Valterra Resource Corporation

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Consolidated Financial Statements
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF VALTERRA RESOURCE CORPORATION

Opinion

We have audited the consolidated financial statements of Valterra Resource Corporation (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements comprehensive loss for the years then ended;
- the consolidated statements of changes in deficit for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $1,118,971 during the year ended December 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by $946,549. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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We obtained the Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 23, 2020

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Valterra Resource Corporation
(An Exploration Stage Company)
Consolidated Statements of Comprehensive Loss
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	2019	2018
Operating Expenses			
Administration	8	$ -	$ 50,000
Consulting	8	12,875	24,990
Exploration and evaluation	6 & 8	75,747	53,178
Investor relations	8	34,778	52,567
Office and general	8	18,860	18,947
Professional fees	8	25,317	53,488
Regulatory fees and taxes		32,935	30,339
Shareholders' communications		4,118	2,797
Transfer agent		9,288	6,750
Travel		2,261	4,182
		216,179	**297,238**
Foreign exchange loss		550	2,354
Mineral property impairment	6	902,242	-
		902,792	**2,354**
Net Loss and Comprehensive Loss for the Year		**$ 1,118,971**	**$ 299,592**
Loss per share - basic and diluted		$ 0.13	$ 0.04
Weighted average number of common shares outstanding		8,402,999	7,488,799

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

Valterra Resource Corporation
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Note		December 31 2019		December 31 2018
Assets					
Current					
Cash		$	9,654	$	6,661
Receivables			1,245		840
Prepaids			58,678		7,865
			69,577		**15,366**
Non-current					
Mineral properties	6		-		586,331
Reclamation bonds	7		29,649		30,578
			29,649		**616,909**
		$	**99,226**	**$**	**632,275**
Liabilities					
Current					
Accounts payable and accrued liabilities	6	$	595,603	$	467,592
Due to related parties	8		420,523		323,541
			1,016,126		**791,133**
Deficit					
Share capital	10		14,170,805		13,810,871
Share-based payments reserve			245,695		244,700
Warrant reserve			257,308		257,308
Deficit			(15,590,708)		(14,471,737)
			(916,900)		**(158,858)**
		$	**99,226**	**$**	**632,275**

Approved on behalf of the Board

"Lawrence Page"	*"Edward Odishaw"*
Lawrence Page, Q.C.	Edward Odishaw
Director	Director

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

Valterra Resource Corporation
(An Exploration Stage Company)
Consolidated Statements of Changes in Deficit
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Share Capital Number of Shares	Share Capital Amount	Share-based Payments Reserve	Warrant Reserve	Deficit	Total Deficit
Balance as at December 31, 2017	**6,498,874**	**$ 13,449,358**	**$ 227,608**	**$ 201,290**	**$ (14,187,468)**	**$ (309,212)**
Issued						
Private placement	1,120,367	280,092	-	56,018	-	336,110
Mineral property	295,574	100,451	28,696	-	-	129,147
Share issue costs	-	(19,030)	3,719	-	-	(15,311)
Expiry of options and warrants	-	-	(15,323)	-	15,323	-
Net loss	-	-	-	-	(299,592)	(299,592)
Balance as at December 31, 2018	**7,914,815**	**$ 13,810,871**	**$ 244,700**	**$ 257,308**	**$ (14,471,737)**	**$ (158,858)**
Issued						
Private placement	1,460,340	365,085	-	-	-	365,085
Share issue costs	-	(5,151)	995	-	-	(4,156)
Net loss	-	-	-	-	(1,118,971)	(1,118,971)
Balance as at December 31, 2019	**9,375,155**	**$ 14,170,805**	**$ 245,695**	**$ 257,308**	**$ (15,590,708)**	**$ (916,900)**

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

Valterra Resource Corporation

(An Exploration Stage Company)
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

	2019	2018
Operating Activities		
Net loss	$ (1,118,971)	$ (299,592)
Items not involving cash:		
Mineral property impairment	902,242	-
Unrealized foreign exchange	929	(1,046)
	(215,800)	(300,638)
Changes in Non-Cash Working Capital		
Receivables	(405)	2,404
Prepaids	(50,813)	(2,520)
Accounts payable and accrued liabilities	(2,319)	(10,591)
Due to related parties	24,482	173,532
	(29,055)	162,825
Cash Used in Operating Activities	**(244,855)**	**(137,813)**
Investing Activities		
Acquisition of mineral property	(185,581)	(162,465)
Reclamation bond	-	(17,532)
Cash Used in Investing Activities	**(185,581)**	**(179,997)**
Financing Activities		
Shares issued for cash, net	360,929	320,799
Related party loan	72,500	(5,000)
Cash Provided by Financing Activities	**433,429**	**315,799**
Increase (Decrease) in Cash During the Year	**2,993**	**(2,011)**
Cash, Beginning of the Year	6,661	8,672
Cash, End of the Year	$ **9,654**	$ **6,661**

Supplemental cash flow information (Note 9)

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

1. Nature of Operations and Going Concern

Valterra Resource Corporation (the "Company") was incorporated in Alberta on September 26, 1996, continued to the Yukon on May 8, 1997 and subsequently to British Columbia on February 22, 2008. The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements. The Company's registered office is 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These consolidated financial statements were 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. As at December 31, 2019, the Company had a working capital deficit of $946,549 (2018 - $775,767). The Company incurred a net loss of $1,118,971 for the year ended December 31, 2019 (2018 - $299,592) and had an accumulated deficit of $15,590,708 as at December 31, 2019 (2018 - $14,471,737).

As at December 31, 2019, the Company does not have sufficient capital to meet the requirements for its administrative overhead or maintaining its mineral interests. The Company has relied mainly upon the issuance of share capital and short-term debt to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. In order to finance future activities the Company will be required to issue further share capital through private placements and the exercise of options and warrants or obtain additional short-term debt. There can be no assurance that such financing will be available to the Company and, therefore, a material uncertainty exists which casts significant doubt over the Company's ability to continue as a going concern.

These consolidated financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Preparation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using historical cost, except for cash flow information and financial instruments measured at fair value. All intercompany transactions and balances have been eliminated upon consolidation. The Company's functional and presentation currency is the Canadian dollar.

The financial statements of the Company consolidates entities controlled by the Company as follows:

2. Basis of Preparation, continued

Entity	Country of Incorporation	Principal Activity
Valterra Resource (US) Corporation	USA	Mineral exploration - 100% owned by the Company
Minera Reyterra S.A de C.V.	Mexico	Mineral exploration - 100% owned by the Company

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 23, 2020.

3. Summary of Significant Accounting Policies

(a) Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant. Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements include:

Control

Management consolidates all subsidiaries and entities which it is determined that the Company controls. Control is evaluated on the ability of the Company to direct the activities of the subsidiary or entity to derive variable returns and management uses judgment in determining whether control exists. Judgment is exercised in the evaluation of the variable returns and in determining the extent to which the Company has the ability to exercise its power to generate variable returns.

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, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of long-lived assets

The carrying value of mineral property acquisition costs is reviewed each reporting period to determine whether there is any indication of impairment. The determination of the impairment involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties, and the results of exploration and evaluation to date.

3. Summary of Significant Accounting Policies, continued

(a) Significant Accounting Estimates and Judgments, continued

Mexican Value Added Tax

The recoverability of taxes receivable related to value added tax incurred in Mexico is dependent on various factors such as local policy, historical collectability and the general economic environment. Management uses all relevant facts to determine if the taxes receivable are recoverable.

Determination of, and provision for, reclamation and remediation obligations

The Company assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

Deferred taxes

The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. In addition, changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

(b) Mineral Properties

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries which are recorded when receivable, until these mineral properties are placed into commercial production, sold or abandoned. If commercial production is achieved from a mineral property, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

All expenditures related to the exploration and evaluation of mineral properties, net of recoveries which are recorded when receivable, are expensed to net loss in the period in which they are incurred.

3. Summary of Significant Accounting Policies, continued

(b) Mineral Properties, continued

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, option payments are recognized when paid or received. If recoveries are received and exceed the capitalized expenditures, the excess is reflected in profit or loss.

All capitalized mineral property costs are reviewed at each reporting date, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the carrying value, provision is made for the impairment in value. The amounts capitalized for mineral properties represent costs incurred to date less write-downs and recoveries, and are not intended to reflect present or future values.

The Company recognizes an estimate of the liability associated with statutory, contractual, constructive or legal obligations associated with site closure and property retirement costs in the period in which the liability is incurred if a reasonable estimate of fair value can be made. The estimated fair value or present value of future cash flows is capitalized to the related mining acquisition assets with a corresponding increase in the rehabilitation provision in the period incurred. The capitalized amount will be depreciated on a unit-of-production basis over the estimated life of the ore reserve.

The amount of the provision will be increased each reporting period due to the passage of time and the amount of accretion is charged to profit or loss. The provision can also increase or decrease due to changes in regulatory requirements, discount rates, and assumptions regarding the amount and timing of future rehabilitation expenditures. Any changes are recorded directly to the related mining assets with a corresponding change to the rehabilitation provision. Actual rehabilitation expenditures incurred are charged against the rehabilitation provision to the extent of the liability recorded.

(c) Related Party Transactions

Parties are considered 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.

Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

3. Summary of Significant Accounting Policies, continued

(d) Reclamation Bonds

Reclamation bonds are recorded at amortized cost and held by government agencies or in trust.

(e) Share Capital

Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against share proceeds prorated to common shares and share purchase warrants.

(f) Non-monetary Consideration

Shares and warrants issued for non-monetary consideration to non-employees are recorded at the fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance or using an appropriate valuation method. Shares or warrants to be issued, which are contingent upon future events or actions, are recorded by the Company when it is reasonably determinable that such instruments will be issued.

(g) Share-based Payments

Share-based payments for employees are measured at fair value of the instruments issued on the date of grant and amortized over the vesting period. Share-based payments for non-employees are measured at either the fair value of the goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded on the date the goods or services are received. The fair value of stock options is charged to profit or loss using the graded vesting method, with the offset credit to share-based payment reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related fair value previously recorded is transferred from share-based payment reserve to share capital. Upon expiry, related fair value previously recorded is transferred from share-based payment reserve to deficit.

(h) Foreign Currency Translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect as at the reporting date;
(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
(iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the exchange rates in effect on the date of the transaction.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss.

3. Summary of Significant Accounting Policies, continued

(i) Income Taxes

The Company follows the asset and liability method of accounting for income taxes.

Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date. Deferred tax assets also result from unused tax losses carried forward, resource related tax pools and other deductions.

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.

(j) Loss per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options, warrants and similar instruments that would be anti-dilutive.

(k) Financial Instruments

IFRS provide three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost.

The category into which a financial asset is placed and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

3. Summary of Significant Accounting Policies, continued

(k) Financial Instruments, continued

Financial assets

The Company initially recognizes financial assets on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies all of its financial assets as subsequently measured at amortized cost. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income are classified as fair value through profit or loss.

Financial liabilities

The Company measures all of its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Fair value

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

4. Financial Instruments

The Company's financial instruments include cash, reclamation bonds, accounts payable and accrued liabilities and due to related parties. The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity. The reclamation bonds are non-interest-bearing, have no maturity date and carrying values approximate fair value. The Company's financial instruments are exposed to certain financial risks, including liquidity risk, currency risk, credit risk, interest rate risk and other price risk. The Company's exposure to these risks and its methods of managing the risks are summarized as follows:

(i) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities and through management of its capital structure.

As at December 31, 2019, all of the Company's financial liabilities are either past due or have contractual maturities of less than 90 days. The Company does not have sufficient resources to meet requirements for administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months. The Company will be required to raise additional capital in the future to fund its operations.

(ii) Currency Risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar (primarily US dollars and Mexican Pesos).

The Company does not manage currency risks through hedging or other currency management tools. As at December 31, 2019, cash of $119 (2018 - $1,028) was held in US dollars. As at December 31, 2019, accounts payable and accrued liabilities of $134,939 (2018 - $7,300) and due to related parties of $6,027 (2018 - $409) were payable in US dollars and accounts payable and accrued liabilities of $1,103 (2018 - $17,460) were payable in Mexican Pesos. Based on forecast exchange rate movements for the next twelve months assuming all other variables remain constant, the Company considers its financial performance and cash flows would not be materially affected by a weakening or strengthening of the US dollar or Mexican Peso.

(iii) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk mainly in respect to managing its cash, which is held with a Canadian financial institution. The Company mitigates credit risk by risk management policies that require significant cash deposits be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. All investments must be less than one year in duration.

(Expressed in Canadian Dollars)

4. Financial Instruments, continued

(iv) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to material interest rate risk.

(v) Other Price Risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to material other price risk.

5. Capital Management

The Company's capital includes components of deficit. The Company's objectives in managing its capital are to maintain the ability to continue as a going concern and to continue to explore the Company's mineral properties for the benefit of its stakeholders. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place setting out the expenditures required to meet its strategic goals. The Company compares actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities. As the Company is in the exploration stage, its operations have been substantially funded by the issuance of equity instruments and short-term debt. The Company will continue to rely on equity issuances and short-term debt for future funding depending upon market and economic conditions at the time. There have been no changes in the Company's approach to capital management during the year ended December 31, 2019.

6. Mineral Properties

Mineral property acquisition costs as at December 31, 2019 were:

	Swift Katie $	Weepah $	Los Reyes $	Total $
Balance as at December 31, 2017	194,897	109,286	-	304,183
Additions	59,781	109,554	112,813	282,148
Balance as at December 31, 2018	254,678	218,840	112,813	586,331
Additions, net of recoveries	-	162,776	153,135	315,911
Impairments	(254,678)	(381,616)	(265,948)	(902,242)
Balance as at December 31, 2019	**-**	**-**	**-**	**-**

Management has considered the ability of the Company to raise sufficient financing to be an indicator of impairment and therefore recorded an impairment provision against all of its properties in accordance with Level 3 of the fair value hierarchy.

6. Mineral Properties, continued

Swift Katie

Pursuant to an agreement dated July 21, 2006, as amended, a private company controlled by a director of the Company, acquired an option to purchase the property located near Salmo, British Columbia. The option was subsequently assigned to the Company for $2,500.

The property is subject to a 3% net smelter royalty ("NSR") of which the Company has the option to purchase one-half (1.5%) for $1,000,000 per 1% and the option to purchase a further one-sixth (0.5%) for an additional $1,500,000 at any time prior to the commencement of commercial production. Beginning December 31, 2010 and annually thereafter, the Company is required to make an annual advance minimum royalty ("AMR") payment of $50,000. These payments will be adjusted annually according to the Consumer Price Index base of December 31, 2006 and are deductible from future NSR payments (2018 & 2019 - unpaid).

In addition to the NSR and the AMR, if the Company completes a positive feasibility study, the Company will issue 2,500 common shares to the optionors and if the Company achieves commercial production, the Company will issue 5,000 common shares to the optionors.

Weepah

Pursuant to an agreement dated June 23, 2017, as amended, the Company has the right to acquire a 100% interest in certain unpatented and patented mining claims in Esmeralda County, Nevada. To acquire the interest, the Company is required to make the following remaining payments:

- US$11,250 on October 28, 2019 (paid);
- US$88,750 on December 23, 2019; (contractual and included in accounts payable and accrued liabilities - unpaid);
- US$300,000 on June 23, 2020; and
- US$400,000 on June 23, 2021.

A portion of the property is subject to a 3% NSR royalty, of which the Company may reduce to 1% for US$2,500,000, with the remainder of the property being subject to 3% NSR royalty, of which the Company may reduce to 2% for US$1,500,000. AMR payments of US$10,000 are due annually on June 24 (2019 - paid : 2018 - deferred to December 23, 2019 (contractual and included in accounts payable and accrued liabilities - unpaid)) and further AMR payments will be due upon the anniversary of the option exercise as follows: US$25,000 on first, second and third anniversaries, and US$35,000 on subsequent anniversaries.

On May 7, 2019, the Company signed a Letter of Intent with Ginguro Gold Pty Ltd ("Ginguro") whereby Ginguro could earn up to an 80% interest in the property. Ginguro subsequently paid the Company US$10,000. On June 13, 2019, Ginguro gave notice of termination of the Letter of Intent and returned all acquired data to the Company.

Los Reyes

Pursuant to an agreement dated June 11, 2018, as amended, the Company has the right to acquire a 100% interest in two claims in Chihuahua, Mexico.

(Expressed in Canadian Dollars)

6. Mineral Properties, continued

Los Reyes, continued

To acquire the interest, and for consideration for amending the agreement, the Company is required to issue 40,000 common shares (to be issued upon TSX Venture Exchange approval) and make the following remaining payments, plus applicable local taxes of 16%:

- US$30,000 on August 23, 2019 (paid);
- US$70,000 on December 31, 2019 (paid);
- US$100,000 on August 11, 2020;
- US$200,000 on August 11, 2021;
- US$300,000 on August 11, 2022; and
- US$3,250,000 on August 11, 2023.

The property is subject to a 2% royalty payable to a third party. A finder's fee is also payable upon payment of the above as follows:

- 30,000 common shares upon payment of US$50,000 due on August 11, 2018 (issued on August 16, 2018 with a fair value of $0.25 per share);
- 30,000 common shares on December 31, 2019 (unissued); and
- 120,000 common share purchase warrants exercisable to purchase one common share at an exercise price of $0.50 per share (issued on August 16, 2018 with a weighted average fair value of $0.24 per warrant) (Note 10(e)) as:
  a) 30,000 common share purchase warrants for a period of two years upon payment of US$100,000 due on August 11, 2020;
  b) 30,000 common share purchase warrants for a period of two years upon payment of US$200,000 due on August 11, 2021;
  c) 30,000 common share purchase warrants for a period of two years upon payment of US$300,000 due on August 11, 2022; and
  d) 30,000 common share purchase warrants for a period of two years upon payment of US$3,250,000 due on August 11, 2023.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the years ended December 31, 2019 and 2018 were:

	Swift Katie		Weepah		Los Reyes		Total	
	$	$	$	$	$	$	$	$
	2019	2018	2019	2018	2019	2018	2019	2018
Assays and analysis	-	-	-	-	1,904	-	**1,904**	**-**
Equipment rental and field supplies	3,160	3,400	-	-	2,771	6,465	**5,931**	**9,865**
Geological services	500	255	5,195	1,732	55,437	8,612	**61,132**	**10,599**
Other	1,436	-	-	1,090	2,736	1,703	**4,172**	**2,793**
Project supervision	2,000	9,513	-	53	-	4,422	**2,000**	**13,988**
	7,096	**13,168**	**5,195**	**2,875**	**62,848**	**21,202**	**75,139**	**37,245**
General							**608**	**15,933**
							75,747	**53,178**

6. Mineral Properties, continued

Environmental

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 had 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. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

Title to Mineral Properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mineral properties. The Company has investigated title to its mineral property interests in accordance with industry standards for the current stage of exploration of such properties and, to the best of its knowledge, title to its properties are in good standing; however, 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.

Realization of Assets

Realization of the Company's investment in mineral properties is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements, the attainment of successful production from the properties, or from the proceeds of their disposal. The attainment of commercial production is in turn dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the property interest, and upon future profitable production.

7. Reclamation Bonds

The Company has posted non-interest-bearing reclamation bonds against any potential land restoration costs that may be incurred in the future. The funds are held in trust and may be released after required reclamation is satisfactorily completed.

As at December 31, 2019, amounts on deposit were $12,000 (2018 - $12,000) relating to Swift Katie and $17,649 (US$13,616) (2018 - $18,578 (US$13,616)) relating to Weepah.

(Expressed in Canadian Dollars)

8. Related Party Balances and Transactions

Except as disclosed elsewhere in these consolidated financial statements, the Company entered into the following related party transactions:

(a) Fees were charged by a company controlled by a director and officer of the Company as follows:

- $nil (2018 - $50,000) for office space and administration services;
- $nil (2018 - $11,550) for consulting services;
- $nil (2018 - $27,500) for professional services;
- $nil (2018 - $28,005) for investor relations services;
- $nil (2018 - $24,074) for geological consulting services; and
- $3,196 (2018 - $2,923) for mark-up on out of pocket expenses.

Effective November 1, 2018, the Company received notice that it was in default of the agreement under which these services were provided. Amounts payable as at December 31, 2019 were $303,107 (2018 - $278,443).

(b) Fees in the amount of $nil (2018 - $16,340) were charged by, or accrued to, a law firm controlled by a director and officer of the Company and included in professional fees, mineral property acquisition or exploration expenditures or share issue costs where applicable. Amounts payable as at December 31, 2019 were $20,514 (2018 - $30,514).

(c) Fees in the amount of $12,000 (2018 - $12,000) were charged by an officer of the Company for consulting services. Amounts payable as at December 31, 2019 were $16,275 (2018 - $14,175).

(d) Fees in the amount of US$4,350 (2018 - US$1,350) were charged by a director of the Company for geological consulting services. Amounts payable as at December 31, 2019 were $6,027 (US$4,650) (2018 - $409 (US$300)).

(e) Fees in the amount of $2,000 (2018 - $nil) were charged by a company controlled by a director of the Company for geological consulting services. Amounts payable as at December 31, 2019 were $2,100 (2018 - $nil).

(f) Loans totalling $72,500 (2018 - $nil) are payable to a company controlled by a director and officer of the Company with respect to funds advanced. Outstanding loans are subject to interest at 5% per annum.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. With the exception of interest-bearing loans, amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment. The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management, including amounts in (c), (d) and (e) above, was as follows:

	2019	2018
Short-term benefits	$ 19,773	$ 13,750
Total	$ 19,773	$ 13,750

(Expressed in Canadian Dollars)

9. Supplemental Cash Flow Information

		2019		2018
Non-Cash Items				
Investing Activities				
Shares and warrants issued for mineral property	$	-	$	129,147
Mineral property acquisition in accounts payable	$	134,351	$	4,021
Mineral property acquisition in due to related parties	$	700	$	700

10. Share Capital

(a) Authorized

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value. On December 11, 2019, the Company completed a consolidation of its outstanding share capital on a basis of one post-consolidation share for every ten pre-consolidation shares. All comparative figures have been adjusted retrospectively.

(b) Equity Financings

Year ended December 31, 2019

On August 1, 2019, the Company closed the first tranche of a non-brokered private placement and issued 390,000 units at a price of $0.25 per unit for gross proceeds of $97,500. On September 18, 2019, the Company closed the final tranche of this private placement and issued 1,070,340 units at a price of $0.25 per unit for gross proceeds of $267,585. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable to purchase one common share at an exercise price of $0.50 per share for a period of four years.

On August 1, 2019, the Company issued 5,600 finders' share purchase warrants exercisable to purchase one common share at an exercise price of $0.50 for a period of four years (Note 10(e)).

Year ended December 31, 2018

On March 28, 2018, the Company closed the first tranche of a non-brokered private placement and issued 775,367 units at a price of $0.30 per unit for gross proceeds of $232,610. On April 23, 2018, the Company closed the final tranche of this private placement and issued 345,000 units at a price of $0.30 per unit for gross proceeds of $103,500. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable to purchase one common share at an exercise price of $0.50 per share for a period of three years.

On March 28, 2018, the Company issued 2,919 finders' share purchase warrants and on April 23, 2018, the Company issued 14,000 finders' share purchase warrants with each warrant exercisable to purchase one common share at an exercise price of $0.50 for a period of three years (Note 10(e)).

(Expressed in Canadian Dollars)

10. Share Capital, continued

(c) Share Purchase Warrants

Share purchase warrants outstanding as at December 31, 2019 were:

Exercise Price	Expiry Date	Balance December 31, 2018	Issued	Expired	Balance December 31, 2019
$0.50	February 20, 2019	310,500	-	310,500	-
$0.50	June 10, 2019	100,000	-	100,000	-
$1.00	October 5, 2021	1,658,400	-	-	1,658,400
$1.00	October 5, 2021	354,500	-	-	354,500
$1.00	October 5, 2021	12,000	-	-	12,000
$1.00	December 29, 2021	281,510	-	-	281,510
$1.00	December 29, 2021	10,560	-	-	10,560
$0.50	March 28, 2021	775,366	-	-	775,366
$0.50	March 28, 2021	2,919	-	-	2,919
$0.50	April 23, 2021	345,000	-	-	345,000
$0.50	April 23, 2021	14,000	-	-	14,000
$0.50	August 1, 2023	-	390,000	-	390,000
$0.50	August 1, 2023	-	5,600	-	5,600
$0.50	September 18, 2023	-	1,070,340	-	1,070,340
		3,864,755	**1,465,940**	**410,500**	**4,920,195**
Weighted average exercise price		$0.80	$0.50	$0.50	$0.74
Weighted average contractual life remaining (years)		2.36			2.23

Share purchase warrants issued but not exercisable as at December 31, 2019 were:

Exercise Price	Expiry Date	Balance December 31, 2018	Balance December 31, 2019
$0.50	Note 1	30,000	30,000
$0.50	Note 2	30,000	30,000
$0.50	Note 3	30,000	30,000
$0.50	Note 4	30,000	30,000
		120,000	**120,000**
Weighted average exercise price		$0.50	$0.50
Weighted average contractual life remaining (years)		5.15	4.15

(Expressed in Canadian Dollars)

10. Share Capital, continued

(c) Share Purchase Warrants, continued

Share purchase warrants outstanding as at December 31, 2018 were as follows:

Exercise Price	Expiry Date	Balance December 31, 2017	Issued	Balance December 31, 2018
$0.50	February 20, 2019	310,500	-	310,500
$0.50	June 10, 2019	100,000	-	100,000
$1.00	October 5, 2021	1,658,400	-	1,658,400
$1.00	October 5, 2021	354,500	-	354,500
$1.00	October 5, 2021	12,000	-	12,000
$1.00	December 29, 2021	281,510	-	281,510
$1.00	December 29, 2021	10,560	-	10,560
$0.50	March 28, 2021	-	775,366	775,366
$0.50	March 28, 2021	-	2,919	2,919
$0.50	April 23, 2021	-	345,000	345,000
$0.50	April 23, 2021	-	14,000	14,000
		2,727,470	**1,137,285**	**3,864,755**
Weighted average exercise price		$0.90	$0.50	$0.80
Weighted average contractual life remaining (years)		3.41		2.36

Share purchase warrants issued but not exercisable as at December 31, 2018 were as follows:

Exercise Price	Expiry Date	Balance December 31, 2017	Issued	Balance December 31, 2018
$0.50	Note 1	-	30,000	30,000
$0.50	Note 2	-	30,000	30,000
$0.50	Note 3	-	30,000	30,000
$0.50	Note 4	-	30,000	30,000
		-	**120,000**	**120,000**
Weighted average exercise price		-	$0.50	$0.50
Weighted average contractual life remaining (years)		-		5.15

(1) Expiry date two years from Los Reyes property payment of US$100,000 due on August 11, 2020
(2) Expiry date two years from Los Reyes property payment of US$200,000 due on August 11, 2021
(3) Expiry date two years from Los Reyes property payment of US$300,000 due on August 11, 2022
(4) Expiry date two years from Los Reyes property payment of US$3,250,000 due on August 11, 2023

(Expressed in Canadian Dollars)

10. Share Capital, continued

(d) Stock Options

The Company has a rolling stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The term of stock options granted under the Plan may not exceed ten years and the exercise price may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant, less any permitted discount. On an annual basis, the Plan requires approval by the Company's shareholders and submission for regulatory review and acceptance.

Stock options outstanding and exercisable as at December 31, 2019 were:

Exercise Price	Expiry Date	Balance December 31, 2018	Balance December 31, 2019
$0.50	March 27, 2022	420,000	420,000
		420,000	**420,000**
Weighted average exercise price		$0.50	$0.50
Weighted average contractual life remaining (years)		3.24	2.24

Stock options outstanding and exercisable as at December 31, 2018 were as follows:

Exercise Price	Expiry Date	Balance December 31, 2017	Cancelled / Expired	Balance December 31, 2018
$1.70	March 1, 2018	10,000	10,000	-
$0.50	March 27, 2022	420,000	-	420,000
		430,000	**10,000**	**420,000**
Weighted average exercise price		$0.50	$1.70	$0.50
Weighted average contractual life remaining (years)		4.14		3.24

(e) Fair Value Determination

The weighted average fair value of finders warrants issued was $0.18 (2018 - $0.24). Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions: Risk-free interest rate - 1.36% (2018 - 2.02%) : Expected share price volatility - 178.58% (2018 - 187.67%) : Expected life - 4 years (2018 - 5.19 years) : Expected dividend yield - 0% (2018 - 0%).

(Expressed in Canadian Dollars)

10. Share Capital, continued

(e) Fair Value Determination, continued

The expected volatility assumptions have been developed taking into consideration historical volatility of the Company's share price. The total calculated fair value of share-based payments recognized was as follows:

	2019	2018
Consolidated Statements of Changes in Deficit		
Finders' warrants	$ 995	$ 32,415
Total	$ 995	$ 32,415

11. Income Tax

A reconciliation of the income tax expense computed at statutory rates to the reported loss before taxes is as follows:

	2019	2018
Income tax benefit at statutory rate of 27% (2018 - 27.00%)	$ 302,123	$ 80,890
Permanent differences	(244,131)	-
Temporary differences	3,108	5,135
Other	225,913	4,269
Unused tax losses and tax offsets not recognized	(287,013)	(89,910)
Effect of change in tax rate	-	(384)
	$ -	$ -

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2019	2018
Non-capital losses	$ 5,755,142	$ 5,533,880
Share issue costs	27,225	41,676
Tax value over book value of mineral properties	2,191,006	1,284,458
Tax value over book value of income tax credits	21,432	21,432
Tax value over book value of equipment	29,417	29,417
	$ 8,024,222	$ 6,910,863

The Company has unrecognized non-capital losses of approximately US$25,000 available to carry forward indefinitely. The Company's other unrecognized non-capital losses expire as follows:

(Expressed in Canadian Dollars)

11. Income Tax, continued

	CDN $	Mxn Peso
2026	374,000	-
2027	564,000	-
2028	594,000	318,000
2029	594,000	898,000
2030	512,000	-
2031	369,000	-
2032	521,000	-
2033	667,000	-
2034	174,000	-
2035	112,000	-
2036	356,000	-
2037	355,000	-
2038	292,000	-
2039	155,000	
	5,639,000	1,216,000

12. Segmented Information

The Company has one operating segment, the acquisition and exploration of mineral properties. As at December 31, 2019, the Company's non-current assets were located in Canada ($12,000) and the United States of America ($17,649) (2018 - Canada ($266,678), the United States of America ($237,418) and Mexico ($112,813)).

13. Events after the Reporting Period

Other than disclosed elsewhere, the following events occurred subsequent to December 31, 2019:

- The COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. As a result of the COVID-19 outbreak, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the ultimate impact or duration of the volatility on the Company and its operations.

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Management's Discussion and Analysis
For the Year Ended December 31, 2019
Dated: April 23, 2020

A. Introduction

The following Management's Discussion and Analysis ("MD&A") of the consolidated operating results and financial condition of Valterra Resource Corporation (the "Company") is for the year ended December 31, 2019, and is dated April 23, 2020. This MD&A was prepared to conform to National Instrument 52-102F1 and was approved by the Board of Directors prior to its release. This analysis should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019, and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's functional and presentation currency is the Canadian dollar and all amounts included herein are in Canadian dollars, unless otherwise indicated.

The Company's shares are listed on the TSX Venture Exchange ("VQA.V"), the Frankfurt Stock Exchange ("3VA.F") and the OTCQB Marketplace ("VRSCF").

Additional information relating to the Company is available at valterraresource.com and at sedar.com.

B. Qualified Persons

Robert Macdonald, MSc. P. Geo., is the qualified person as defined by National Instrument 43-101 responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development programs at Swift Katie and Los Reyes. Mr. Macdonald graduated with a B.Sc. degree from Memorial University of Newfoundland and a M.Sc. from the University of British Columbia. His work has focused on vein and intrusive-related gold systems and massive sulfide deposits.

Joseph A. Kizis, Jr., AIPG Certified Professional Geologist No. CPG-11513, is the qualified person as defined by National Instrument 43-101 responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development program at Weepah. Mr. Kizis graduated from University of Colorado with a M.S. in Geology and from Kent State University with a B.S. in Geology, and has many years of experience in minerals exploration both with major mining and junior exploration companies.

C. Conversion Tables

Precious metal units and conversion factors									
ppb	- Part per billion	1	ppb	=	0.0010	ppm	=	0.000030	oz/t
ppm	- Part per million	100	ppb	=	0.1000	ppm	=	0.002920	oz/t
oz	- Ounce (troy)	10,000	ppb	=	10.0000	ppm	=	0.291670	oz/t
oz/t	- Ounce per ton (avdp.)	1	ppm	=	1.0000	ug/g	=	1.000000	g/tonne
g	- Gram								
g/t	- Gram per metric ton	1	oz/t	=	34.2857	ppm			
mg	- Milligram	1	Carat	=	41.6660	mg/g			
kg	- Kilogram	1	ton (avdp.)	=	907.1848	kg			
ug	- Microgram	1	oz (troy)	=	31.1035	g			

D. Summary of Mineral Properties

The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements.

Swift Katie

The property consists of 19 contiguous MTO mineral claims, covering over 83 square kilometres, and is located near Salmo, British Columbia. The area has hosted several important mining districts and is underlain by rocks considered very favourable for the discovery of gold-quartz veins and porphyry-style mineralization.

Most recently, drilling tested three areas along an approximate 1,000 metre strike length of the target structure which had been previously traced by a combination of surface rock and soil sampling, historical trenching, and shallow drilling from the 1980's and by the Company in 2016. Only part of the full strike-length of the structural target has been drill tested; several additional target areas have been prioritized for testing in future programs.

The previous drilling also successfully confirmed high-grade gold mineralization in two locations along the tested strike-length of the target structure and returned a significant cumulative thickness of +1g/t Au mineralization in hole SK17-015. Both gold-enriched areas are open along strike and down dip and require additional drill testing.

Drill highlights at Swift include:

- **30.9g/t Au and 17.8g/t Ag over 0.8m within a broader 2.5m zone averaging 11.5g/t Au and 6.7 g/t Ag from hole SK17-015;**
- **an additional 22.6m interval averaging 1.1g/t Au and 0.5g/t Ag from hole SK17-015;**
- **9.7g/t Au and 7.6g/t Ag over 1.4m within a broader 8.6m interval averaging 3.1g/t Au and 2.0g/t Ag from hole SK17-019;**
- **0.96 g/t Au over 6.6m in hole SK16-011;**
- **13.3 g/t Au, 201 g/t Ag & 0.33% Cu over 3.5m from hole SK14-002; and**
- **1.83 g/t Au over 10m from hole 87-6, including 5.15g/t Au over 2.0m***

* *Historical assay results have not been verified and should not be relied upon as such.*

Higher grade gold values were returned from quartz veins and silicified intervals within a strongly foliated and quartz-carbonate-altered volcanic rock, which can form zones several tens of metres thick in any given drill hole. Alteration appears largely structurally controlled and forms an anastomosing network of northeast-striking shear zones that dip moderately to the southeast.

Gold mineralization has been intersected in relatively shallow drilling (<200 metre depth) with the thickness of some intercepts, particularly in hole SK17-015 comparable to mineralized intervals at Prize Mining's Kena Gold Project, located 30 kilometres to the northeast, which is currently modelled as a bulk-tonnage porphyry gold target.

D. Summary of Mineral Properties, continued

Exploration results to date support the Company's belief that a widespread gold-enriched, vein system exists at the Swift target and a large alkali porphyry system exists at the Katie target. Further work will be designed to continue to expand the known mineral systems and to evaluate several other targets that remain to be tested on the property.

Weepah

The property consists of 76 lode mining claims and one patented claim, totaling approximately 590 hectares, and is accessible from Highway 95 approximately 32 kilometres southwest of the town of Tonopah, Nevada. The property lies within the prolific Walker Lane Gold belt in western Nevada and is surrounded by active advanced exploration and development gold projects with growing mineral resources and reserves.

On May 7, 2019, the Company signed a Letter of Intent with Ginguro Gold Pty Ltd ("Ginguro") whereby Ginguro could earn up to an 80% interest in the property. Ginguro subsequently paid the Company US$10,000. On June 13, 2019, Ginguro gave notice of termination of the Letter of Intent and returned all acquired data to the Company.

Historical production occurred from shallow underground mines and a small open pit during two separate time intervals. From 1935 to 1939, Weepah Nevada Mining Co. produced gold from 305,000 metric tonnes grading 5.8g/t. From 1986 to 1987, Sunshine Mining Co. produced at various grades approximately 60,000 oz. of additional gold with accessory silver. Historic production figures are from several published and unpublished company reports; however, a qualified person has not done sufficient work to verify these grades and tonnages, and the Company cautions that these historic production figures should not be relied upon.

Gold mineralization occurs within two broad shear zones. The western shear zone was exploited by the small open pit and adjacent underground workings. The eastern shear zone was exploited by historic workings and was extended by recent drilling. The zones have been traced for several hundred meters along strike and variably down dip. Portions of the shear zones are exposed at surface or in workings and portions have been traced by widely spaced drill holes beneath shallow gravel cover, which is generally less than 10 metres to 30 metres thick. Vein textures and geochemistry suggest the mineralization is similar to many other mesothermal vein deposits along the western margin of North America.

Work conducted by the Company to date includes data compilation, 3D modeling, and identification of drill targets. Confirmation sampling in the open pit yielded results similar to those reported by others and highlights include:

- South Pit face - Chip-channel samples of up to 3m of 9.01 g/t Au and 7m of 5.67 g/t Au in two adjacent samples,
- North Pit face - Chip-channel samples of up to 8m of 3.50 g/t Au and 1.2m of 2.81 g/t Au in two adjacent samples, and
- Center of Pit – A float sample returned 16.2g/t Au and 10.6g/t Ag.

D. Summary of Mineral Properties, continued

Historic data provided with the property includes various geophysical surveys, geological mapping, bedrock sampling, interpretation of satellite imagery, and 4,300 metres in twenty-four reverse circulation drill holes. Based on historic drilling, CSAMT & magnetics, the two approximately 50-metre-wide mineralized structural zones have a combined strike potential of approximately 2,000 metres. Other advantages of the property include excellent infrastructure, low topography, and minimal cultural and environmental concerns.

Los Reyes

The property consists of two claims totalling 45 hectares located 12 kilometres south of the city of Jimenez, Mexico and which cover a highly prospective Cu-Au Skarn target within La Faja de Plata, one of the world's most productive regions for polymetallic Skarn and Carbonate Replacement Deposits. The property is two kilometres from highway, power and rail. It is strategically located along a prominent northwest-trending regional structure formed along the western margin of the Sierra Madre Oriental that hosts numerous high-grade current and past operating mines including Naica (26Mt @ 213g/t Ag, 5.9% Pb, 5.6% Zn and 0.4% Cu) and the Velardena district (+15Mt @ 175g/t Ag, 0.5g/t Au, 4.0% Pb, 5.0% Zn, and 2.5% Cu).

The initial target is a +800 metre-long Cu-Au-rich skarn zone located at the eastern contact between a coarse-grained Tertiary-age granodiorite intrusion and Cretaceous-age limestones and shales. The exploration target is locally over 100 metres wide and contains multiple zones of strongly copper-enriched mineralization. The near-surface mineralization is strongly oxidized with copper-oxide minerals such as malachite occurring at surface and in mineral dumps at the edges of the historic workings. Several prospect pits and shallow shafts occur along the target skarn zone.

Historic reports indicate workings were developed to no more than 60 metres depth, which is likely the approximate base of the oxide zone. Individual ore bodies were irregular with some reported to be 60 metres wide and up to 125 metres thick. Records of historical data on the property are limited but indicate: surface high-grade copper values up to 8.0% Cu; a strong IP chargeability anomaly, only 100 metres to 200 metres depth below surface, which correlates with the target skarn zone; and indications of strong gold enrichment in the copper zones from limited drilling on the property.

(Data is historical in nature and has not been independently verified by the Company and should not be relied on as such).

In October 2019, crews mobilized for a surface exploration program comprising an approximate 4.8 line kilometre DCIP geophysical survey, detailed surface mapping and sampling along the Cu-Au skarn target which is locally over 100 metres wide and contains multiple zones of strongly copper-enriched mineralization. Near surface mineralization, exposed in shallow artisanal workings and adjacent dump material, is strongly oxidized.

Surface sampling of waste dumps related to the artisanal workings and limited outcrop chip samples returned 22 of 28 samples with Cu values >1% Cu at an average grade of 3.1% Cu and up to 5.9% Cu. The anomalous samples contain elevated precious and base metal values up to 0.57g/t Au, 25.3g/t Ag, 0.47% Mo and 1.7% Zn (see Table 1). Anomalous samples were collected along the full 800m strike-length of the exploration target on the property with most of the samples collected in 5 clusters adjacent to open cuts and pits related to the historically mined portions of the trend.

D. Summary of Mineral Properties, continued

The DCIP data was acquired on five survey lines with variable line spacing between 125 metres and 250 metres. Two lines were acquired simultaneously, with the off-line current injection data providing some 3D information between the survey lines. Both the 2D and the 3D data were inverted using UBC-GIF inversion codes.

A strong conductive response, identified along the intrusive contact, projects for 400m through four of the five main areas of historic workings and defines the primary target area for future drill targeting. Conductivity and chargeability anomalies in the 2D inversions are identified on each of the five survey lines and are spatially associated or immediately adjacent to areas of known historical surface mineralization which helps further refine drill targeting.

The Company is initially targeting a five to ten million tonne, shallow high-grade Cu-Au potential resource localized along the length of the exposed skarn zone. Further work will examine the deeper potential of the mineralizing system, including the potential for a porphyry Cu-Au deposit being the source for the shallow high-grade mineralization.

Acquisition Costs

Mineral property acquisition costs as at December 31, 2019 were:

	Swift Katie $	Weepah $	Los Reyes $	Total $
Balance as at December 31, 2017	194,897	109,286	-	304,183
Additions	59,781	109,554	112,813	282,148
Balance as at December 31, 2018	254,678	218,840	112,813	586,331
Additions, net of recoveries	-	162,776	153,135	315,911
Impairments	(254,678)	(381,616)	(265,948)	(902,242)
Balance as at December 31, 2019	**-**	**-**	**-**	**-**

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the years ended December 31, 2019 and 2018 were:

	Swift Katie		Weepah		Los Reyes		Total	
	$ 2019	$ 2018	$ 2019	$ 2018	$ 2019	$ 2018	$ 2019	$ 2018
Assays and analysis	-	-	-	-	1,904	-	**1,904**	**-**
Equipment rental and field supplies	3,160	3,400	-	-	2,771	6,465	**5,931**	**9,865**
Geological services	500	255	5,195	1,732	55,437	8,612	**61,132**	**10,599**
Other	1,436	-	-	1,090	2,736	1,703	**4,172**	**2,793**
Project supervision	2,000	9,513	-	53	-	4,422	**2,000**	**13,988**
	7,096	**13,168**	**5,195**	**2,875**	**62,848**	**21,202**	**75,139**	**37,245**
General							**608**	**15,933**
							75,747	**53,178**

E. Results of Operations

The Company incurred a net loss and comprehensive loss of $1,118,971 for the year ended December 31, 2019 (2018 - $299,592). A summary of variances is as follows:

	2019 $	2018 $	Change $
Administration	-	50,000	(50,000)
Consulting	12,875	24,990	(12,115)
Exploration and evaluation	75,747	53,178	22,569
Investor relations	34,778	52,567	(17,789)
Office and general	18,860	18,947	(87)
Professional fees	25,317	53,488	(28,171)
Regulatory fees and taxes	32,935	30,339	2,596
Shareholders communications	4,118	2,797	1,321
Transfer agent	9,288	6,750	2,538
Travel	2,261	4,182	(1,921)
Foreign exchange loss	550	2,354	(1,804)
Mineral property impairment	902,242	-	902,242

As per the Company's mandate to acquire, explore, and develop mineral resource properties, the Company continues to invest in its mineral properties (*D - Summary of Mineral Properties*) subject to available resources.

Effective November 1, 2018, the Company received notice that it was in default of a service agreement for provision of office accommodation and other personnel services and that these services would no longer be provided until the default is remedied *(J - Related Party Transactions).* Other fluctuations in consulting , investor relations and professional fees occur as such services are utilized. Regulatory fees, shareholder communications and transfer agent fees increased as a result of a share consolidation.

Management has considered the ability of the Company to raise sufficient financing to be an indicator of impairment and recorded an impairment provision against all capitalized costs relating to its mineral properties.

F. Summary of Quarterly Results

The following financial data was derived from the Company's financial statements for the last eight quarters:

	Dec 31 2019 $	Sept 30 2019 $	Jun 30 2019 $	Mar 31 2019 $	Dec 31 2018 $	Sept 30 2018 $	Jun 30 2018 $	Mar 31 2018 $
Net loss	1,011,040	30,746	41,313	35,872	26,592	83,830	114,002	75,168
Basic and diluted loss per share	$0.11	$0.00	$0.01	$0.00	$0.00	$0.01	$0.02	$0.01

F. Summary of Quarterly Results, continued

Due to the nature of its current operations, the Company earned no revenue during the periods presented. Quarterly fluctuations mainly relate to mineral property exploration expenditures and impairments which occur as projects are identified and results are analyzed or other indicators arise. Certain costs decreased effective November 1, 2018 as a result of a cessation of services agreement (*J - Related Party Transactions*). Significant impairment charges were recognized in three months ended December 31, 2019.

G. Fourth Quarter

No unusual events affected the Company's financial performance or cash flows during the fourth quarter.

H. Summary of Annual Information

The following represents certain financial data for the previous three fiscal years:

	2019 $	2018 $	2017 $
Net loss	(1,118,971)	(299,592)	(835,406)
Basic and diluted loss per share	(0.13)	(0.04)	(0.13)
Current assets	69,577	15,366	17,261
Other non-current assets	29,649	30,578	12,000
Mineral properties	-	586,331	304,183
Total assets	99,226	632,275	333,444
Total non-current financial liabilities	-	-	-
Cash dividends per common share	-	-	-

The Company earned no revenue during the periods presented due to the nature of the industry and its current operations. The Company's operating costs fluctuate as financing or other ad-hoc projects are undertaken. The Company continues to invest in its mineral properties as finance and assessments have permitted. Impairment charges are recognized as relevant indicators arise.

To date, the Company has not paid dividends and does not have any long-term financial liabilities.

I. Financial Condition, Liquidity and Capital Resources

As at December 31, 2019, the Company had a working capital deficit of $946,549 (2018 - $775,767).

Wherever possible, the Company has been negotiating its trade payables and reviewing its future commitments to identify opportunities to reduce or delay spending and payments. However, the Company does not generate any revenue from operations and does not have sufficient capital to meet the requirements for its administrative overhead and maintaining its mineral interests.

I. Financial Condition, Liquidity and Capital Resources, continued

For the foreseeable future, the Company will need to rely on raising capital in the equity markets and/or enter into joint venture agreements with third parties to provide working capital and to finance its mineral property activities. There can be no assurance that the Company will be able to obtain adequate future financing. Failure to do so could result in delay or indefinite postponement of further exploration and reduction or termination of operations.

During August and September 2019, the Company closed the two tranches of a private placement and issued 1,460,340 units at a price of $0.25 per unit for gross proceeds of $365,085. Net proceeds have been used to fund costs associated with the first phase of a two phase exploration program at Los Reyes, property maintenance, option payments and working capital. A Notice of Claim filed in Small Claims Court regarding disputed amounts owed to a certain vendor remains outstanding in an amount of $25,000 plus interest and costs.

J. Related Party Transactions

The Company entered into the following related party transactions:

(a) Fees were charged by a company controlled by a director and officer of the Company as follows:

- $nil (2018 - $50,000) for office space and administration services;
- $nil (2018 - $11,550) for consulting services;
- $nil (2018 - $27,500) for professional services;
- $nil (2018 - $28,005) for investor relations services;
- $nil (2018 - $24,074) for geological consulting services; and
- $3,196 (2018 - $2,923) for mark-up on out of pocket expenses.

Effective November 1, 2018, the Company received notice that it was in default of the agreement under which these services were provided. Amounts payable as at December 31, 2019 were $303,107 (2018 - $278,443).

(b) Fees in the amount of $nil (2018 - $16,340) were charged by, or accrued to, a law firm controlled by a director and officer of the Company and included in professional fees, mineral property acquisition or exploration expenditures or share issue costs where applicable. Amounts payable as at December 31, 2019 were $20,514 (2018 - $30,514).

(c) Fees in the amount of $12,000 (2018 - $12,000) were charged by an officer of the Company for consulting services. Amounts payable as at December 31, 2019 were $16,275 (2018 - $14,175).

(d) Fees in the amount of US$4,350 (2018 - US$1,350) were charged by a director of the Company for geological consulting services. Amounts payable as at December 31, 2019 were $6,027 (US$4,650) (2018 - $409 (US$300)).

(e) Fees in the amount of $2,000 (2018 - $nil) were charged by a company controlled by a director of the Company for geological consulting services. Amounts payable as at December 31, 2019 were $2,100 (2018 - $nil).

(f) Loans totalling $72,500 (2018 - $nil) are payable to a company controlled by a director and officer of the Company with respect to funds advanced. Outstanding loans are subject to interest at 5% per annum.

J. Related Party Transactions, continued

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. With the exception of interest-bearing loans, amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment. The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management, including amounts in (c), (d) and (e) above, was as follows:

		2019		2018
Short-term benefits	$	19,773	$	13,750
Total	$	19,773	$	13,750

K. Outstanding Equity and Convertible Securities

i) Issued and outstanding

As at April 23, 2020, the Company had 9,375,155 common shares issued and outstanding. On December 11, 2019, the Company completed a consolidation of its outstanding share capital on a basis of one post-consolidation share for every ten pre-consolidation shares. All comparative figures have been adjusted retrospectively.

ii) Share Purchase Warrants

As at April 23, 2020, share purchase warrants outstanding were:

Exercise Price	Expiry Date	Balance December 31, 2019	Balance April 23, 2020
$1.00	October 5, 2021	1,658,400	1,658,400
$1.00	October 5, 2021	354,500	354,500
$1.00	October 5, 2021	12,000	12,000
$1.00	December 29, 2021	281,510	281,510
$1.00	December 29, 2021	10,560	10,560
$0.50	March 28, 2021	775,366	775,366
$0.50	March 28, 2021	2,919	2,919
$0.50	April 23, 2021	345,000	345,000
$0.50	April 23, 2021	14,000	14,000
$0.50	August 1, 2023	390,000	390,000
$0.50	August 1, 2023	5,600	5,600
$0.50	September 18, 2023	1,070,340	1,070,340
		4,920,195	**4,920,195**
Weighted average exercise price		$0.74	$0.74
Weighted average contractual life remaining (years)		2.23	1.92

K. Outstanding Equity and Convertible Securities, continued

ii) Share Purchase Warrants, continued

As at April 23, 2020, share purchase warrants issued but not exercisable were:

Exercise Price	Expiry Date	Balance December 31, 2019	Balance April 23, 2020
$0.50	Note 1	30,000	30,000
$0.50	Note 2	30,000	30,000
$0.50	Note 3	30,000	30,000
$0.50	Note 4	30,000	30,000
		120,000	**120,000**
Weighted average exercise price		$0.50	$0.50
Weighted average contractual life remaining (years)		4.15	3.83

(1) Expiry date two years from Los Reyes property payment of US$100,000 due on August 11, 2020
(2) Expiry date two years from Los Reyes property payment of US$200,000 due on August 11, 2021
(3) Expiry date two years from Los Reyes property payment of US$300,000 due on August 11, 2022
(4) Expiry date two years from Los Reyes property payment of US$3,250,000 due on August 11, 2023

iii) Stock Options

As at April 23, 2020, stock options outstanding and exercisable were:

Exercise Price	Expiry Date	Balance December 31, 2019	Balance April 23, 2020
$0.50	March 27, 2022	420,000	420,000
		420,000	**420,000**
Weighted average exercise price		$0.50	$0.50
Weighted average contractual life remaining (years)		2.24	1.93

L. Financial Instruments

The Company's financial instruments include: cash and reclamation bonds which are classified as financial assets at amortized cost and accounts payable and accrued liabilities and due to related parties which are classified as financial liabilities at amortized cost. The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity. Reclamation bonds are non-interest-bearing, have no maturity date and carrying values approximate fair value.

These financial instruments have no material risk exposure. Risk is managed with respect to cash by risk management policies that require significant cash deposits or short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. In addition, all investments must be less than one year in duration.

M. Events After the Reporting Period and Outlook

There are no other material events subsequent to the date of this document.

The Company is confident that its properties have potential warranting continued exploration and activities over the ensuing year will focus on this. The Company also expects to continue its strategy of acquiring properties and collaborating with experienced mining companies to develop such properties to advance them to production.

N. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate entering into any such arrangements in the foreseeable future.

O. Disclosure Controls and Procedures

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three independent directors who meet at least quarterly with management and at least annually with the external auditors to review accounting, internal control, financial reporting, and audit matters. There have been no significant changes to the Company's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Audit Committee has established procedures for complaints received regarding accounting, internal controls or auditing matters, and for a confidential, anonymous submission procedure for employees who have concerns regarding questionable accounting or auditing matters. The Whistleblower policy is in accordance with National Instrument 52-110 Audit Committees, National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices.

Being a venture issuer, the Company is exempted from the certification on Disclosure Controls and Procedures and Internal Control Over Financial Reporting. The Company is required to file Form 52-109FV1 for annual reporting and Form 52-109FV2 for interim reporting.

P. Risks and Uncertainties

The principal business of the Company is the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of development, the following risk factors, among others, should be considered:

Exploration Stage Company

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non productive. There is no assurance that exploration efforts will be successful.

P. Risks and Uncertainties, continued

Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities.

Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many other companies possessing much greater financial and technical resources.

Competition is particularly intense with respect to the acquisition of desirable undeveloped properties. The principal competitive factors in the acquisition of prospective properties include the staff and data necessary to identify and investigate such properties, and the financial resources necessary to acquire and develop the projects. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration.

Operating History and Availability of Financial Resources

The Company has no operating revenues and is unlikely to generate any significant amount in the foreseeable future. Hence, it may not have sufficient financial resources to undertake by itself all of its planned mineral property acquisition and exploration activities. Operations will continue to be financed primarily through the issuance of securities and such reliance on the issuance of securities for future financing may result in dilution to existing shareholders.

Furthermore, the amount of additional funds required may not be available under favourable terms, if at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or discontinue its operations.

Price Volatility and Lack of Active Market

For some time, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline below the subscription price.

P. Risks and Uncertainties, continued

Dependence on Key Personnel

The Company is dependent on a relatively small number of key directors, officers and senior personnel. Loss of any one of those persons could have an adverse effect on the Company. The Company does not currently maintain "key-man" insurance in respect of any of its management.

Title to Property

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, aboriginal land claims, government expropriation and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties.

Licenses and Permits

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations for work in progress and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

Government Regulations and Environmental Risks and Hazards

The Company conducts exploration activities in Canada, the United States and Mexico, and is subject to various federal, provincial, state laws, rules and regulations. The Company has adopted environmental practices designed to ensure that it continues to comply with environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation.

Environmental hazards may exist on the Company's properties, that are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company is not aware of any existing environmental hazards related to any of its current or former property interests that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource property interests, the potential for production on the property may be diminished or negated.

P. Risks and Uncertainties, continued

COVID-19

Beginning in late 2019, there was an outbreak of a novel strain of coronavirus (COVID-19) in China, which has since then spread rapidly to many parts of the world. The epidemic has resulted in quarantines, travel restrictions, and the temporary closure of stores and facilities in most of the world. In March 2020, the World Health Organization declared the COVID-19 a pandemic. Any potential impact on operations and/or results will depend, to a large extent, on future developments and new information that may emerge regarding the duration and severity of the COVID-19 and the actions taken by government authorities and other entities to contain the COVID-19 or treat its impact, almost all of which are beyond our control.

Q. Proposed Transactions

Other than normal course review of monthly submittals there are no other proposed transactions contemplated as at the date of this report.

R. Forward-Looking Statements

Some of the statements contained in this MD&A may be deemed "forward-looking statements." These include estimates and statements that describe the Company's future plans, objectives or goals, and expectations of a stated condition or occurrence. Forward-looking statements may be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual results relating to, among other things, results of exploration, reclamation, capital costs, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as but not limited to; changes in general economic conditions and conditions in the financial markets; changes in demand and prices for the minerals the Company expects to produce; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and changing foreign exchange rates and other matters discussed in this MD&A.

Readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not assume any obligation to update or revise any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws, whether as a result of new information, future events or otherwise.