Consolidated Financial Statements

As at and for the ten month period ended December 31, 2019 and the year ended February 28, 2019

(Expressed in Canadian Dollars)

Independent auditor's report

To the Shareholders of Victoria Gold Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Victoria Gold Corp. and its subsidiaries (together, the Company) as at December 31, 2019, and its financial performance and its cash flows for the period from March 1, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and February 28, 2019;
- the consolidated statements of loss and comprehensive loss for the ten-month period ended December 31, 2019 and year ended February 28, 2019;
- the consolidated statements of changes in shareholder's equity for the ten-month period ended December 31, 2019 and year ended February 28, 2019;
- the consolidated statements of cash flows for the ten-month period ended December 31, 2019 and year ended February 28, 2019; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Other information

Management is responsible for the other information. The other information comprises 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 audit 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 auditor's report is Craig Moffat.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 17, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all other financial information included in this report are the responsibility of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Financial statements include certain amounts based on estimates and judgments. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management maintains appropriate systems of internal control, to give reasonable assurance that its assets are safeguarded, and the financial records are properly maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of three Directors, all of whom are non-management and independent, meets with management to review the consolidated financial statements to satisfy itself that management is properly discharging its responsibilities to the Directors, who approve the consolidated financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial reporting standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "John McConnell"
Director, President and CEO
April 17, 2020

(signed) "Marty Rendall"
CFO
April 17, 2020

See accompanying notes to the consolidated financial statements.

Victoria Gold Corp.
Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)	*Notes*	December 31, 2019	February 28, 2019
Assets			
Current assets			
Cash and cash equivalents		$ 16,882,129	$ 12,322,795
Marketable securities and warrants		870,902	302,919
GST and other receivables	*5*	5,271,203	3,155,100
Due from related parties	*16*	1,389,435	1,366,950
Prepaid expenses		1,109,379	1,240,286
		25,523,048	18,388,050
Non-current assets			
Deferred financing fees		-	2,373,292
Restricted cash	*6*	11,271,541	14,941,444
Resource properties	*6*	32,909,882	30,463,977
Property, plant and equipment	*7*	616,911,260	456,448,575
Total assets		$ 686,615,731	$ 522,615,338
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	*8*	$ 26,609,092	$ 76,599,319
Current portion of lease liability	*9*	592,396	-
Current portion of derivative instruments	*11*	2,753,750	-
Current portion of long-term debt	*10*	50,277,982	11,552,952
		80,233,220	88,152,271
Non-current liabilities			
Deferred taxes	*23*	3,000,000	3,300,000
Lease liability	*9*	815,576	-
Derivative instruments	*11*	23,238,542	14,634,483
Long-term debt	*10*	239,347,404	116,546,077
Asset retirement obligations ("ARO")	*12*	25,351,318	8,405,028
Total liabilities		371,986,060	231,037,859
Shareholders' Equity			
Share capital	*14*	359,000,352	328,239,074
Contributed surplus		24,529,288	22,485,359
Accumulated other comprehensive loss		(2,517,453)	(2,599,650)
Accumulated deficit		(66,382,516)	(56,547,304)
Total shareholders' equity		314,629,671	291,577,479
Total liabilities and equity		$ 686,615,731	$ 522,615,338

Nature of operations and going concern *(Note 1)*
Commitments and Contingencies *(Note 17)*

See accompanying notes to the consolidated financial statements.

Authorized for issue by the Board of Directors on April 17th, 2020 and signed on its behalf. **"T. Sean Harvey"** Director **"Chris Hill"** Director

Victoria Gold Corp.
Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)	*Notes*	Ten month period ended December 31, 2019	Twelve month year ended February 28, 2019
Operating expenses			
Salaries and benefits excluding share-based payments		$ 3,273,291	$ 2,438,530
Office and administrative		1,391,385	1,318,772
Share-based payments	*15*	1,499,102	809,214
Marketing		1,019,226	811,663
Legal and accounting		338,688	173,883
Consulting	*22*	294,592	2,669,694
Amortization		98,729	5,494
Foreign exchange (gain) loss		(5,462,861)	(3,202,913)
		2,452,152	5,024,337
Finance (income) costs			
Unwinding of present value discount: ARO		146,977	112,592
Interest and bank charges		39,871	36,966
Interest income		(669,176)	(1,273,624)
Change in fair value of marketable securities		(315,503)	279,434
Change in fair value of derivative instruments	*11*	11,357,809	4,984,135
		10,559,978	4,139,503
Loss before taxes		(13,012,130)	(9,163,840)
Current income taxes	*23*	-	224,558
Deferred tax (expense) recovery	*23*	3,176,918	(3,036,783)
Net loss		(9,835,212)	(11,976,065)
Other Comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment		82,197	(60,179)
Total items that may be reclassified subsequently to profit or loss		82,197	(60,179)
Total comprehensive loss for the period		$ (9,753,015)	$ (12,036,244)
Loss per share - basic and diluted	*13*	$ (0.173)	$ (0.241)
Weighted average number of shares			
Basic and Diluted	*13*	56,719,796	49,790,027

See accompanying notes to the consolidated financial statements.

Victoria Gold Corp.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Notes	**Share capital**		**Contributed surplus**	**Accumulated other comprehensive loss**	**Accumulated deficit**	**Total equity**
		Number of shares (1)	**Amount**				
Balance at March 1, 2018		34,475,828	$ 216,096,163	$ 22,427,641	$ (2,539,471)	$ (44,571,239)	$ 191,413,094
Transactions with owners:							
Proceeds from share issue		16,890,333	126,677,500	-	-	-	126,677,500
Fair values assigned to gold calls issued under private placement		-	(5,290,998)	-	-	-	(5,290,998)
Fair values assigned to warrants issued under private placement		-	(4,359,350)	-	-	-	(4,359,350)
Proceeds from stock options exercised		1,032,028	2,539,300	-	-	-	2,539,300
Fair values allocated upon exercise:							
Stock options		-	1,276,934	(1,276,934)			-
Share issuance costs		-	(8,437,258)	-	-	-	(8,437,258)
Share-based payments, expensed		-	-	809,214	-	-	809,214
Share-based payments, capitalized		-	-	525,438	-		525,438
Premium on flow-through shares		-	(263,217)	-	-	-	(263,217)
Total transactions with owners:		17,922,361	112,142,911	57,718	-	-	112,200,629
Net loss for the period		-	-	-	-	(11,976,065)	(11,976,065)
Other comprehensive income/(loss):							
Currency translation adjustment		-	-	-	(60,179)	-	(60,179)
Balance at February 28, 2019	*14*	52,398,189	$ 328,239,074	$ 22,485,359	$ (2,599,650)	$ (56,547,304)	$ 291,577,479
Balance at March 1, 2019		52,398,189	$ 328,239,074	$ 22,485,359	$ (2,599,650)	$ (56,547,304)	$ 291,577,479
Transactions with owners:							
Proceeds from share issue		4,828,107	34,413,406	-	-	-	34,413,406
Proceeds from stock options exercised		52,333	431,747	-	-	-	431,747
Fair values allocated upon exercise:							
Stock options		-	233,458	(233,458)	-	-	-
Share issuance costs		-	(1,440,415)	-	-	-	(1,440,415)
Share-based payments, expensed		-	-	1,499,102	-	-	1,499,102
Share-based payments, capitalized		-	-	778,285	-	-	778,285
Premium on flow-through shares		-	(2,876,918)	-	-	-	(2,876,918)
Total transactions with owners:		4,880,440	30,761,278	2,043,929	-	-	32,805,207
Net loss for the period		-	-	-	-	(9,835,212)	(9,835,212)
Other comprehensive income/(loss):							
Currency translation adjustment		-	-	-	82,197	-	82,197
Balance at December 31, 2019	*14*	57,278,629	$ 359,000,352	$ 24,529,288	$ (2,517,453)	$ (66,382,516)	$ 314,629,671

[1] See *Note 14* for share consolidation details.

See accompanying notes to the consolidated financial statements.

Victoria Gold Corp.
Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)	*Notes*	Ten month period ended December 31, 2019	Twelve month year ended February 28, 2019
Operating activities			
Net loss for the period		$ (9,835,212)	$ (11,976,065)
Adjustments for:			
Share-based payments	*15*	1,499,102	809,214
Income taxes	*23*	(3,176,918)	2,812,415
Unwinding of present value discount: ARO	*12*	146,977	112,592
Change in fair value of marketable securities		(315,503)	279,434
Change in fair value of derivative instruments	*11*	11,357,809	4,984,135
Amortization		98,729	5,494
Net unrealized foreign exchange (gain) loss		(4,802,946)	(369,161)
		(5,027,962)	(3,341,942)
Working capital adjustments:			
(Increase) decrease in HST and other receivables		(2,116,103)	(2,832,083)
(Increase) decrease in marketable securities		(252,480)	(30,150)
(Increase) decrease in prepaid expenses and deposits		130,330	(892,152)
Increase (decrease) in accounts payables and accrued liabilities		1,931,188	(997,538)
		(307,065)	(4,751,923)
Net cash flows used in operating activities		(5,335,027)	(8,093,865)
Investing activities			
Sale of mineral property interest	*6 & 7*	19,600,000	78,400,000
Resource properties	*6*	(2,714,396)	(8,059,483)
Related party loan	*16*	-	(1,366,950)
Restricted cash		3,664,951	(5,917,443)
Purchase of property, plant and equipment		(194,486,915)	(294,527,512)
Net cash flows used in investing activities		(173,936,360)	(231,471,388)
Financing activities			
Shares issued for cash, net of issuance cost	*14*	32,972,991	118,240,242
Exercise of warrants and options		431,747	2,539,300
Credit Facility, net of deferred finance fees	*10*	158,168,433	124,806,866
Repayment of long-term debt	*10*	(7,142,496)	(3,185,010)
Repayment of lease liability		(466,890)	-
Net cash flows from financing activities		183,963,785	242,401,398
Foreign exchange gain (loss) on cash balances		(133,064)	111,762
Net increase in cash and cash equivalents		4,559,334	2,947,907
Cash and cash equivalents, beginning of the period		12,322,795	9,374,888
Cash and cash equivalents, end of the period		$ 16,882,129	$ 12,322,795

See accompanying notes to the consolidated financial statements. Supplementary Cash Flow information is provided in Note 19.

1. NATURE OF OPERATIONS AND GOING CONCERN

Victoria Gold Corp. ("Victoria" or "the Company"), a British Columbia company, was incorporated in accordance with the Business Corporations Act (British Columbia) on September 21, 1981. The Company's common shares were listed on the TSX-Venture Exchange (TSX-V) throughout 2019. On February 18, 2020, the Company announced that it had received final approval from the Toronto Stock Exchange (TSX) for the graduation of its listing from the TSX-V to the TSX. The common shares of the Company began trading on the TSX, under the new symbol "VGCX" on February 19, 2020.

The Company is engaged in the operation, exploration and acquisition of mineral properties. The Company completed construction of the Eagle Gold Mine in mid 2019 and poured its first gold in September 2019. To date, the Company has not achieved commercial production and therefore, has not realized any revenues from its properties and is considered to be an exploration and development stage company, with a current focus on operations ramp up. The Company's registered office is located at 80 Richmond St. West, Suite 204, Toronto, Ontario, M5H 2A4, Canada.

Change in year-end
During the ten month period ended December 31, 2019, the Company changed its fiscal year end to December 31, from February 28. The Company's transition period is the ten months ended December 31, 2019. The comparative period is the twelve months ended February 28, 2019. The new financial year will align the Company with its peer group in the mineral resources sector and facilitate marketplace assessment of the Company's business performance.

These audited consolidated financial statements have been prepared using IFRS, as issued by the International Accounting Standards Board ("IASB"), on a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due for the foreseeable future. The Company's future is currently dependent upon the existence of economically recoverable mineral reserves and its ability to successfully ramp up to commercial production.

The Company periodically seeks financing to continue the exploration and development of its resource properties, transition into commercial production and to meet its future administrative requirements. The Company had negative working capital of $54.7 million at December 31, 2019 and will need to raise additional financing or generate sufficient positive cash flows to ensure debt service and repayment terms are met. Although the Company has been successful in raising funds to date, there can be no assurances that the steps management is taking, and will continue to take, will be successful in future reporting periods. These material uncertainties lend significant doubt about the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern and therefore these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

At December 31, 2019, Victoria Gold Corp. ("Victoria" or "the Company") had a working capital deficit of $54,710,172 (compared with a deficit of $69,764,221 at February 28, 2019), an accumulated deficit of $66,382,516 ($56,547,304 at February 28, 2019) and reported a net loss of $9,835,212 for the ten month period then ended (net loss of $11,976,065 for the year ended February 28, 2019). The Company's debt facilities are fully drawn with $50,277,982 coming due within twelve months of December 31, 2019.

2. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of Victoria and its wholly-owned subsidiaries including:

- Victoria Resources (U.S.) Inc., a Nevada corporation,
- Gateway Gold Corp., a British Columbia corporation,
- Gateway Gold (USA) Corp., a Nevada corporation,
- Victoria Gold (Yukon) Corp. (formerly StrataGold Corporation), a British Columbia corporation,

Gateway Gold Corp. and Gateway Gold (USA) Corp. (together referred to as "Gateway") were acquired by the Company on December 18, 2008.

Victoria Gold (Yukon) Corp. was acquired by the Company on June 4, 2009.

These financial statements were approved by the Board of Directors for issue on April 17, 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements of the Company are prepared in accordance with IFRS, are presented in Canadian dollars and include the operating results of the Company's subsidiaries. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in *Note 4*.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for the revaluation of certain financial instruments to fair value.

(c) Consolidation

Subsidiaries are entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Company has control when it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases. Accounting policies of the subsidiaries are consistent with those of the Company. All inter-company balances and transactions have been eliminated.

(d) Share-based payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense or capitalized is adjusted to reflect the actual number of share options that are expected to vest.

(e) Current and deferred income taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognized through earnings, except to the extent that it relates to items recognized in other comprehensive income/loss or directly in equity. In this case, the tax is also recognized in other comprehensive income/loss or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which

applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of loss and comprehensive loss. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company provides for amortization of its property and equipment at the following annual rates:

Field and Automotive equipment	- straight line over the useful life (ranging five to twelve years)
Buildings and structures	- straight line over the useful life (ranging three to twelve years)
Leasehold improvements	- straight line over the term of the lease (five years)
Other assets	- straight line over the useful life (ranging three to four years)

Assets under construction are capitalized as a separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Assets under construction are not amortized. Amortization commences on the date when the assets are available for use.

Interest and financing costs on debt or other liabilities that are directly attributed to the acquisition, construction and development of a qualifying asset are capitalized to the asset. All other borrowing costs are expensed as incurred.

(g) Resource properties and deferred exploration and evaluation costs

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired.

Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the loss for the year.

Capitalized costs, including certain operating expenses, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Exploration and evaluation assets are reviewed for impairment at each cash-generating unit ("CGU") level. The Company defines CGU on a property by property basis.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial production, or alternatively, sale of the respective areas of interest.

(h) Flow-through shares

Under Canadian income tax legislation, the Company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company has adopted a policy to (i) allocate the proceeds between the offering of the shares and the sale of tax benefits when the shares are offered and (ii) recognize an income tax provision upon filing of appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures previously incurred.

The allocation of the proceeds is made based on the difference between the quoted price of the shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors. The liability is reduced and the reduction of premium liability is recorded in other income upon filing of appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures previously incurred.

(i) Impairment of non-financial assets

At each financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to CGU's to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately through operations income.

(j) Foreign currencies

Functional and presentational currency

All amounts in these financial statements are presented in Canadian Dollars unless otherwise stated.

The functional currency of the Company is the Canadian Dollar and the functional currency of the significant operating subsidiaries is either the Canadian Dollar or the US Dollar. The functional currency for the Company and its' subsidiaries is determined as the currency of the primary economic environment in which they operate.

Foreign currency translation

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the statement of financial position date. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in functional currency are recorded in income.

Translation from functional to presentational currency

The results and financial position of all of the Company's subsidiaries that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognized in other comprehensive income or loss and as a separate component of equity.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash deposits in banks, certificates of deposit and short-term investments with remaining maturities of three months or less at time of acquisition.

(l) Restricted cash

Restricted cash includes debt service reserve account ('DSRA') for the CAT financial facility and reclamation bonds held by the Government of Yukon and the Nevada Bureau of Land Management in the United States. The cash will be returned to the Company upon successful completion of reclamation at the Company's properties Yukon, Canada and in Nevada, USA.

(m) Asset retirement obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Risk-free discount rates using pre-tax rates that reflect the time value of money are used to calculate the net present value. The Company records a provision for environmental rehabilitation in the financial statements when it is incurred and capitalizes this amount as an increase in the carrying amount of the related asset. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line

method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

(n) Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

(o) Expenses

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Earnings (Loss) per share

Basic earnings/loss per common share is calculated by dividing the earnings/loss attributed to shareholders for the period by the weighted average number of common shares outstanding in the period.

(q) Right of Use Asset and Lease Liabilities

Until February 28, 2019 leases that transfer substantially all of the benefits and risks of ownership to the Company were recorded as finance leases and classified as property, plant and equipment with a corresponding amount within current and long-term debt. All other leases were classified as operating leases under which leasing costs were expensed in the period incurred.

In January 2016, the IASB issued IFRS 16 *Leases*, which establishes the principles that an entity should use to determine the recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard becomes effective for annual periods beginning on or after January 1, 2019. with earlier application permitted.

From March 1, 2019, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use).

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following: the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company, and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for property, plant and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

On the consolidated statements of financial position, the Company presents right-of-use assets in the property, plant and equipment line item and lease liabilities in the lease liability line item.

(r) Segment reporting

A segment is a component of the Company that is distinguishable by economic activity (operating segment), and/or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company reports separately three operating segments, corporate segment and mineral development, exploration and evaluation in two geographical segments, Canada and the United States.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker which consists of review of total assets and net income/(loss). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

(s) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

The Company classifies its financial instruments in the following categories:

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

Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or at fair value through other comprehensive income. Changes in fair values of FVTPL assets are recorded in the consolidated statements of loss and comprehensive loss in the period in which they arise.

The Company currently has marketable securities classified as FVTPL.

Financial assets at amortized cost

Financial assets classified as amortized cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The Company's financial assets, which are not provisionally priced, are comprised of cash, due from related parties, other receivables and interest receivable with fixed or determined cash flows related solely to principal and interest amounts. Financial assets at amortized cost are initially recognized at the amount expected to be received, net of any transaction costs incurred. Subsequently, financial assets are measured at amortized cost using the effective interest method. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost when applicable.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Corporation has opted to measure them at FVTPL. Accounts payable and accrued liabilities and credit facilities are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost, using the effective interest method. Transaction costs incurred on the establishment of the debt facilities are recognized as deferred finance charge and transferred as a reduction to debt in proportion to the drawdown of the debt facility. Deferred finance charges classified as a reduction to debt are amortized over the life of the debt facility using the effective interest rate method. When it is determined that it is probable that some or all of the debt facility will not be drawn-down, the related transaction costs are amortized over the remaining debt facility period

Financial liabilities at FVTPL

Financial liabilities at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortized cost. Financial liabilities at FVTPL are initially recognized at fair value with any changes to fair value recognized in the consolidated statements of loss and comprehensive loss in the period in which they arise.

(t) Derivatives

The Company uses derivative financial instruments to manage exposure to fluctuations in gold prices and may use derivatives to manage exposure to interest rates, foreign currency exchange rates and input costs.

The Company initially recognizes all derivative financial instruments at fair value and on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are classified as current or non-current based on contractual maturity.

(u) Changes in accounting policies

The Company has adopted the following new and revised standards, effective March 1, 2019. These changes were made in accordance with the applicable transitional provisions.

i) IFRS 16, Leases

On March 1, 2019, the Company adopted the new standard using the modified retrospective approach. Under the modified retrospective approach, the Company recognizes transition adjustments, if any, in retained earnings on the date of initial application, without restating the financial statements on a retrospective basis. Comparative information has not been restated and continues to be reported under IAS 17 — Leases ("IAS 17") (accounting standard in effect for those periods).

The Company has applied the following practical expedients permitted by IFRS 16:

- Reliance on previous assessments on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at March 1, 2019 as short-term leases;

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

- The contract involves the use of an explicitly or implicitly identified asset;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract term;
- The Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Short-term leases and leases of low value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and do not contain a purchase option or for leases related to low value assets. Lease payments on short-term leases and leases of low value assets are recognized as an expense in the consolidated statements of loss and comprehensive loss.

The impact of adoption of IFRS 16 is disclosed in *Note 9*.

ii) IFRIC 23, Uncertainty over Income Tax Treatments

Uncertainty over Income Tax Treatments ("IFRIC 23") clarifies how the recognition and measurement requirements of IAS 12, Income Taxes, are applied where there is uncertainty over income tax treatments effective for years beginning on or after January 1, 2019. There was no accounting impact to the financial statements on adoption of this standard.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Asset Retirement Obligation (ARO)

The determination of provisions for environmental rehabilitation and reclamation obligations arising from the Company's evaluation and exploration activities requires the use of estimates and management judgment. Future reclamation costs in relation to changes in estimates are accrued based on management's best estimate at the end of each period of the discounted cash costs expected to be incurred. Accounting for reclamation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation work required to comply with existing laws and regulations. These estimates are dependent upon

labor and materials costs, known environmental impacts, the effectiveness of rehabilitation measures, inflation rates, and pre-tax interest rates that reflect a current market assessment of time value for money and the risk specific to the obligation. The Company also estimates the timing of the outlays, which is subject to change depending on continued exploitation and newly discovered mineral resources.

Actual reclamation costs incurred may differ from those amounts estimated by management. Moreover, future changes to environmental laws and regulations could increase the extent of reclamation work required to be performed by the Company, therefore increasing future costs.

Equipment Finance Facility
Upon the drawdown under the Cat Financial facility, judgment is required in assessing the appropriate accounting treatment for the transaction. The Company considers the terms of the Master Lease Agreement (“MLA”) to determine whether the transaction should be treated as a sale and finance leaseback or as a debt facility. The Company concluded that the substance of the sale and finance leaseback is a means whereby Cat Financial can provide the Company with financing with the assets used as security. The Company determined that it will account for the Cat Facility as a debt facility with consistent financial statement disclosures.

Impairment of non-financial assets
Determining whether facts and circumstances indicate that the Company’s assets may be impaired and require the recognition of an impairment loss, or conversely whether a reversal of an impairment loss recognized in a prior period may be required, is a subjective process involving judgment and a number of estimates and interpretations.

When there are indications that an asset may be impaired, the Company is required to estimate the asset’s recoverable amount. Recoverable amount is the greater of value in use and fair value less costs of disposal.

In testing an individual asset or CGU for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the CGU. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change as new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ from amounts recognized in the Company’s financial statements, and significant adjustments to the carrying values of the Company’s assets and reported earnings may occur during subsequent accounting periods.

No impairment indicators of non-financial assets have been noted for the ten month period ended December 31, 2019 and year ended February 28, 2019.

Income taxes and recovery of deferred tax assets
The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Management did not recognize deferred tax assets as future taxable profits are not expected until the Company reaches technical feasibility and commercial viability of the extraction of the mineral resources, the timing of which is uncertain as the Company is still in the exploration & evaluation and development stage.

Royalty agreements
When entering into a long-term royalty arrangement linked to production at specific project, judgment is required in assessing the appropriate accounting treatment for the transaction. The Company considers the specific terms of each arrangement to determine whether the Company has disposed of an interest in the reserves and resources of the respective operation. This assessment considers what the counterparty is entitled to and the associated risks and rewards attributable to them over the life of the operation.

Stock-based compensation
Management is required to make certain estimates when determining the fair value of stock options awards and the number of awards that are expected to vest. These estimates affect the amount recognized as stock based

payments in the consolidated statements of loss and comprehensive loss based on estimates of forfeiture, stock price volatility and expected lives of the underlying stock options.

Contingent liabilities
Contingent liabilities are possible obligations that arise from past events which will be confirmed by the occurrence or non-occurrence of future events. These contingencies are not recognized in the consolidated financial statements when the obligation is not probable or if the obligation cannot be measured reliably. The Company exercises significant judgment when determining the probability of the future outcome and with regard to any required disclosure of contingencies, and measuring the liability is a significant estimate.

5. GST AND OTHER RECEIVABLES

GST and other receivables include the following components:

	December 31, 2019	February 28, 2019
GST receivable	$ 1,539,807	$ 3,012,571
Trade and other receivables	3,731,396	142,529
Total	$ 5,271,203	$ 3,155,100

6. RESOURCE PROPERTIES

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 28, 2019	$ 6,987,892	$ 21,766,656	$ 1,709,429	$ 30,463,977
Sale of property interest	(465,716)	-	(52,500)	(518,216)
Salaries and benefits	45,270	669,818	-	715,088
Amortization	-	-	-	-
Consulting and administration	10,590	457,347	-	467,937
Land claims and royalties	67,537	1,890	25,000	94,427
Environmental and permitting	25,650	85,404	-	111,054
Government and community relations	-	47,141	-	47,141
Drilling and indirects	-	396,743	-	396,743
Other exploration	-	1,217,126	-	1,217,126
Exploration and evaluation costs for the period	149,047	2,875,469	25,000	3,049,516
Currency translation	(85,395)	-	-	(85,395)
Balance December 31, 2019	$ 6,585,828	$ 24,642,125	$ 1,681,929	$ 32,909,882

** Other properties include interests in Donjek, Aurex, CanAlask, Dace and Clear Creek in Yukon Territory.

As of December 31, 2019, restricted cash consists of $0.4 million relating to Santa Fe (February 28, 2019 - $0.4 million), $4.4 million for Dublin Gulch (February 28, 2019 - $8.6 million) and $6.5 million for the CAT financial lease facility (February 28, 2019 - $5.9 million) which requires a 10% deposit of each drawdown into a debt service reserve account (“DSRA”). The restricted cash for Dublin Gulch is a restricted guaranteed investment certificate ("GIC") that supports a line of credit that the Bank of Nova Scotia provides to a surety provider that in turn provides a $21.6M surety bond related to the reclamation performance bond.

	Santa Fe (Nevada)	Dublin Gulch (Yukon)	Other properties **	Total
Balance February 28, 2018	$ 6,635,060	$ 155,523,884	$ 1,581,204	$ 163,740,148
Transfer to property, plant and equipment		(92,773,088)		(92,773,088)
Sale of property interest *	-	(49,000,000)	(30,000)	(49,030,000)
Salaries and benefits	55,346	987,016	-	1,042,362
Amortization	-	-	-	-
Consulting and administration	19,745	1,410,125	-	1,429,870
Land claims and royalties	67,659	79,640	58,265	205,564
Environmental and permitting	24,122	334,810	-	358,932
Government and community relations	-	65,480	-	65,480
Drilling and indirects	-	1,278,490	-	1,278,490
Other exploration	-	3,860,299	99,960	3,960,259
Asset retirement obligation adjustment	(1,430)	-	-	(1,430)
Exploration and evaluation costs for the year	165,442	8,015,860	158,225	8,339,527
Currency translation	187,390	-	-	187,390
Balance February 28, 2019	$ 6,987,892	$ 21,766,656	$ 1,709,429	$ 30,463,977

** Other properties include interests in Donjek, Aurex, CanAlask, Dace and Clear Creek in Yukon Territory.

* On April 13, 2018, the Company entered into a royalty agreement with respect to the granting of a 5% net smelter return royalty (subject to reduction to 3% upon the achievement of certain output thresholds) on the Dublin Gulch property (subject to certain exclusions), which includes the Eagle Gold project for an aggregate purchase price of $98 million. $49 million was received during the period ended May 31, 2018 and the remaining of $49 million of the royalty purchase is funded pro rata to drawdowns under the subordinated debt component of the Orion credit facilities (*Note 7 & 10*).

The Company recognized the first tranche of $49 million as a sale of mineral property interest and the consideration received has been recorded as a recovery of mineral property costs. Accordingly, no gain or loss was recognized on the transaction.

Following closing of the financing facilities (see *Note 10* and *14*), the Company determined that the Eagle Gold mine had demonstrated technical feasibility and commercial viability as the Company completed a comprehensive financing package, had received major permits required to build and operate the Eagle Gold mine, and had issued a positive feasibility study in 2016. As a result, management assessed the asset for impairment and determined that no impairment exists, and exploration and evaluation assets of $92.8 million were transferred to construction in progress within property, plant and equipment.

7. PROPERTY, PLANT AND EQUIPMENT

	Other assets	Right-of-use assets	Leasehold improvements	Buildings & structures	Equipment	Eagle Mine / Construction in progress	Total
Cost							
March 1, 2018	$ 852,956	$ -	$ 146,532	$ 10,554,796	$ 1,026,944	$ -	$ 12,581,228
Transfer from mineral property	-	-	-	-	-	92,773,088	92,773,088
Sale of property interest	-	-	-	-	-	(29,400,000)	(29,400,000)
Additions	215,031	-	-	5,826,060	7,102,214	374,986,192	388,129,497
February 28, 2019	1,067,987	-	146,532	16,380,856	8,129,158	438,359,280	464,083,813
IFRS 16 transition March 1, 2019 (*Note 9)*	-	1,896,769	-	-	-	-	1,896,769
Sale of property interest	-	-	-	-	-	(19,600,000)	(19,600,000)
Net Capitalized Gold Sales	-	-	-	-	-	(30,075,964)	(30,075,964)
Reallocation of construction costs	-	-	-	219,493,112	73,811,404	(293,304,516)	-
Additions	147,696	-	442,617	391,411	46,406,402	171,086,417	218,474,543
December 31, 2019	$1,215,683	$ 1,896,769	$ 589,149	$ 236,265,379	$ 128,346,964	$ 266,465,217	$634,779,161
Accumulated amortization							
March 1, 2018	$ 624,930	$ -	$ 21,975	$ 4,090,719	$ 255,462	$ -	$ 4,993,086
Charge	205,986	-	13,879	1,453,392	968,895	-	2,642,152
February 28, 2019	830,916	-	35,854	5,544,111	1,224,357	-	7,635,238
Charge	84,701	518,489	93,340	4,156,508	5,379,625	-	10,232,663
December 31, 2019	$ 915,617	$ 518,489	$ 129,194	$ 9,700,619	$ 6,603,982	$ -	$ 17,867,901
Net book value							
March 1, 2018	$ 228,026	$ -	$ 124,557	$ 6,464,077	$ 771,482	$ -	$ 7,588,142
February 28, 2019	$ 237,071	$ -	$ 110,678	$ 10,836,745	$ 6,904,801	$ 438,359,280	$456,448,575
December 31, 2019	$ 300,066	$ 1,378,280	$ 459,955	$ 226,564,760	$ 121,742,982	$ 266,465,217	$616,911,260

During the ten month period ended December 31, 2019, the Company capitalized amortization related to Eagle Mine / construction in progress of $10.4 million ($2.6 million – for the year ended February 28, 2019).

In April 2018, the Company determined that the Eagle project demonstrated technical feasibility and commercial viability and, as a result, transferred the balance of the mineral property assets relating to the project to construction in progress (*Note 6*). All costs capitalized as part of construction in progress will commence to be amortized upon achievement of commercial production.

For the second tranche of the royalty purchase (*Note 10*), the Company recognized $29.4 million as a sale of property interest during the year ended February 28, 2019 and the remaining $19.6 million of the royalty purchase received on May 31, 2019 is considered a recovery of construction in progress costs. Accordingly, no gain or loss was recognized on the transactions.

The carrying value of equipment pledged as security for the related Equipment Financing Facility as at December 31, 2019 was $55.7 million ($59.4 million- February 28, 2019) (*Note 10*).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following components:

	December 31, 2019	February 28, 2019
Trade payables	$ 9,686,931	$ 26,644,286
Accrued liabilities	14,585,250	49,428,304
Payroll related liabilities	2,336,911	526,729
Total	$ 26,609,092	$ 76,599,319

9. LEASE LIABILITY

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at March 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date. Upon transition to IFRS 16, the Company recognized an additional $1,896,769 of right-of-use assets and $1,896,769 of lease liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at March 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on March 1, 2019 was 8.80%. The lease liabilities at March 1, 2019 can be reconciled to the operating lease commitments as of February 28, 2019 as follows:

Operating lease commitments at February 28, 2019	$ 2,378,510
Adjustment for short term and low value leases	(193,743)
Operating lease commitments at February 28, 2019	$ 2,184,767
Discounting using the March 1, 2019 weighted average cost of capital	(287,998)
Lease liabilities recognized at March 1, 2019	$ 1,896,769
Current lease liability	592,396
Non-current lease liability	1,304,373
Lease liabilities recognized at March 1, 2019	$ 1,896,769
Current lease liability	592,396
Non-current lease liability	815,576
Lease liabilities recognized at December 31, 2019	$ 1,407,972

At December 31, 2019, the Company has future minimum annual commitments for leases of equipment, vehicles and office premises in: (1) Vancouver, BC, (2) Toronto, Ontario and (3) Whitehorse, Yukon, as follows:

to December 31, 2020	$ 592,396
to December 31, 2021	566,214
to December 31, 2022	204,542
to December 31, 2023	44,177
to December 31, 2024 and thereafter	643
Total	$ 1,407,972

10. DEBT

On May 28, 2019 the Company announced certain amendments to its existing debt facilities. The Company increased the senior secured credit facility to US$100 million from US$75 million while decreasing the subordinated secured credit facility to US$75 million from US$100 million. The quantum of the combined credit facilities remains unchanged at US$175 million. The subordinated secured credit facility continues to be held by Orion Mine Finance ("Orion") while the senior secured credit facility is held by Societe Generale ("SocGen"), Macquarie Bank Ltd. ("Macquarie") and Caterpillar Financial Services Limited ("Cat Financial").

The existing debt facilities include certain covenants that impact each fiscal quarter commencing August 30, 2020. As at December 31, 2019, the Company is in compliance with all covenants.

Debt Facilities

Senior Secured Debt Facility

US$100 million debt facility with SocGen, Macquarie and Cat Financial under the following commercial terms:

- Interest rate of 3-month LIBOR plus 5.00%;
- Interest accrues until May 31, 2020;
- Principal and accrued interest is repayable in 15 quarterly installments beginning on May 31, 2020.

As at December 31, 2019, the Company had drawn the full US$100 million of the Senior Secured Debt Facility. Deferred financing charges in the amount of $1.5 million will be amortized over the term using the effective interest rate method.

Subordinated Loan Facility

US$75 million debt facility with Orion under the following commercial terms:

- Interest rate of 3-month LIBOR plus 6.70%;
- Interest accrues until May 31, 2020;
- Accrued interest is repayable quarterly beginning on August 31, 2020;
- Principal is due at maturity on May 31, 2024.

As at December 31, 2019, the Company had drawn the full US$75 million of the Subordinated Loan Facility. Deferred financing charges in the amount of $1.8 million will be amortized over the term using the effective interest rate method.

Equipment Finance Facility

US$50 million facility with Caterpillar Financial Services Limited ("Cat Financial") under the following commercial terms:

- Available for drawdown against the acquisition cost of Cat mining equipment;
- Interest rate of 3-month LIBOR plus 4.25%;
- 4-6 year, amortizing facility, maturing between November 29, 2022 and July 1, 2025 (the "Term");
- Secured by Cat mining equipment.

Each drawdown made under the Equipment Finance Facility is amortized and repaid over a term of 4 to 6 years, not exceeding the maturity date (July 1, 2025). Upon drawdown, 10% is immediately repayable, with the remainder to be repaid in quarterly instalments as set out by each drawdown's amortization schedule. In addition, the Company is required to deposit 10% of each drawdown into a debt service reserve account ("DSRA"). Funds in the DSRA are released back to the Company when certain conditions defined in the Equipment Finance Facility are met.

As at December 31, 2019, the Company had drawn US$49.9 million. Quarterly repayments commenced in November 2018. Deferred financing charges in the amount of $2.7 million will be amortized over the Term using the effective interest rate method.

	December 31, 2019	February 28, 2019
Senior Secured Debt Facility, principal	$ 132,625,637	$ -
Senior Secured Debt Facility, interest	850,691	
Senior Secured Debt Facility, ending balance	$ 133,476,328	$ -
Subordinated Loan Facility, principal	$ 105,538,626	$ 77,689,058
Subordinated Loan Facility, interest	848,412	2,421,416
Subordinated Loan Facility, ending balance	$ 106,387,038	$ 80,110,474
Equipment Finance Facility, principal	$ 48,951,103	$ 47,644,733
Equipment Finance Facility, interest	810,917	343,822
Equipment Finance Facility, ending balance	$ 49,762,020	$ 47,988,555
	$ 289,625,386	$ 128,099,029
Less: Current portion	(50,277,982)	(11,552,952)
Debt	$ 239,347,404	$ 116,546,077

During the ten month period ended December 31, 2019 the Company incurred interest expense of $16.9 million (February 28, 2019 - $3.7 million) and amortized deferred financing charges of $1.1 million (February 28, 2019 - $0.3 million). These charges were capitalized to construction in progress.

The Equipment Finance Facility with CAT is secured by leased equipment with a carrying value of $55.7 million as of December 31, 2019 ($59.4 million- February 28, 2019).

The Company's scheduled debt principal repayments as at December 31, 2019 are summarized in the table, below:

Scheduled Debt Principal Repayments (by fiscal year)

	2020	2021	2022	2023	2024 and thereafter	Total
Senior Secured Debt Facility	26,867,861	35,823,814	35,823,814	35,823,814	-	$134,339,303
Subordinated Loan Facility	-	-	-	-	107,449,313	107,449,313
Equipment Finance Facility	9,264,004	9,264,004	12,687,304	10,938,514	7,906,610	50,060,436
	$36,131,865	$45,087,818	$48,511,118	$46,762,328	$115,355,923	$291,849,052

11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Instruments outstanding	Quantity outstanding	Remaining term	Exercise price (C$/oz)	Fair value - asset (liability)[(1)]
Zero-cost collars				
Gold call options - sold	25,000 oz	June 2020 - September 2020	$ 1,936	$ (2,756,513)
Gold put options - purchased	25,000 oz	June 2020 - September 2020	$ 1,500	2,763
				$ (2,753,750)
Gold call options - sold	75,000 oz	January 2021 - December 2021	$ 1,936	(12,945,988)
Gold put options - purchased	75,000 oz	January 2021 - December 2021	$ 1,500	284,989
				$ (15,414,749)
Gold call options				
Gold call options - sold	20,000 oz	April 13, 2023	US$1,485	(5,751,092)
Warrants				
Warrants	1,666,667	April 13, 2023	$ 9.375	(4,826,451)
				$ (25,992,292)

1. The Company presents the fair value of put and call options on a net basis on the Consolidated Statements of Financial Position. The Company has a legally enforceable right to off set the amounts under its option contracts and intends to settle on a net basis.

Zero Cost Collars

In May 2018, the Company entered into gold price zero cost collars using option contracts that the Company has elected not to designate as cash flow hedges for hedge accounting under IFRS 9. The purchase of gold put options was financed through selling gold call options at a higher level such that the net premium payable by the Company at the time of entering into the contracts was $nil. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company recognized the mark-to-market adjustment loss of $10.2 million in net loss of the consolidated statements of loss and comprehensive loss for the ten month period ended December 31, 2019.

Gold Call Options

On April 13, 2018, the Company sold a gold call option on 20,000 ounces of gold at a price of US$1,485 per ounce, with an expiry date of April 13, 2023. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using external broker-dealer quotations corroborated by option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at December 31, 2019 the gold call option fair value was $5.8 million, using US$1,520 per ounce of gold and a foreign exchange rate of 1.2988 US$ to C$. The Company recognized the mark-to-market adjustment loss of $2.2 million in net loss of the consolidated statements of loss and comprehensive loss for the ten month period ended December 31, 2019.

Warrants

On April 13, 2018, the Company granted 1,666,667 warrants with a strike price of $9.375 and a term of five years. These derivative financial instruments are classified within Level 2 of the fair value hierarchy and classified in the consolidated financial statements based on contractual maturity. These derivative financial instruments are recorded at fair value using Black-Scholes option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. As at December 31, the warrant fair value was $4.8 million using a December 31, 2019 closing share price of $8.50. The Company recognized the mark-to-

market adjustment gain of $1.1 million in net loss of the consolidated statements of loss and comprehensive loss for the ten month period ended December 31, 2019.

12. ASSET RETIREMENT OBLIGATIONS

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements and measured with the most reliable information available. Management's estimate is determined based on the net present value of estimated future cash expenditures for reclamation and closure activities. Reclamation and closure costs are capitalized into Resource properties dependent on the nature of the asset related to the obligation and amortized over the life of the related asset. Future changes to those regulations and standards, as well as changes resulting from operations, may result in actual reclamation costs differing from the estimate. Details of the Company's reclamation performance obligations can be found within *Note 6.*

The Company's asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with the Santa Fe and Dublin Gulch properties. As a result of construction and ramp-up activities, the ARO was increased during the ten month period ended December 31, 2019. The Company prepared the Dublin Gulch reclamation obligation using prescribed third-party contractor rates with a 10% contingency. The estimated costs of reclamation are based on current regulatory requirements and the estimated reclamation costs at the reporting date use the following assumptions:

a) total undiscounted amount of inflation adjusted future reclamation costs at December 31, 2019 was determined to be $30,996,744 for Dublin Gulch (February 28, 2019 - $10,540,761) and $399,015 for Santa Fe (February 28, 2019 - $404,575);
b) weighted average risk-free interest rate at 1.7% and a long-term inflation rate of 2.0%; and
c) expected timing of risk adjusted cash outflows required to settle the obligation will be incurred over the period through 2033 for Dublin Gulch and through 2029 for Santa Fe.

The following is an analysis of the Company's asset retirement obligation:

	December 31, 2019	February 28, 2019
Balance, beginning of period	$ 8,405,028	$ 2,228,313
Unwinding of discount: ARO	146,977	112,592
Currency translation	(6,618)	9,708
ARO change due to increased footprint	16,805,931	6,054,415
Balance, end of period	$ 25,351,318	$ 8,405,028

13. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of ordinary shares in issue during the period.

	Ten month period ended December 31, 2019	Twelve month year ended February 28, 2019
Net loss	$ (9,835,212)	$ (11,976,065)
Weighted average number of common shares issued	56,719,796	49,790,027
Basic loss per share	$ (0.173)	$ (0.241)

(b) Diluted

The effect of potential issuances of shares under options would be anti-dilutive, and accordingly, basic and diluted loss per share are the same.

14. SHARE CAPITAL AND OTHER EQUITY

During the ten month period ended December 31, 2019, the Company consolidated the common shares of the Company on the basis of one post-consolidation common share for every fifteen pre-consolidation common shares. The common shares of the Company began trading on a consolidation-adjusted basis on the TSX-V when the markets opened on November 20, 2019.

All share data and equity-based compensation plans have been retroactively adjusted to give effect to the consolidation.

Authorized, issued and outstanding common shares
Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 57,278,629 and 52,398,189 shares as at December 31, 2019 and February 28, 2019, respectively.

On April 2, 2019, the Company closed a private placement financing of 2,272,727 common shares of the Corporation at a price of $6.60 per share for gross proceeds of $15,000,000. The Company also closed an over-allotment brokered prospectus financing on April 5, 2019 of 668,046 common shares of the Corporation at a price of $6.60 per share for gross proceeds of $4,409,106. The Company also closed a brokered flow-through financing of 1,887,333 common shares of the Corporation that qualifies as "Canadian development expenses (CDE) flow through shares" at a price of $7.95 per share for gross proceeds of $15,004,300. Finders' fees of 5%, other than certain insider orders which were at 1.25%, and other issuance costs were paid in connection with this transaction. The shares were subject to a four-month hold period.

On December 28, 2018, the Company closed a brokered flow-through share offering (the "Offering") raising gross proceeds of $1.7 million, representing the issuance of 223,667 common shares priced at $7.50 per share. Finders' fees of $54,550 were paid for this transaction. Other issuance costs were paid in conjunction with the Offering. The flow-through shares were subject to a four-month hold period.

On April 16, 2018, the Company closed a private placement and issued 10,000,000 common shares to Orion and 6,666,667 common shares to Osisko at a price of $7.50 per share for aggregate gross proceeds of $125 million. The Company also completed the issuance to Orion of 1,666,667 common share purchase warrants. There were no finders' fees for this transaction. Other issuance costs, including the common share warrants, of $8.6 million were paid for advisory and legal fees in conjunction with the Offering.

15. SHARE - BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN AND WARRANTS

Stock options
The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. At December 31, 2019, 3,311,196 (2,818,541 as at February 28, 2019) additional stock options were available for grant under the Company's stock option plan.

A summary of the status of the Plan as at December 31, 2019 and as at February 28, 2019, and changes during the periods ended on those dates is presented below:

	December 31, 2019			February 28, 2019		
	Number of stock options (1)	Weighted average exercise price	Fair Value Assigned	Number of stock options (1)	Weighted average exercise price	Fair Value Assigned
Outstanding, beginning of the period	2,002,000	$ 6.67	$ 351,444	1,953,694	$ 3.99	$ 278,783
Granted	474,000	$ 8.05	1,327,626	1,100,000	$ 7.50	160,370
Exercised	(52,333)	$ 8.25	(233,458)	(1,032,028)	$ 2.46	(85,129)
Expired	(50,000)	$ 9.06	(263,316)	(1,666)	$ 8.25	(496)
Forfeited	(9,333)	$ 7.50	(13,636)	(18,000)	$ 7.50	(2,084)
Outstanding, end of the period	2,364,334	$ 6.86	$1,168,660	2,002,000	$ 6.67	$ 351,444

[1] See *Note 14* for share consolidation details.

As at December 31, 2019, the Company had stock options issued to directors, officers, employees and contractors of the Company outstanding as follows:

Date of grant	Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
December 15, 2015	440,000	440,000	$ 2.25	December 15, 2020
August 9, 2016	20,000	20,000	$ 10.50	August 9, 2021
January 12, 2017	284,332	284,332	$ 8.25	January 12, 2020 *
April 24, 2017	79,333	79,333	$ 10.80	April 24, 2020
May 28, 2018	378,667	378,667	$ 7.50	May 28, 2021
August 15, 2018	258,667	258,667	$ 7.50	August 15, 2021
January 25, 2019	429,335	429,335	$ 7.50	January 25, 2022
December 9, 2019	474,000	474,000	$ 8.05	December 9, 2022
	2,364,334	2,364,334		

* All of these options have since been exercised.

The fair value of each option is accounted for in the statement of loss and comprehensive loss or capitalized to resource properties over the vesting period of the options, and the related credit is included in contributed surplus.

On December 9, 2019, the Company granted 474,000 incentive stock options with an exercise price of $8.05 per option to directors and officers of the Company. The stock options have a term of three years and expire on December 9, 2022. The fair value of these options, totalling $1,327,634, will be recognized ($882,288 expensed and $445,346 capitalized to resource properties) over the immediate vesting period, which has been recognized as at December 31, 2019. The fair value of these options was calculated based on a risk-free annual interest rate of 1.6%, an expected life of 3.0 years, an expected volatility of 49% and a dividend yield rate of nil. This results in an estimated fair value of $2.80 per option at the grant date using the Black-Scholes option-pricing model.

On January 25, 2019, the Company granted 429,333 incentive stock options with an exercise price of $7.50 per option to directors, officers and employees of the Company. The stock options have a term of three years and

expire on January 25, 2022. The fair value of these options, totalling $1,246,140, will be recognized (expensed and capitalized to resource properties) over the vesting period of one year, of which $1,200,684 ($801,697 expensed and $398,987 capitalized to resource properties) has been recognized as at December 31, 2019. The fair value of these options was calculated based on a risk-free annual interest rate of 1.9%, an expected life of 3.0 years, an expected volatility of 61% and a dividend yield rate of nil. This results in an estimated fair value of $2.90 per option at the grant date using the Black-Scholes option-pricing model.

On August 15, 2018, the Company granted 268,000 incentive stock options with an exercise price of $7.50 per option to directors, officers, employees and consultants of the Company. The stock options have a term of three years and expire on August 15, 2021. 9,333 options have since been forfeited as at August 31, 2019. The fair value of these options, totalling $377,912, has been fully recognized ($193,790 expensed and $184,122 capitalized to resource properties) as at August 31, 2019. The fair value of these options was calculated based on a risk-free annual interest rate of 2.1%, an expected life of 3.0 years, an expected volatility of 63% and a dividend yield rate of nil. This results in an estimated fair value of $1.46 per option at the grant date using the Black-Scholes option-pricing model.

On May 28, 2018, the Company granted 402,667 incentive stock options with an exercise price of $7.50 per option to directors, officers, employees and consultants of the Company. The stock options have a term of three years and expire on May 28, 2021. 18,000 options have since been forfeited as at May 31, 2019. The fair value of these options, totalling $667,711, has been fully recognized ($429,261 expensed and $238,450 capitalized to resource properties) as at May 31, 2019. The fair value of these options was calculated based on a risk-free annual interest rate of 2.0%, an expected life of 3.0 years, an expected volatility of 65% and a dividend yield rate of nil. This results in an estimated fair value of $1.74 per option at the grant date using the Black-Scholes option-pricing model.

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the above assumptions and a forfeiture rate ranging from 9.1-10.3%.

Warrants

The following table summarizes information regarding changes in the Company's warrants outstanding:

	December 31, 2019			February 28, 2019		
	Number of Warrants (1)	Weighted average exercise price	Fair Value	Number of Warrants (1)	Weighted average exercise price	Fair Value
Outstanding, beginning of the period	4,333,334	$ 7.298	$ 731,956	2,666,667	$ 6.00	$ 441,333
Issued	-	$ -	-	1,666,667	$ 9.375	290,623
Expired	(2,666,667)	$ 6.00	(441,333)			
Outstanding, end of the period	1,666,667	$ 9.375	$ 290,623	4,333,334	$ 7.298	$ 731,956

	Number of Warrants (1)	Exercise price	Expiry date
Issued in private placement	1,666,667	$ 9.375	April 13, 2023
	1,666,667		

[1] See *Note 14* for share consolidation details.

The fair value of the warrants expiring on April 13, 2023 were estimated as of the date of issuance using the Black-Scholes option pricing model with the following assumptions: a risk-free annual interest rate of 2.1%, an expected life of 5 years, an expected volatility of 76% and a dividend yield rate of nil.

These April 13, 2023 warrants are considered financial instruments at FVTPL. The holder of the warrants may exercise the warrants for the Company's common shares. However, if the exercise would result in the holder's total share ownership exceeding 19.99% of the total number of the Company's common shares then issued and outstanding the Company would have to pay the value of the warrant. As a result, the warrants have been classified as a financial liability instrument and are recorded at fair value at each reporting period end using a Black-Scholes model. Warrant pricing models require the input of certain assumptions including price volatility and expected life. Changes in these assumptions could affect the reported fair value of the warrants (*Note 11*).

16. RELATED PARTIES

Related parties include key management personnel, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company for the ten month period ended December 31, 2019 and the year ended February 28, 2019 was as follows:

	December 31, 2019	February 28, 2019
Salaries and other short term employment benefits	$ 1,754,600	$ 2,669,188
Share based compensation	$ 2,165,010	$ 1,043,804

The Company granted unsecured loans in May 2018 which were subsequently amended, to directors and officers of the Company at interest rates of 2% per annum and payable in full on January 9, 2021.

	December 31, 2019	February 28, 2019
Outstanding, beginning of the period	$ 1,366,948	$ -
Loans advanced	-	1,350,950
Interest charged	22,487	15,998
Outstanding, end of the period	$ 1,389,435	$ 1,366,948

17. COMMITMENTS AND CONTINGENCIES

As at December 31, 2019, the Company had commitments of $1.4 million for goods to be settled during the quarter ended March 31, 2020.

A contractor has placed a lien on Victoria Gold (Yukon) Corp. in the amount of approximately $8.2 million before tax in conjunction with certain construction activities. The Company has agreed to approximately $4.2 million, which has been paid. The remaining $4.0 million is in dispute. The Company believes the disputed amount to be without merit. The Company may advance to legal proceedings should a settlement not be achieved.

18. SEGMENTED INFORMATION

The Company's principal activity is the exploration and development of mineral properties. The Company reports separately three operating segments, corporate segment and mineral exploration and development in two geographical segments, Canada and the United States. A breakdown of mineral properties by geographic expenditures is disclosed in *Note 6.*

In millions of Cdn $	**Canada**	**USA**	**Corporate**	**Total**
As at December 31, 2019				
Property, plant and equipment	616.5	-	0.4	616.9
Resource properties	26.3	6.6	-	32.9
Total Assets	660.5	7.0	19.1	686.6
Net loss/(income)	(4.8)	-	14.6	9.8
As at February 28, 2019				
Property, plant and equipment	456.4	-	-	456.4
Resource properties	23.5	7.0	-	30.5
Total Assets	498.9	7.4	16.3	522.6
Net loss/(income)	4.1	(0.2)	8.1	12.0

19. SUPPLEMENTARY CASH FLOW INFORMATION

	December 31, 2019	**February 28, 2019**
Non-cash investing and financing activities:		
Accounts payable and accrued liabilities relating to property, plant and equipment and resource property expenditures	**$ 22,228,487**	$ 74,124,215
Stock-based compensation, capitalized to resource properties *(Note 15)*	**$ 778,285**	$ 525,438
Income taxes paid	**$ -**	$ -
Interest paid	**$ 2,449,070**	$ 992,937

Reconciliation of movements in liabilities to cash flows arising from financing activities:

	Long term debt (*Note 10*)	Deferred finance charge	Lease liability (*Note 9*)	Total
Balance, March 1, 2019	128,099,029	(2,373,292)	-	125,725,737
Changes from financing activities:				-
Net Proceeds from Credit Facility Draws:	158,416,235	-	-	158,416,235
Principal paid:	(4,693,426)	-	(466,890)	(5,160,316)
Interest paid:	(2,427,163)	-	(21,907)	(2,449,070)
Transaction Cost paid:	-	(247,802)	-	(247,802)
	279,394,675	(2,621,094)	(488,797)	276,284,784
Non-cash changes:				
Balance, March 1, 2019				
IFRS 16 transition March 1, 2019	-	-	1,896,769	1,896,769
Deferred financing fees attributable to draws	(2,621,094)	2,621,094	-	-
Foreign exchange (gain) / loss	(5,108,553)	-	-	(5,108,553)
Capitalized amortization of deferred financing fees	1,060,753	-	-	1,060,753
Capitalized interest	16,899,605	-	-	16,899,605
Balance, December 31, 2019	289,625,386	-	1,407,972	291,033,358

20. CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of capital stock, contributed surplus and accumulated deficit. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development, construction and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its resource properties and maximize shareholder returns. The Company satisfies its capital requirements through management of its cash resources and by utilizing bank indebtedness, project or equipment financing, royalty or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets.

Management reviews its capital management approach on an ongoing basis. There were no significant changes in the Company's approach to capital management during the four months ended December 31, 2019. The Company is in compliance with all financial covenants attached to existing debt facilities as at December 31, 2019.

21. FINANCIAL RISK MANAGEMENT

(a) Credit risk management

Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavours to manage credit risk by holding its cash and cash equivalents as cash deposits and short-term government treasury funds with major commercial banks.

Credit risk relating to accounts receivable and restricted cash arises from the possibility that any counterparty to an instrument fails to perform. The Company's accounts receivable relate to recoveries of HST. Restricted cash includes reclamation bonds and a debt service account. Reclamation bonds are supported by non-interest bearing cash deposits held with governmental agencies representing the state of Nevada, and interest bearing certificates of deposit held by Wells Fargo and Bank of Nova Scotia. An interest bearing debt service account is held with the Bank of Nova Scotia. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and cash equivalents, restricted cash, receivables and due from related

parties. The maximum exposure is limited to amounts of cash and cash equivalents, restricted cash and receivables on the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities associated with exploration and development, including construction. To the extent the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity or debt funding. The Company's liquidity may be adversely affected if its access to the capital and debt markets are hindered, whether as a result of a downturn in market conditions generally, or as a result of conditions specific to the company.

Maturities of financial liabilities

The contractual maturities, based on contractual undiscounted cash flows, for the Company's financial liabilities are as follows:

As at December 31, 2019	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Carrying amount
Non-derivatives:						
Accounts payable and accrued liabilites (*Note 8*)	$ 26,609,092	$ -	$ -	$ -	$26,609,092	$ 26,609,092
Lease liability (*Note 9*)	592,396	566,214	204,542	44,820	1,407,972	1,407,972
Debt (*Note 10*)	50,277,982	93,598,937	162,118,251	-	305,995,170	289,625,386
Total	77,479,470	94,165,151	162,322,793	44,820	334,012,234	317,642,450
Derivatives:						
Derivative instruments (*Note 11*)	2,753,750	12,660,999	10,577,543	-	25,992,292	25,992,292
Total	2,753,750	12,660,999	10,577,543	-	25,992,292	25,992,292

As at February 28, 2019	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Carrying amount
Non-derivatives:						
Accounts payable and accrued liabilites (*Note 8*)	$ 76,599,319	$ -	$ -	$ -	$76,599,319	$76,599,319
Lease liability (*Note 9*)	-	-	-	-	-	-
Debt (*Note 10*)	11,552,952	12,862,351	108,788,522	-	133,203,825	128,099,029
Total	88,152,271	12,862,351	108,788,522	-	209,803,144	204,698,348
Derivatives:						
Derivative instruments (*Note 11*)	-	5,201,668	9,432,815	-	14,634,483	14,634,483
Total	-	5,201,668	9,432,815	-	14,634,483	14,634,483

Undiscounted cash flows for loans payable represent total draws received, net of repayments, from the Credit Facilities, capitalized interest to December 31, 2019 and contractual interest payable over future periods based on the LIBOR rate in effect on December 31, 2019. See *Note 10* for amounts recognized in the consolidated financial statements.

As of December 31, 2019, the Company had a cash balance of $16,882,129 (February 28, 2019 - $12,322,795) to settle current accounts payable, accrued liabilities and current portion of long-term debt of $80,233,220 (February 28, 2019 - $88,152,271).

The Company historically has generated cash flow primarily from its financing activities, and interest income earned on its cash balances. Since the Company started pouring gold in September 2019, cash inflows have primarily been generated from gold sales. The Company regularly evaluates its overall cash position and forecasted cash flows to ensure preservation and security of capital as well as maintenance of liquidity. Forecasting takes into consideration the Company's debt financing and internal liquidity targets.

(c) Price risk

The Company's financial assets and liabilities are exposed to price risk with respect to commodity prices and prices of the Company's equity investments. The price risk on equity investments is limited due to the nature and low balance of the Company's holdings. Commodity price risk refers to the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company entered into gold zero-cost collars (*Note 11*) under the Company's hedging policy that was adopted by the Board and continues to monitor prices of precious minerals to determine the appropriate course of action to be taken.

(d) Foreign currency risk

The Company incurs minimal exploration expenditures in the United States and holds a portion of its restricted cash and cash and cash equivalents in US dollars. The Company also has debt facilities in US dollars being utilized. The Company funds certain construction expenditures in US dollars. This gives rise to a risk that its US dollar expenditures and US dollar cash holdings and debt may be adversely impacted by fluctuations in foreign exchange. The Company does not currently undertake currency hedging activities.

(e) Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's investments and liabilities. The Company's cash balances are not subject to significant interest rate risk as balances are current. The Credit Facilities are subject to a variable LIBOR rate. Significant changes in the LIBOR rate could have a significant impact on the Company's loans payable balance in the consolidated statements of financial position and interest capitalized in property, plant and equipment on the consolidated statements of financial position.

Sensitivity analysis

The following table summarizes the sensitivity of the Company's cash, cash equivalents and restricted cash to changes in interest rates and foreign exchange rates over the ten month period ended December 31, 2019.

	Carrying Amount	**Interest rate change (1)**		**Foreign currency change (2)**	
		+ 1%	**- 1%**	**+ 10%**	**- 10%**
Cash and cash equivalents (Cdn $)					
Cash - Cdn$ denominated	1,439,305	14,393	(14,393)	-	-
Cash - US$ denominated	16,052,653	160,527	(160,527)	1,605,265	(1,605,265)
Treasury funds – Canadian denominated	5,894,588	58,946	(58,946)	-	-
Total cash and cash equivalents	23,386,546	233,866	(233,866)	1,605,265	(1,605,265)
Reclamation bonds - US$ denominated (interest bearing)	355,097	3,551	(3,551)	35,510	(35,510)
Reclamation bonds - Cdn$ denominated (interest bearing)	4,412,027	44,120	(44,120)	-	-
Total amount or impact - cash and deposits	**28,153,670**	**281,537**	**(281,537)**	**1,640,775**	**(1,640,775)**
Total debt – US$ denominated	**289,625,386**	**(2,728,567)**	**2,728,567**	**(28,962,539)**	**28,962,539**
Total impact – cash, deposits and debt		**(2,447,030)**	**2,447,030**	**(27,321,764)**	**27,321,764**

1) Interest earned on the Company's interest bearing cash accounts, treasury funds and certificates of deposit is at prevailing rates that fluctuate with changes in banking interest rates and Government t-bill rates. Interest expense on the Company's interest bearing debt is at prevailing rates that fluctuate with changes in banking interest rates. Management believes that a plus or minus 1% annual change in rates is a reasonable estimate of variability over a twelve month period.

2) The Company's US dollar cash balance, US dollar reclamation bonds, US dollar based certificates of deposit and US dollar debt balances are subject to foreign exchange risk. Management has shown a sensitivity analysis of a plus or minus change of 10%.

The sensitivity of the Company's foreign currency (US$) intercompany loan which is eliminated in the consolidated financial statements, to changes in foreign exchange rates as of December 31, 2019 is Cdn$ 768,572 for a plus 10% change and Cdn$ (768,572) for a minus 10% change.

(f) Fair value of financial assets and liabilities

The book values of the cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, approximate their respective fair values.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

		December 31, 2019		February 28, 2019	
	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	*Level 1*	$ 16,882,129	$ 16,882,129	$ 12,322,795	$ 12,322,795
Restricted cash	*Level 1*	11,271,541	11,271,541	14,941,444	14,941,444
Marketable securities	*Level 1*	870,902	870,902	302,919	302,919
Other receivables	*Amortized Cost*	5,271,203	5,271,203	3,155,100	3,155,100
Due from related parties	*Amortized Cost*	1,389,435	1,389,435	1,366,950	1,366,950
Accounts payable and accrued liabilities	*Amortized Cost*	(26,609,092)	(26,609,092)	(76,599,319)	(76,599,319)
Lease liability	*Amortized Cost*	(1,407,972)	(1,407,972)	-	-
Debt	*Amortized Cost*	(289,625,386)	(289,625,386)	(128,099,029)	(128,099,029)
Fair value of derivative instruments	*Level 2*	25,992,292	25,992,292	14,634,483	14,634,483

The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(g) Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Restricted cash/Securities in listed entities (financial assets at fair value through profit and loss)
Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Trade and other receivables/payables
For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Derivative instruments
The fair value of these derivatives is determined using a valuation model that incorporates such factors as metal prices, metal price volatility, risk-free interest rate and expiry date.

22. CONSULTING EXPENSE

During the year ended February 28, 2019, the Company incurred a break fee for a previously announced and uncompleted commercial debt package transaction as well as consulting costs for general corporate consulting services and a fee for an unused and now canceled bridge loan facility.

23. INCOME TAXES

	Ten month period ended December 31, 2019	Year ended February 28, 2019
Current income tax:		
Based on taxable income for the period	$ -	$ -
Prior period (under) over provision	-	**224,558**
	-	**224,558**
Deferred income tax:		
Origination/reversal of temporary differences	$ **2,876,918**	$ **263,217**
Tax benefit-previously unrecognized tax assets	**300,000**	**(3,300,000)**
	3,176,918	**(3,036,783)**
Income tax recovery/(expense)	$ **3,176,918**	**(2,812,225)**

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the periods ended is as follows:

	Ten month period ended December 31, 2019	Year ended February 28, 2019
Net loss before recovery of income taxes	$ **13,012,130**	$ 9,163,840
Expected income tax (expense) recovery	3,448,214	2,598,773
Increase (decrease) resulting from:		
Change in tax benefits not recognized	(9,973,870)	(2,726,271)
Under (over) provided in prior periods	305,346	(224,558)
Effect of flow-through renunciation	(3,975,000)	(911,573)
Tax effect on sale of resource properties	-	5,194,000
Other	(559,025)	(560,834)
Non-deductible (non-taxable) permanent items	7,577,417	(557,312)
Income tax recovery/(expense)	$ **(3,176,918)**	2,812,225

The Company's income tax is allocated as follows:

Current tax recovery / (expense)	-	224,558
Deferred tax recovery / (expense)	3,176,918	(3,036,783)
	3,176,918	(2,812,225)

The December 31, 2019 statutory tax rate of 26.5% did not change from the February 28, 2019 statutory tax rate.

Management believes that it is not probable that sufficient taxable profit will be available in future years to allow the benefit of the deferred tax assets arising from the following deductible temporary differences to be utilized:

		Ten month period ended December 31, 2019		Year ended February 28, 2019
Non-capital losses				
Canada	$	62,328,063	$	42,907,139
U.S.	$	45,264,830	$	40,728,540
Capital loss - Canada	$	9,129,081	$	3,344,101
Resource related deductions	$	4,267,317	$	1,586,721
Share issue costs	$	7,216,713	$	7,932,681
Intangible assets	$	323,798	$	323,798
Property plant and equipment	$	(321,193)	$	10,456
Marketable Securities	$	(6,441)	$	561,542
Other	$	358,836	$	1,016,791

The Canadian and United Stated non-capital income tax losses expire from 2026 to 2038; intangible assets, mineral property and exploration expenses, property plant and equipment and marketable securities have no expiry date. Share issue cost is deductible between 2021 to 2024. Capital losses can be carried forward indefinitely but may only be applied against capital gains income.

As a December 31, 2019, $3.0 million (February 28, 2019 - $3.3 million) was recognized as a deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future; and the investments are not held for resale and are expected to be recouped by continued use of these operations by the subsidiaries. The amount of temporary differences not booked for these unremitted earnings at December 31, 2019 is $nil (February 28, 2019 - $nil).

24. SUBSEQUENT EVENTS

On February 27, 2020, the Company closed a flow-through financing of 572,659 common shares of the Corporation that qualifies as "Canadian development expenses ("CDE") flow-through shares" at a price of $8.73 per share for gross proceeds of $4,999,313. The Company also closed an over-allotment of 229,163 CDE flow-through common shares of the Corporation at a price of $8.73 per share for gross proceeds of $2,000,593. No finders' fees were paid in connection with this transaction. The shares are subject to a four-month hold period.

Subsequent to year end, there was a global outbreak of a coronavirus ("COVID-19"), a pandemic infectious disease that has had a significant impact on the global economy including that of Canada, where the Company operates, through restrictions put in place by the various levels of governments regarding travel, business operations and isolation orders to reduce the rate of spread of new infections. As the outbreak of COVID-19 presents risks that are unknown at this time and may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to significant pandemic threats, there are potentially significant economic and social impacts caused by this infectious disease risk, including the inability of the Company's operating and exploration activities to continue as intended. To date, The Company's Eagle Mine continues to operate. The Company has and continues to engage in discussions with Yukon Government and local First Nations, to adjust to the dynamic conditions. At this time, it is not possible to reliably estimate the financial impact of the length or severity of COVID-19.