL37 and KL226 Option Agreements and made cash payment of \$20,000 for the KL226 Option Agreement. As well, exploration expenditures in excess of \$100,000 were made prior to the 1st anniversary.

Plato Gold Corp.

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6. Mineral Properties and Deferred Exploration Costs (continued)

a) Good Hope Niobium Project (continued)

Prior to the 2nd anniversary of the TSXV approval, on May 22, 2019, the Company issued 1,150,000 common shares for the KL37 and KL226 Option Agreements and made cash payment of \$20,000 for the KL226 Option Agreement.

On August 8, 2019, the Company issued the remaining 2,300,000 common shares and \$40,000 cash payable for the KL37 and KL226 Option Agreements.

On August 27, 2019, the Company announced that it had met all of the terms of the KL37 and KL226 Option Agreements.

b) Pic River Project

On January 28, 2020, the Company entered into an Option Agreement to acquire 100% interest in the Pic River PGM Project in Foxtrap Lake and Grain Township, Thunder Bay Mining District, in Ontario. The Optionors are Rudolf Wahl (70%) and Mike Dorval (30%). On April 28, 2020, the Option Agreement was amended with an additional 6 new claims to the total property.

The Pic River PGM Project consists of a total of 111 Single Cell Mining Claims and covers an area of approximately 2,247 hectares in the Foxtrap Lake and Grain Township, Thunder Bay Mining District, in Ontario.

The Company, as the Optionee, will earn in for 100% interest in the project claims upon completion of the following:

i) Total cash payment of \$125,000 as follows:

- i) \$10,000 to Optionors within 7 days of signing of the Pic River PGM Option Agreement
- ii) \$15,000 to Optionors within 6 months of the TSXV approval
- iii) \$25,000 to the Optionors on or before the 1st, 2nd, 3rd and 4th anniversary of the TSXV approval

ii) Total payment of 1,650,000 common shares

- i) 300,000 common shares to Optionors within 15 days of TSXV approval
- ii) 450,000 common shares to Optionors on or before the 1st anniversary of the TSXV approval
- iii) 300,000 common shares to the Optionors on or before the, 2nd, 3rd and 4th anniversary of the TSXV approval

iii) Combined exploration expenditures of \$160,000

- i) \$40,000 on or before the 1st anniversary of the TSXV approval
- ii) \$120,000 on or before the 4th anniversary of the TSXV approval

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6. Mineral Properties and Deferred Exploration Costs (continued)

b) Pic River Project (continued)

In addition, the Pic River PGM Option Agreement includes:

- i) A 3% Net Smelter Return royalty to Optionors, with the first right of refusal for 50% buy back for \$1,500,000.
- ii) A 3% Gross Overriding royalty from the production of diamonds only to Optionors, with first right of refusal for 50% buy back for \$1,500,000.
- iii) Performance Shares of 1,000,000 common shares to Optionors, if a NI 43-101 compliant resource exceeding 1 million ounces of platinum equivalent, and an additional 1,000,000 common shares to Optionors, upon a positive bankable feasibility study.
- iv) 10% of the sale price or option price in cash or shares to Optionors, if the Pic River PGM Project claims are sold or optioned to a third party.

On January 28, 2020, the Company issued 300,000 common shares and cash payment of \$10,000 to the Optionors pursuant to the agreement.

c) Lolita Project

On August 27, 2007, the Company entered into an agreement to acquire a 75% interest in the Lolita Property in Argentina. The Company was required to incur US\$50,000 in initial expenditures before June 19, 2009. On June 16, 2009 the parties extended this requirement to December 31, 2009. As of December 31, 2009, the initial expenditures of US\$50,000 (CDN\$50,094) had been met in accordance with the agreement.

Upon completion of the initial expenditures, a Joint Work Program for up to US\$500,000 was jointly developed and financed 75% by the Company and 25% by the other party ("Lhotka"). The agreement allows that Lhotka shall have its Joint Venture interest in the property diluted by 5% for each US\$100,000 in expenditures spent by the Company, if Lhotka declines its portion of the expenditure. Lhotka's interest in the property shall not be reduced to less than 2%, unless otherwise agreed by the parties, and Lhotka is entitled to receive a 2% Net Smelter Royalty ("NSR"). The Company has available an option to purchase the NSR for US\$500,000.

With the completion of the initial expenditures, registration of ownership of the property proceeded in accordance with the Joint Venture Agreement. As of August 9, 2011, Winnipeg Minerals S.A. ("WMSA") was incorporated in Argentina with the Company holding 75% and Lhotka holding 25% of the outstanding shares. The mineral claims were subsequently transferred to WMSA as of November 14, 2011.

With the exception of the amendment on June 16, 2009, there have been no changes to the terms of the option agreement since August 27, 2007.

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6. Mineral Properties and Deferred Exploration Costs (continued)

c) Lolita Project (continued)

Expenditures after the initial stage from January 1, 2010 to the incorporation of WMSA in 2011 incurred by the Company were \$179,829. As of the incorporation of WMSA, the total due from Lhotka amounted to CDN \$47,824 and consisted of:

1. 25% of \$179,829 which amounts to \$44,957
2. 25% of the mandatory deposit for shares of \$11,465 which amounts to \$2,867

The total due in 2011 prior to the incorporation of WMSA is \$47,824. In 2015, the Company reported an allowance of \$23,912 on the total due. Going forward, the Company is reporting a total due of \$23,912 prior to the incorporation of WMSA.

Winnipeg Minerals S.A (“WMSA”).

WMSA was incorporated on August 9, 2011. Since incorporation funding to the Lolita Project consists of loans to WMSA and expenses incurred by the Company which are allocated to the Company (75%) and Lhotka (25%).

As of March 31, 2020, the total loaned to WMSA and expenses incurred by the Company after the incorporation of WMSA totals \$133,756 (December 31, 2019 - \$131,256) with Plato accounting for \$100,317 (December 31, 2019 - \$98,442) (75%) and Lhotka \$33,439 (December 31, 2019 - \$32,814) (25%). The Company reported total due from Lhotka at March 31, 2020 of \$54,130 (December 31, 2019 - \$53,506).

The option agreement, including the amendment, was in good standing as of March 31, 2020 and there are no breaches of any covenants, terms or conditions in respect thereof.

Pursuant to an impairment analysis performed on the Company’s Lolita property as at December 31, 2015, the Company decided to write down the carrying value of the property totaling \$321,275 to \$Nil. While the Company’s interest in the Lolita project remains unchanged for the three months ended March 31, 2020, the Company has determined not to substantiate the carrying value of the properties until there are expenditures by the Company on exploration and evaluation of mineral resources for this property. Accordingly, all costs incurred to date were written off as an impairment loss. Should a valuation analysis be performed in the future such that the estimated recoverable amount of the Lolita property is greater than the carrying amount of \$Nil, the impairment losses recognized in prior years could reverse in part, or in full. In this situation, the carrying amount could be increased to an amount that does not exceed the original carrying amount that would have been determined had no impairment loss been recognized for the Lolita property in prior years. As of March 31, 2020, the Company has incurred and written down \$373,031 of project related costs.

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6. Mineral Properties and Deferred Exploration Costs (continued)

d) Timmins Gold Project

The Timmins Gold Project is comprised of four properties along the DestorPorcupine Fault Zone located east of Timmins. The properties are comprised of 4 leases and 98 claims. The Company holds 100% interest in the Holloway and Marriott Properties. The Company holds 50% interest in the Guibord property with the remaining 50% held by Osisko, of which 10% is beneficially held for Kirland Lake. The Company holds 20% interest in the Harker property with the remaining 80% held by Osisko. The properties are subject to a 2% net smelter royalty held by a former director of the Company.

Pursuant to an impairment analysis performed on the Company's Timmins property as at December 31, 2015, the Company decided to write down the carrying value of the property at December 31, 2015 totaling \$1,010,246 to \$Nil. While the Company's interest in the Timmins project remains unchanged for the three months ended March 31, 2020, the Company has determined not to substantiate the carrying value of the properties until there are expenditures by the Company on exploration and evaluation of mineral resources for this property. Accordingly, all costs incurred to date were written off as an impairment loss during the three months ended March 31, 2020. Should a valuation analysis be performed in the future such that the estimated recoverable amount of the Timmins property is greater than the carrying amount of \$Nil, the impairment losses recognized in prior years could reverse in part, or in full. In this situation, the carrying amount could be increased to an amount that does not exceed the original carrying amount that would have been determined had no impairment loss been recognized for the Timmins property in prior years. As of March 31, 2020, the Company has incurred and written down \$1,066,800 (December 31, 2019 - \$1,063,867) of project related costs.

7. Due to Related Company

As at March 31, 2020, the Company owes \$2,545 (December 31, 2019 - \$Nil) to a related company. Amounts due to the related company are non-interest bearing, unsecured and due on demand. The Company and the related company have a director in common. This director is also a shareholder and an officer of both companies.

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8. Share Capital

a) Authorized:

Unlimited common shares
Unlimited preferred shares

b) Common Shares Issued and Outstanding

	Number	Amount
Balance - January 1, 2019	197,499,727	8,730,206
Issued for:		
Option agreement payment (note 6(a)) (i)	3,450,000	74,750
Private placements completed on July 3, 2019 (ii)	3,500,000	350,000
Issuance costs	-	-
Balance - December 31, 2019	<u>204,449,727</u>	<u>\$ 9,154,956</u>
Balance - January 1, 2020	204,449,727	\$ 9,154,956
Issued for:		
Option agreement payment (note 6(b)) (iii)	300,000	9,000
Balance - March 31, 2020	<u>204,749,727</u>	<u>\$ 9,163,956</u>

During the year ended December 31, 2019, the following transactions occurred:

(i) On May 22, 2019, the Company issued 1,150,000 common shares pursuant to an Option Agreement. The common share issuance was valued at \$17,250 based on the Company's common share close price of \$0.015 on the date of issuance. On August 8, 2019 the Company issued 2,300,000 common shares pursuant to an Option Agreement. The common share issuance was valued at \$57,500 based on the Company's common share close price of \$0.025 on the date of issuance. See note 6 (a) for more information regarding the Option Agreement and share issuance.

(ii) On July 3, 2019, the Company completed a non-brokered private placement of 3,500,000 common shares at a price of \$0.10 each for total gross proceeds of \$350,000.

During the three months ended March 31, 2020, the following transactions occurred:

(iii) On January 28, 2020, the Company issued 300,000 shares pursuant to an Option Agreement. The common share issuance was valued at \$9,000 based on the Company's common share close price of \$0.03 on the date of issuance. See note 6 (b) for more information regarding the Option Agreement and share issuance.

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9. Warrants

a) A summary of the status of the Company's warrants is as follow:

	<u>Number</u>	<u>Amount</u>	<u>Weighted Average Exercise Price</u>
Balance - January 1, 2019 and December 31, 2019	5,725,000	\$ 154,984	\$ 0.10
Reclassification on expiry of warrants	<u>(4,150,000)</u>	<u>(114,842)</u>	0.10
Balance - March 31, 2020	<u>1,575,000</u>	<u>\$ 40,142</u>	<u>\$ 0.10</u>

During the three months ended March 31, 2020, the Company did not issue any warrants and 4,150,000 warrants expired unexercised. The remaining 1,575,000 warrants expire on May 7, 2020.

b) Finders Warrant

Pursuant to the Finder Agreement, on March 16, 2018 the Corporation granted Finders Warrants equal to 7% of the of the units issued under the offering.

Each Finders warrant will entitle the holder to purchase one Unit, at an exercise price equal to \$0.10 per Warrant Unit for a period of 24 months from the closing date. The Warrants underlying the Units issuable upon exercise of the Finders Warrant will be void and of no value at the Expiry Time.

A summary of changes to Finders Warrant is as follows:

	<u>Number</u>	<u>Amount</u>	<u>Weighted Average Exercise Price</u>
Balance - January 1, 2019 and December 31, 2019	154,000	\$ 6,696	\$ 0.10
Expired	<u>(154,000)</u>	<u>(6,696)</u>	0.10
Balance - March 31, 2020	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>

During the three months ended March 31, 2020, 154,000 Finders Warrants expired unexercised.

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10. Share-Based Compensation

a) Stock Option Plan

The Board of Directors has adopted a stock option plan for the Company (the “Plan”). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of options granted thereunder may not exceed 10% of the number of issued and outstanding shares at the time of granting the options. Options shall expire no later than ten years after the date of grant.

The exercise price of options granted pursuant to the Plan shall be established based on the average closing price of the shares for the five days prior to the date of grant or such other method of pricing as may be acceptable to the stock exchange on which the shares are listed. The options shall vest and may be exercised as determined by a resolution of the Board of Directors.

b) A summary of changes to stock options is as follows:

	Number	Weighted Average Exercise Price
Balance - January 1, 2019	11,375,000	\$ 0.10
Granted/vested (i)	5,250,000	0.10
Expired (ii)	(1,045,000)	-
Balance - December 31, 2019 and March 31, 2020	15,580,000	\$ 0.10

All outstanding options have fully vested and are exercisable.

(i) On April 23, 2019, the Company granted 5,250,000 options to its directors, officers, employees and consultants. Each option entitles the holder to acquire one common share of the Company at an exercise price of \$0.10 per share for a period up to 10 years from the date the option was granted. The stock options vest immediately upon grant and are fully exercisable.

The Company recorded share-based compensation expense of \$52,233 on the consolidated statement of loss and comprehensive loss for the 5,250,000 stock options granted. The fair value of the options granted was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

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10. Share-Based Compensation (continued)

b) (continued)

Expected dividend yield	Nil
Risk-free interest rate	1.78%
Expected life	10 years
Expected volatility	197%
Stock price	\$0.01

(ii) During the year ended December 31, 2019, 500,000 options belonging to a retired employee expired unexercised and additional 545,000 options expired unexercised.

c) As at March 31, 2020 and December 31, 2019, the following options were outstanding and exercisable:

Exercise Price	Number of Options		Expiry Date
	Unvested	Vested	
\$ 0.100	-	1,250,000	April 20, 2020
\$ 0.100	-	300,000	October 29, 2020
\$ 0.100	-	2,150,000	March 29, 2021
\$ 0.100	-	6,630,000	October 29, 2028
\$ 0.100	-	5,250,000	April 23, 2029
	-	15,580,000	

11. Related Party Transactions

During the three months ended March 31, 2020, the Company:

- Incurred rent of \$600 (2019 - \$600) with a related company. The Company and the related company have an officer in common. This officer is also a director and shareholder of both companies. As at March 31, 2020, accounts payable and accrued liabilities included \$12,000 (December 31, 2019 - \$11,400) related to rent payable.
- Incurred consulting fees of \$25 (2019 - \$25) with the Company's CFO. As at March 31, 2020, accounts payable and accrued liabilities included \$214,105 (December 31, 2019 - \$214,080) of consulting fees payable to the CFO.
- As at March 31, 2020, accounts payable and accrued liabilities included \$14,750 (December 31, 2019 - 14,750) of consulting fees payable to the former Corporate Secretary.

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11. Related Party Transactions (continued)

- d) Incurred consulting fees of \$25 (March 31, 2019 - \$25) with the Company's current Corporate Secretary. As at March 31, 2020, accounts payable and accrued liabilities included \$25 (December 31, 2019 - \$Nil) of consulting fees payable to the current Corporate Secretary.
- e) Incurred salaries of \$25 (March 31, 2019 - \$25) with the Company's CEO. As at March 31, 2020, accounts payable and accrued liabilities included \$25 (December 31, 2019 - \$Nil) of consulting fees payable to the Company's CEO.
- f) Incurred directors fees of \$125 (March 31, 2019 - \$125). As at March 31, 2020, accounts payable and accrued liabilities included \$43,575 (December 31, 2019 - \$43,450) of directors' fees payable.
- g) Other related party transaction information is disclosed in note 7.

12. Financial Instruments

a) Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at March 31, 2020, the Company had current assets of \$109,806 (December 31, 2019 - \$224,577) to settle current liabilities of \$617,751 (December 31, 2019 - \$629,096). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company has no income and relies on equity financing to support its exploration program. Additional financing is required to fund the related operating expenses required to manage the Company through fiscal 2020. Management prepares budgets and ensures funds are available prior to commencement of any exploration program.

b) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk relates to cash and other receivables. Cash is held with a reputable financial institution and is closely monitored by management. Other receivables includes HST receivable of \$22,348 (December 31, 2019 - \$28,069) and other amounts receivable of \$7,174 (December 31, 2019 - \$7,181).

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12. Financial Instruments (continued)

c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates and equity prices.

(i) Foreign Exchange Risk

The Company is exposed to financial risk related to foreign exchange rates. The Company operates in Canada and Argentina. A significant change in the currency exchange rates between the Canadian dollar and Argentinean peso could have an effect on the Company's results of operations.

At March 31, 2020, the Company is exposed to currency risk through Argentinean cash expressed in Canadian dollars of \$217 (December 31, 2019 - \$195). A 10% depreciation or appreciation of the Canadian dollar against the Argentinean peso would result in an increase/decrease of approximately \$22 (December 31, 2019 - \$19) the Company's consolidated statement of comprehensive loss.

(ii) Equity Price Risk

The Company is exposed to price risk with respect to equity prices. 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's portfolio investments are subject to fair value fluctuations arising from changes in the equity market. As at March 31, 2020, should the equity prices of the Company's holdings increase or decrease by 5%, the impact on net loss would be approximately \$3,001 (December 31, 2019 - \$4,784).

13. Capital Disclosures

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan. As at March 31, 2020, the Company's capital consists of shareholders' equity in the amount of \$1,201,535 (December 31, 2019 - \$1,252,968).

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 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 Company does not have any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the three months ended March 31, 2020.

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14. COVID-19 Impact

In March 2020, the World Health Organization declared a global pandemic related to the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”. This 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 social distancing have caused material disruption to businesses resulting in a global economic disruption. At the same time, global equity markets have experienced historic volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize domestic economic conditions. The duration and eventual 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.

COVID-19 has no physical impact on the mineralization (gold, niobium, platinum, etc.) on the four mineralize properties currently held by the Company. However, COVID-19 does significantly impact the daily operations of the Company, its exploration activities, its ability to access funds in the capital markets and its ability to continue as a going concern, all of which is difficult to determine at this time. No adjustments have been made to the condensed interim consolidated financial statements in relation to the impact of COVID-19.