Financial Statements of

WALLBRIDGE MINING COMPANY LIMITED

Years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

INDEPENDENT AUDITORS ' REPORT

To the Shareholders of Wallbridge Mining Company Limited

Opinion

We have audited the financial statements of Wallbridge Mining Company Limited (the Entity), which comprise:

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

  (Hereinafter referred to as the "financial statements").

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

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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Emphasis of Matter Related to Going Concern

We draw attention to Note 1 in the financial statements which indicates that the Entity has prepared the financial statements on a going concern basis. The Company has had recurring losses, and its continuation as a going concern is dependent on the Company's ability to successfully fund its operations by obtaining additional financing and/or by generating sufficient cash flow from operations. These conditions, along with other matters as set forth in Note 1 in the financial statements, indicate the existence of material uncertainties that cast significant doubt about the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

__Auditors' Responsibility for the Audit of the Financial Statements__

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and

other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Sarah deGuzman.

Toronto, Canada
March 19, 2020

WALLBRIDGE MINING COMPANY LIMITED

Statements of Financial Position
(expressed in Canadian Dollars)

December 31, 2019 and December 31, 2018

	Note		2019	2018
Assets				
Current assets:				
Cash and cash equivalents		$	57,093,881	5,744,775
Restricted cash			-	71,073
Amounts receivable	7		1,417,420	1,556,086
Deposits and prepaid expenses			120,569	103,140
			58,631,870	7,475,074
Restricted cash			1,441,105	1,441,105
Amounts Receivable	7		4,605,860	
Long-term investment	8		1,057,974	769,436
Investment in associates	9		1,121,900	-
Exploration and evaluation assets	10		46,282,301	43,805,131
Property and equipment	11		2,563,128	1,180,102
		$	115,704,138	54,670,848
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	10	$	6,184,763	9,179,787
Flow-through premium liability	17		1,139,037	593,095
Deposit from partner			-	71,073
Derivative financial liability	13		-	294,800
Current portion of provision for closure plan	18		976,586	155,223
Current portion of lease payable	16		718,890	288,387
Loan payable	15		-	9,472,086
			9,019,276	20,054,451
Lease payable	16		170,124	375,325
Provision for closure plan	18		1,712,173	1,273,740
Deferred tax liability	19		1,513,000	795,000
			12,414,573	22,498,516
Equity:				
Share capital	20		149,440,804	73,925,994
Warrants	20		422,226	1,682,497
Contributed surplus	20		8,033,385	8,296,974
Deficit	20		(54,510,670)	(51,348,415)
Accumulated Other Comprehensive Income	20		(96,180)	(384,718)
Total Equity			103,289,565	32,172,332
Commitments and contingencies (note 21)				
Subsequent events (note 5, 8 and 22)				
		$	115,704,138	54,670,848

See accompanying notes to financial statements.

Approved by the Board:

"Alar Soever"
______________________________ Director

"Marz Kord"
______________________________ Director

WALLBRIDGE MINING COMPANY LIMITED

Statements of Loss and Comprehensive Loss
(expressed in Canadian Dollars)

Years ended December 31, 2019 and December 31, 2018

	Note		2019	2018
Other expenses and (income):				
General and administrative expenses		$	2,253,552	1,454,562
Project evaluation costs			-	-
Amortization of property and equipment	*11*		131,151	31,488
Other income	*9*		(1,121,900)	-
Interest income			(210,200)	(24,961)
Gain on disposition of property and equipment			(3,390)	(1,872)
Foreign exchange loss (gain) on bridge loan	*15*		(252,600)	529,170
Provision for closure plan costs	*18*		1,913,749	285,293
Other income relating to flow-through share premium	*17*		(1,227,981)	(270,860)
Share of comprehensive loss in Carube Copper Corp			-	162,362
Gain on dilution of equity interest in Carube Copper Corp.			-	(307,652)
Loss on the discontinuance of significant influence of investment in Carube Copper Corp			-	25,926
Impairment of exploration and evaluation assets	*10*		392,366	709,192
Interest on lease liability			60,723	-
Stock based compensation			353,700	215,534
Realized gains on derivative contracts			(114,915)	(898,703)
Unrealized losses on derivative contracts			-	294,800
Loss before income taxes			2,174,255	2,204,279
Deferred tax expense	*19*		988,000	505,000
Net loss for the year			3,162,255	2,709,279
Other comprehensive loss:				
Items that will not be reclassified to profit or loss:				
Long-term investment - net change in fair value	*8*		(288,538)	384,718
Total comprehensive loss for the year		$	2,873,717	3,093,997
Weighted average number of common shares - basic and diluted			466,845,877	329,985,214
Net loss per share - basic and diluted		$	0.01	0.01

See accompanying notes to financial statements.

WALLBRIDGE MINING COMPANY LIMITED

Statements of Changes in Equity
(expressed in Canadian Dollars)

December 31, 2019 and December 31, 2018

	Number of Shares		Share Capital	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss		Total
Balance, December 31, 2017	**294,394,851**	**$**	**63,794,074**	**1,519,987**	**8,512,970**	**(48,639,136)**	**-**	**$**	**25,187,895**
Share issuances, net of share issuance costs	70,060,657		7,454,643	637,230	-	-	-		8,091,873
Flow-through share premiums	-		(628,355)	-	-	-	-		(628,355)
Shares issued under option agreement	500,000		132,500	-	-	-	-		132,500
Exercise of warrants	14,824,518		2,175,597	(474,720)	-	-	-		1,700,877
Restricted share units vested and shares issued	2,304,870		250,956	-	(250,956)	-	-		-
Deferred share units converted to shares	1,264,340		101,147	-	(101,147)	-	-		-
Exercise of stock options	7,017,500		645,432	-	(189,069)	-	-		456,363
Share based compensation	-		-	-	215,534	-	-		215,534
Deferred share units granted	-		-	-	109,642	-	-		109,642
Investment in Carube Copper - net change in fair value	-		-	-	-	-	(384,718)		(384,718)
Net loss	-		-	-	-	(2,709,279)	-		(2,709,279)
Balance, December 31, 2018	**390,366,736**	**$**	**73,925,994**	**1,682,497**	**8,296,974**	**(51,348,415)**	**(384,718)**	**$**	**32,172,332**
Share issuances, net of share issuance costs	134,749,114		66,206,686	605,273	-	-	-		66,811,959
Flow-through share premiums	-		(1,773,923)	-	-	-	-		(1,773,923)
Exercise of warrants	54,057,147		9,617,231	(1,865,544)	-	-	-		7,751,687
Deferred share units converted to shares	1,000,000		370,000	-	(370,000)	-	-		-
Exercise of stock options	6,825,000		1,094,816	-	(502,516)	-	-		592,300
Share based compensation	-		-	-	474,600	-	-		474,600
Deferred share units granted	-		-	-	105,991	-	-		105,991
Expired warrants	-		-	-	28,336	-	-		28,336
Investment in Carube Copper - net change in fair value	-		-	-	-	-	288,538		288,538
Net loss	-		-	-	-	(3,162,255)	-		(3,162,255)
Balance, December 31, 2019	**586,997,997**	**$**	**149,440,804**	**422,226**	**8,033,385**	**(54,510,670)**	**(96,180)**	**$**	**103,289,565**

See accompanying notes to financial statements.

WALLBRIDGE MINING COMPANY LIMITED

Statements of Cash Flows
(expressed in Canadian Dollars)

Years ended December 31, 2019 and December 31, 2018

		2019	2018
Cash flows from (used in) operating activities:			
Net loss for the year	$	(3,162,255)	(2,709,279)
Adjustments for:			
Deferred tax expense		988,000	505,000
Amortization and depletion of property and equipment		131,151	31,488
Impairment of exploration and evaluation assets		392,366	709,192
Interest on note receivable		-	(5,571)
Other income received in shares		(1,121,900)	-
Gain on dilution of equity interest in Carube Copper		-	(307,652)
Loss (gain) on the disposition of property and equipment		(3,390)	(1,872)
Other income relating to flow-through share premium		(1,227,981)	(270,860)
Loss on the discontinuance of significant influence of investment in Carube Copper Corp.		-	25,926
Share of comprehensive loss in Carube Copper Corp.		-	162,362
Share based compensation		353,700	215,534
Deferred stock units		74,116	80,892
Interest on lease liability		60,723	-
Provision for closure plan costs		1,913,749	285,293
Loss on derivative contracts		-	504,447
Realized gains on derivative contracts		(114,915)	(898,703)
Foreign exchange loss on bridge loan		(252,600)	529,170
Closure plan disbursements		(653,953)	(257,878)
Changes in non-cash working capital:			
Amounts receivable		171,086	(1,275,006)
Prepaid expenses		(53,073)	(26,095)
Accounts payable and accrued liabilities		75,523	1,114,266
		(2,429,653)	(1,589,346)
Cash flows from (used in) financing activities:			
Issuance of share capital		67,562,226	8,371,381
Share issuance costs		(1,020,269)	(279,508)
Exercise of stock options		592,300	456,363
Exercise of warrants		7,780,023	1,700,877
Proceeds from bridge loan advances		-	10,313,280
Payment of bridge loan		(9,293,300)	(1,296,550)
Transaction costs relating to bridge loan		(34,125)	(198,446)
Lease payments		(705,845)	(53,223)
Payment of loan payable		-	(2,500,000)
		64,881,010	16,514,174
Cash flows from (used in) investing activities:			
Exploration and evaluation assets expenditures		(32,766,945)	(23,820,155)
Recoveries from Fenelon Gold bulk sample		22,193,837	10,235,774
Cash received on derivative contracts		13,975	898,703
Exploration and evaluation assets option payments received		186,281	339,420
Deposit for exploration and evaluation asset activities		-	119,161
Acquisition of equipment, net of proceeds		(729,399)	(256,802)
Restricted cash		-	(1,054,860)
		(11,102,251)	(13,538,759)
Net increase in cash and cash equivalents		51,349,106	1,386,069
Cash and cash equivalents, beginning of year		5,744,775	4,358,706
Cash and cash equivalents, end of year	$	57,093,881	5,744,775
Summary of non-cash transactions:			
Exploration expenditures included in accounts payable and accrued liabilities	$	3,218,708	(7,539,110)
Exploration recoveries included in amounts receivable		4,638,280	167,492
Other capitalized non-cash items in exploration and evaluation assets		(218,797)	(205,276)
Closure plan provision for the Fenelon Gold bulk sample and exploration program		-	(1,089,860)
Shares issued under exploration purchase option agreement		-	(132,500)
Property and equipment purchased under lease agreements		(870,425)	(716,935)
Property and equipment included in accounts payable and accrued liabilities		(214,163)	-
Stock based compensation capitalized to exploration and evaluation assets		(120,900)	-
Settlement of promissory note and interest with Carube Copper Corp. shares		-	293,204
Settlement of accounts payable with deferred stock units		(31,875)	(28,750)

See accompanying notes to financial statements.

1. Nature of operations and going concern:

Wallbridge Mining Company Limited ("Wallbridge" or the "Company") is incorporated under the laws of Ontario and is engaged in the acquisition, discovery, development and production of metals focusing on gold, copper, nickel and platinum group metals. The Company's head office is located at 129 Fielding Road in Lively, Ontario, Canada.

These financial statements have been prepared on the going concern basis, which contemplates that the Company will be able to realize its assets and discharge liabilities in the normal course of business. There can be no assurance that the Company will either achieve or maintain profitability in the future.

During the year ended December 31, 2019, the Company had a net loss of $3,162,255, negative cash flow from operations of $2,429,653 and has working capital of $49,612,594.

The Company was successful in raising the required funds for the 2020 program in late 2019. However, with the proposed acquisition of Balmoral Resources Ltd. (note 22 (b)) and because the Company is an exploration stage company, it will require funds to continue its operations beyond the end of 2020.

The continuation of the Company as a going concern is dependent on the Company's ability to successfully fund its cash obligations through financing. Although the Company has been successful in obtaining the necessary financing to date, there can be no assurance that adequate or sufficient financing will be available in the future, or available under terms acceptable to the Company, or the Company will be able to generate sufficient positive cash flow from operations. These circumstances indicate the existence of a material uncertainty which casts significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flow from operations or financing activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these financial statements should such adverse events impair the Company's ability to continue as a going concern.

On March 19, 2020, the Company's Board of Directors approved the financial statements as at for the years ended December 31, 2019 and 2018 and authorized them for issue.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements have been prepared on an historical cost basis except for certain financial assets and liabilities which are measured at fair value. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Associates:

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity.

Associates are accounted for using the equity method and are recognized initially at cost. The Company's investment includes goodwill and other purchase price adjustments identified on acquisition based on the fair value of the assets acquired, and the investment is net of any accumulated impairment losses. The financial statements include the Company's share of the income and expenses and equity movements of the associate, after adjustments to align the accounting policies with those of the Company and other adjustments arising from the elimination of intercompany transactions, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

2. Significant accounting policies (continued):

(c) Financial instruments:

(i) Classification:

The Company classifies its financial instruments in the following categories: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity investments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election to designate the asset as FVTOCI at initial recognition. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (a derivative or financial liability that is held for trading) or the Company has opted to measure them at FVTPL. The following table shows the classification:

Financial assets/liabilities	Classification
Cash and cash equivalents	FVTPL
Restricted cash	FVTPL
Amounts receivable	Amortized cost
Long-term investment	FVTOCI
Derivative Asset and Liability	FVTPL
Accounts payable	Amortized cost
Loan payable	Amortized cost

(ii) Measurement:

Financial assets and liabilities at amortized cost - Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, less any impairment.

Financial assets and liabilities at FVTPL - Financial assets and liabilities at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of net loss and comprehensive loss. Realized and unrealized gains and losses arising from the change in fair value are included in the statement of net loss and comprehensive loss in the period in which they arise.

Financial assets at FVTOCI – Equity instruments that have been irrevocably elected at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from the changes in fair value recognized in other comprehensive loss.

2. Significant accounting policies (continued):

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime of the expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(d) Exploration and evaluation assets:

These assets relate to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are in the exploration or pre-development stage.

Exploration and evaluation expenditures include costs which are directly attributable to acquisition, surveying, geological, geochemical, geophysical, exploratory drilling, land maintenance, sampling, and assessing technical feasibility and commercial viability. Interest cost on borrowing for the acquisition of exploration and evaluation assets are capitalized. These expenditures are capitalized until the technical feasibility and commercial viability of the extraction of mineral reserves in a project is demonstrated.

The Company assesses whether there is any indication of impairment. Indicators of impairment include, but are not limited to:

i) The right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

ii) Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

iii) Exploration for and evaluation of mineral resources in the specific area have not led to the commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

iv) Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In circumstances where indicators of impairment exist, an impairment test is required to determine if the carrying amount of the exploration and evaluation asset exceeds its estimated recoverable amount. The estimated recoverable amount is the greater of fair value less costs of disposal, and value in use (which is the discounted expected future cash flows). If the exploration and evaluation asset is determined to be impaired, the exploration and evaluation asset is written down to the estimated recoverable amount.

2. Significant accounting policies (continued):

(e) Property and equipment:

Property and equipment are carried at cost, less accumulated depreciation. Depreciation is provided using the following methods and annual rates:

Asset	Basis	Rate
Buildings and bridges	Declining-balance	5%
Vehicles and equipment	Declining-balance	20% - 30%
Leasehold	Declining-balance	20%

Management reviews the estimated lives, residual values and depreciation methods of the Company's property and equipment at the end of each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

Once a mining project has been established as commercially viable, technically feasible, and a development decision has been made, costs are no longer capitalized to exploration and evaluation assets, an impairment test is completed on the asset, and the unimpaired costs are transferred from Exploration and Evaluation assets to property and equipment. Costs associated with development of the project are capitalized to property and equipment.

At each reporting date, the Company reviews the carrying amounts of its property and equipment to determine whether there is any indication of impairment. If any such impairment exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. An impairment is recognized, if the carrying amount of an asset or CGU exceeds its recoverable amount, in the statement of loss and comprehensive loss.

2. Significant accounting policies (continued):

(f) Cash and cash equivalents and restricted cash:

Cash and cash equivalents consists of cash on hand and deposits in banks which may be settled on demand or have a maturity no longer than a 90 day period from the date of purchase.

Restricted cash, classified as current, consists of deposits in banks to be used in exploration joint ventures.

Restricted cash, classified as long-term, consists of cash balances assigned to support one-year letters of credit in support of various agreements.

(g) Share based payments:

The fair value of the stock options, restricted share units, and deferred share units granted to employees, officers and directors is recognized as an expense over the graded vesting period with a corresponding increase to contributed surplus. The fair values for stock options are determined at the grant date by applying the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price, expected volatility, weighted average expected life, expected dividends, expected forfeiture rate and the risk free interest rate. Under graded vesting the fair value of each tranche is recognized over its respective vesting period.

Restricted share units and deferred share units are measured at the fair value of the shares at the grant date and are equity settled. Other share based payments are measured at the fair value of goods or services received. In situations where equity instruments are issued and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at fair value of the share based payment.

(h) Provision for restoration, rehabilitation and environmental obligations:

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from 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 amount of the asset, as soon as the obligation to incur such costs arises.

Discount rates to reflect the time value of money are specific to the liability. These costs are charged against profit or loss over the economic life of the related asset, through amortization using a unit-of-production methodology. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate and amount or timing of the underlying cash flows needed to settle the obligation. The unwinding of the discount is recognized as a finance cost.

2. Significant accounting policies (continued):

(i) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

(j) Earnings (loss) per share:

Basic earnings (loss) per share are computed by dividing earnings (loss) by the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. Diluted earnings per share are computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options and warrants.

2. Significant accounting policies (continued):

(k) Flow-through common shares:

The Company finances a portion of its exploration activities through the issue of flow-through shares. Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Common shares issued on a flow-through basis typically include a premium because of the tax benefits provided to the investor. At the time of issue, the Company estimates the proportion of the proceeds attributable to the premium and the common shares. The premium is estimated as the excess of the subscription price over the trading price of the shares and is recorded as a deferred liability. The Company recognizes a pro rata amount of the premium through the statement of loss and comprehensive loss as other income relating to flow-through share premium with a corresponding reduction to the deferred liability as the flow-through expenditures are incurred.

(l) Significant accounting judgments and estimates:

The preparation of financial statements in accordance with IFRS requires management to make judgments, 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. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

<u>Significant Judgments in Applying Accounting Policies</u>*:*

The areas which require management to make significant judgments in applying the Company's accounting policies in determining carrying values include, but are not limited to:

Amortization of property and equipment:

Significant judgment is involved in the determination of useful life and residual values for the computation of amortization of property and equipment and no assurance can be given that actual useful lives and residual values will not differ from current assumptions.

Determination of development phase:

The Company applies significant judgment when determining and assessing its criteria used to determine technical feasibility and commercial viability is demonstrable.

2. Significant accounting policies (continued):

(l) Significant accounting judgments and estimates (continued):

Commercial production:

The determination of the date on which a mine enters the commercial production stage is a significant judgment since capitalization of certain costs ceases and the recording of revenues and expenses commences upon entering commercial production. As a mine is constructed, certain costs incurred are capitalized and proceeds from sales are offset against the capitalized costs. This continues until the mine is available for use in the manner intended by management, which requires significant judgment.

<u>Significant Accounting Estimates and Assumptions</u>*:*

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Impairment of exploration and evaluation properties:

While assessing whether any indications of impairment exist for exploration and evaluation properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation properties. Internal sources of information include the manner in which exploration and evaluation properties are being used or are expected to be used and indications of expected economic performance of the assets.

Income taxes and recoverability of potential deferred tax assets:

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

2. Significant accounting policies (continued):

(l) Significant accounting judgments and estimates (continued):

Long-term investment

Significant judgment was involved in the determination of the carrying amount of the investment in Carube Copper Corp. ("Carube Copper") while the Company had significant influence and whether impairment has occurred or whether an impairment loss recognized in prior periods may no longer exist or have decreased. The changes in fair value of the investment are recognized in other comprehensive income or loss for each period.

Investment in associates

Significant judgment is involved in the determination of the carrying amount of the investment in Lonmin Canada Inc. ("Loncan") while the Company has significant influence and whether impairment has occurred.

Stock-based compensation and warrants:

Management determines fair value for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Reserves and Resources:

Significant estimates and assumptions relate to recoverability of mining operations. Certain assumptions are based upon reserves, which represent the estimated amount of ore that can be economically and legally extracted from the Company's property. Changes in reserves may affect the Company's financial results and financial position as follows:

(i) Asset carrying values;
(ii) Amortization charged in the statement of operations that are determined by the units of production basis or over the estimated life of the mine; and
(iii) Site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities;

2. Significant accounting policies (continued):

(l) Significant accounting judgments and estimates (continued):

Provisions:

From time to time the Company may be subject to legal claims, with and without merit. These claims may commence informally and reach a commercial settlement or may progress to a more formal dispute resolution process. The causes of potential future claims cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. Defense and settlement costs may be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Company's future cash flows, results of operations or financial condition.

Management determines when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and is probable that a future outflow of resources will be required to settle the obligation, provided that a reasonable estimate of the amount of the obligation can be made. Provisions for legal claims, onerous contracts and commitments are recognized at the best estimates of the expenditures required to settle the Company's liability. Provisions are measured at the present value of the expenditures required to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

3. Recent accounting pronouncements:

Change in accounting policies – IFRS 16 Leases:

The Company has adopted IFRS 16 with the date of initial application of January 1, 2019 using the modified retrospective approach. Comparative information has not been restated and continues to be reported under IAS 17 — *Leases* (''IAS 17''), the accounting standard in effect for those periods.

The Company assesses whether a contract is, or contains, a lease at the inception of a contract. 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). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments include fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees and the exercise price of a purchase option reasonably certain to be exercised by the Company.

3. Recent accounting pronouncements (continued):

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company presents right-of-use assets in the property and equipment line item on the statement of financial position and lease liabilities in the lease payable line item on the statement of financial position.

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 statement of loss.

Impact of IFRS 16 at January 1, 2019:

On adoption of IFRS 16, the Company recognized right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid lease payments previously recognized. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019.

The Company used the following practical expedients when applying IFRS 16:

• Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term remaining at January 1, 2019;
• Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
• Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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 January 1, 2019 was determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

(expressed in Canadian Dollars)

3. Recent accounting pronouncements (continued):

Lease policy for comparative period:

Leased assets from which the Company receives substantially all of the risks and rewards of ownership of the asset are capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the balance sheet. Assets under operating leases are not capitalized, and rental payments are expensed based on the terms of the lease.

Upon transition to IFRS 16, the Company recognized an additional $349,166 of right-of-use assets and $339,371 of lease liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 4.7%.

The lease liabilities at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

Operating lease commitments at December 31, 2018	$69,551
Operating lease with renewal option reasonably certain to be exercised	300,965
	370,516
Discounting using the January 1, 2019 incremental borrowing rates	(31,145)
Discounted operating lease commitments, January 1, 2019	339,371
Add commitments relating to leases previously classified as finance leases	663,712
Lease liabilities recognized at January 1, 2019	$1,003,083

Current lease liability, January 1, 2019	$374,391
Non-current lease liability, January 1, 2019	628,692
Lease liabilities recognized at January 1, 2019	$1,003,083

The Company excluded commitments relating to short-term leases of $41,465 and leases of low-value assets of $4,804.

4. Capital management:

The Company considers its capital structure to be total equity of $103,289,565 at December 31, 2019 (2018 - $32,172,332).

The Company's objective when managing capital is to maintain adequate levels of funding to support its exploration and mining activities and to maintain corporate and administrative functions necessary to support operational activities.

Funds are primarily secured through equity capital raised by way of private placements and debt through short term financing. There can be no assurances that the Company will be able to continue raising equity capital or obtaining debt financing in this manner.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, and all are held in a major Canadian chartered bank.

5. Financial risk factors:

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

(a) Credit risk:

Credit risk refers to cash and cash equivalents, amounts receivable, and restricted cash arises from the possibility that any party to the contracts fail to meet its contractual obligations.

The Company monitors the credit worthiness of its customers and joint venture partners.

The Company's cash and cash equivalents are held in a major Canadian chartered bank.

The Company's exposure to credit risk at December 31, 2019 was the carrying value of the cash and cash equivalents, amounts receivable, and restricted cash. Most of the amounts receivable are from the federal and Quebec government for sales tax and have low credit risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At December 31, 2019, the Company has cash and cash equivalents and amounts receivable of $58,511,301 to settle accounts payable and accrued liabilities, current portion of the provision for closure plan and current portion of lease payables of $7,880,239 and flow-through shares commitment of $7,858,785 (note 17). The continuation of the Company as a going concern is dependent on the Company's ability to successfully fund its cash obligations through future operations or financing.

5. Financial risk factors (continued):

(c) Market risk:

Commodity price risk – Commodity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in commodity prices. In 2018 and 2019, the Company was exposed to changes in commodity prices from its sale of gold from its Fenelon Gold Property ("Fenelon Gold") bulk sample. To mitigate some of its risk and as required by the Auramet International LLC ("Auramet") – Bridge Loan ("Bridge Loan") (note 15), the Company held derivative financial instruments in 2018 to minimize its market price exposures.

The gold forward sales contracts were recognized on a mark-to-market basis as a gain or loss in the statement of loss and comprehensive loss.

At December 31, 2019, the Company does not have commodity price risk.

Foreign currency risk – Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At December 31, 2018, the Company owed $9,545,900 (US$7,000,000) to Auramet (note 15). The Company recorded a gain on foreign currency of $252,600 in 2019 upon settlement of the Bridge Loan.

At December 31, 2019, the Company does not have any foreign currency risk.

Interest rate risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company had $57,093,881 in cash and cash equivalents at December 31, 2019. The Company invests cash in interest bearing accounts or guaranteed investment certificates held in major Canadian chartered banks. The Company periodically assesses the quality of its investments with the banks and is satisfied with the credit rating of the banks.

At December 31, 2019, the Company's cash is held primarily in interest bearing accounts, the rates of which are not fixed. A 100 basis point change in the interest rate at December 31, 2019 would affect the Company by an annualized amount of interest equal to approximately $570,939.

In January 2020, the Company has invested its excess cash in short term guaranteed investments with two major Canadian chartered banks with interest rates of 2.14% and 2.26%.

6. Fair value of financial instruments:

Financial assets and liabilities are grouped into three levels based on significant inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Carrying values for cash and cash equivalents, restricted cash, amounts receivable, and accounts payable and accrued liabilities approximate fair value due to their short term maturities.

At December 31, 2019, the long-term investment in Carube Copper is classified as level 1 at $1,057,974. The shares in Carube Copper trade on the TSX Venture Exchange and the fair value is estimated by using the closing share price at December 31, 2019.

The Company's lease payable is classified as level 2. The fair values of lease payable using discounted cash flows based on the cost of borrowing.

(expressed in Canadian Dollars)

7. Amounts receivable:

	2019	2018
Harmonized Sales Tax and Quebec Sales Tax	$ 967,460	$ 1,215,579
Quebec tax credits	4,702,281	141,092
Other receivables	353,539	199,415
	6,023,280	1,556,086
Current Portion of amounts receivable	(1,417,420)	-
	$ 4,605,860	$ 1,556,086

The Company is entitled to refundable tax credits and tax credits on qualified exploration expenditures incurred in Quebec. Of the $4,702,281 Quebec tax credits, $4,605,860 relates to 2019 qualified expenditures incurred in Quebec, and $96,421 relates to 2018 qualified expenditures incurred in Quebec.

The Company has claimed certain government assistance relating to exploration expenditures incurred in Quebec of approximately $1.4 million which has not been recorded as there is no history of receipt and the Company does not have reasonable assurance as to its collection.

(expressed in Canadian Dollars)

8. Long-term investment

At December 31, 2019, the Company owns 19,235,911 (2018 – 19,235,911) shares of Carube Copper representing approximately 10.9% (2018 – 11.3%) of the outstanding shares. In January and February 2020, Carube Copper issued shares reducing the Company's ownership share of Carube Copper to 5.8%.

Wallbridge's investment in Carube Copper is as follows:

	Number of shares	Amount
Balance, December 31, 2017	13,868,645	$ 741,586
Gain on dilution of equity interest in Carube Copper [(i)]	-	307,652
Promissory note settlement of balance of $293,204 [(ii)]	5,367,266	293,204
Share of comprehensive losses of Carube Copper, December 1, 2017 to August 9, 2018 [(iii)]	-	(162,362)
Loss on the discontinuance of significant influence [(iv)]	-	(25,926)
Decrease in fair value, December 31, 2018 [(v)]	-	(384,718)
Balance, December 31, 2018	19,235,911	$ 769,436
Increase in fair value, December 31, 2019 [(v)]		288,538
Balance, December 31, 2019	19,235,911	$ 1,057,974

(i) During the period of January 1 to August 9, 2018, Carube Copper issued shares resulting in a dilution of the Company's equity interest and the Company recorded a gain on dilution of its interest totalling $307,652.

(ii) On March 21, 2018, the Company received 5,367,266 shares for settlement of the $293,204 balance owing of the promissory note and interest receivable.

(iii) The Company recorded its share of comprehensive loss of Carube Copper for the period of December 1, 2017 to August 9, 2018 of $162,362 which represented approximately 11.7% of the total comprehensive loss of $1,388,790 over the period.

(iv) On August 9, 2018, the Company determined that the Company no longer had significant influence. Upon the loss of significant influence, the investment was recorded at fair value, resulting in a loss of $25,926 reflecting the difference between the fair value and the carrying value at August 9, 2018.

(v) At December 31, 2019, the fair value was determined based on the closing price on the Toronto Stock Exchange ("TSX") which was $0.055 (December 31, 2018 - $0.04).

(expressed in Canadian Dollars)

9. Investments in associates

	Number of shares	Amount
Shares issued pursuant to the October 28, 2019 agreement	3,739,667	$1,121,900

On October 28, 2019, the Company signed a definitive letter agreement whereby Lonmin Limited (a wholly owned subsidiary of Sibanye-Stillwater ("Lonmin")), appointed Wallbridge as operator of Lonmin Canada Inc. (a wholly owned subsidiary of Lonmin Limited) ("Loncan")). Pursuant to the terms of the agreement, Wallbridge received 3,739,667 shares at $0.30 per share in Loncan representing 20% ownership in Loncan and a board seat on Loncan's board of directors. In December 2019, there was a private placement in Loncan that reduced the Company's share in Loncan to 16.5%. With the board representation, operatorship of Loncan by Wallbridge, and 16.5% ownership, the Company has significant influence over Loncan and, thereby, Loncan is accounted for using the equity method.

The general terms of the agreement include:

(i) Lonmin will engage the services of Wallbridge to operate and manage all operations of Loncan in Canada as directed by Sibanye-Stillwater;

(ii) Wallbridge will receive compensation in the form of cash and/or shares of Loncan and additional compensation for milestones achieved in the development of projects as agreed upon by both parties at a later date;

(iii) Termination of the agreement upon a change of control will result in Wallbridge with a 2.5x multiplier on the value of shares owned by Wallbridge at the time of termination; and

(iv) While the operatorship agreement is in effect, the Company has agreed to suspend the earn-in requirements on exploration joint ventures and subsequent amendment agreements with Loncan (note 10 (c)).

(expressed in Canadian Dollars)

10. Exploration and evaluation assets:

Total exploration and evaluation expenditures are detailed as follows:

	Balance December 31, 2018	Expenditures	Impairment	Disposition/ Recovery	Balance, December 31, 2019
Fenelon Gold Property (a)	$ 28,144,756	29,773,292	-	(26,967,157)	$30,950,891
Beschefer (b)	364,351	28,015	(392,366)	-	-
Sudbury Properties (c)	15,296,024	280,487	-	(245,101)	15,331,410
	$43,805,131	30,081,794	(392,366)	(27,212,258)	$46,282,301

	Balance December 31, 2017	Expenditures	Impairment	Disposition/ Recovery	Balance, December 31, 2018
Fenelon Gold Property (a)	$ 6,526,526	32,231,142	-	(10,612,912)	$ 28,144,756
Beschefer (b)	-	364,351	-	-	364,351
Sudbury Properties (c)	16,062,744	281,892	(709,192)	(339,420)	15,296,024
	$22,589,270	32,877,385	(709,192)	(10,952,332)	$43,805,131

Included in 2019 expenditures are salaries and benefits of $2,893,307 (2018 - $1,506,954).

10. Exploration and evaluation assets (continued):

(a) **Fenelon Gold Property:**

Included in the 2019 expenditures of $29,773,292 are $18,843,883 relating to the underground exploration and bulk sample, surface exploration costs of $9,923,411, capitalized interest and transaction costs of $258,150 relating to the Bridge Loan (note 15), depreciation of capital assets of $312,994, Quebec mining tax duties of $320,954 and stock option expense of $113,900. Recovery of $22,361,297 is from the sale of gold ounces from the bulk sample and Quebec tax credits of $4,605,860 for a total recovery of $26,967,157.

Included in the 2018 expenditures of $32,231,142 are $27,541,588 relating to the underground exploration and bulk sample, closure plan costs of $1,089,860 (note 18), capitalized interest and transaction costs of $1,693,600 relating to the Bridge Loan (note 15), surface exploration costs of $1,860,781, and depreciation of capital assets of $45,313. Recovery of $10,471,820 is from the sale of gold ounces from the bulk sample and Quebec tax credits of $141,092 for a total recovery of $10,612,912.

The property is subject to royalties on any future commercial production. A 1% net smelter return royalty ("NSR") payable from production to Freeport-McMoRan Mineral Properties Canada Inc., and a 1% NSR payable to a company beneficially owned by Eric Sprott ("Sprott"). During the second quarter of 2019, Ely Gold Royalties Inc. ("Ely Gold") announced that it had acquired a 2% NSR ("the Morrison Royalty") on Fenelon Gold pursuant to an exploration agreement dated October 31, 1986. The NSR was not registered on title when the Company acquired Fenelon Gold in 2016.

In September 2019, Ely Gold and the Company entered into an acknowledgement and amendment of the Net Smelter Return Royalty agreement with an effective date of June 30, 2019 whereby it was agreed that:

- The Company acknowledged the Morrison Royalty and supported its registration with the appropriate Ministries in Quebec;
- Payment of the Morrison Royalty on bulk samples at Fenelon Gold will only apply after the effective date; and
- Toll milling will not be considered a deductible expense when calculating royalty payments.

Upon repayment of the Bridge Loan on February 25, 2019, the first mortgage charge and hypothec registered against title to Fenelon Gold was released (note 15).

As a result of the private placement on December 2, 2019 (note 20 (a) (xi)), the Company has agreed to not sell or grant any additional royalty rights or interests with respect to Fenelon Gold and/or any contiguous claims or properties adjacent to Fenelon Gold so long as Kirkland Lake Gold Limited ("Kirkland") holds shares representing at least 7.5% of the issued and outstanding shares of the Company.

(expressed in Canadian Dollars)

10. Exploration and evaluation assets (continued):

(b) **Beschefer Project ("Beschefer"):**

On October 16, 2018, the Company entered into an option agreement to acquire 100% of Beschefer from Lateegra Gold Corp, ("Lateegra"), a wholly owned subsidiary of Excellon Resources Inc. ("Excellon"). Beschefer is a gold exploration property located approximately 30 kilometres southwest of Fenelon Gold.

On September 21, 2019, the Company and Lateegra amended the option agreement to acquire 100% of Beschefer. The amendment allows the Company to extend the share issuance and expenditure commitment by one year and provides for an additional 1,000,000 shares to be issued over the option term. The option may be exercised by the Company by incurring aggregate expenditures on the property in the following amounts and issuing common shares in the capital of the Company as follows:

	Share issuance	Expenditure commitment
Issued upon execution of the agreement, October 16, 2018	500,000	$ -
October 16, 2020	1,500,000	2,500,000
October 16, 2021	2,000,000	-
October 16, 2022	4,000,000	2,000,000
Total	8,000,000	$ 4,500,000

The Company may accelerate expenditures and the option will be effectively exercised when the Company incurs $4,500,000 of expenditures and issues 8,000,000 common shares. The Company has spent $259,866 on its exploration commitment at December 31, 2019. The 500,000 shares issued on October 16, 2018 had a fair value of $132,500 based on the closing price of $0.265 per share on October 16, 2018.

In December 2019, the claims on Beschefer lapsed due to the failure of Wallbridge to file annual work statements. The Company recorded an impairment of the full amount of its expenditures on Beschefer of $392,366.

In February 2020, the Company has acquired most of the claims on Beschefer (note 22 (a)).

In March 2020, the Company has entered into an agreement with Excellon relating to Beschefer (note 22 (c)).

10. Exploration and evaluation assets (continued):

(c) **Sudbury Properties:**

At December 31, 2019, the Company has an interest in 39 exploration properties in the Sudbury, Ontario area of which 34 of the exploration properties are subject to joint venture arrangements with other parties. In order to retain its right to the properties, the Company must fulfill the commitments set out in note 10 (d) as well as incur exploration expenditures required for provincial assessment purposes.

In March 2018, the Company decided to abandon the Barry property (part of the Sudbury Projects) and did not make the final option payment of $15,000 which was due on April 1, 2018. The Company recorded an impairment of $44,078 bringing the balance to $nil on the Barry property in 2018.

At December 31, 2018, the Company recorded an impairment of $665,114 bringing the balance to $nil on the Graham property (part of the Sudbury Projects), as the Company has decided to discontinue exploration activity in the area.

<u>Battery Minerals Resources option and sale agreement</u>

Effective October 15, 2017, Battery Mineral Resources entered into an option and sale agreement to acquire a 100% interest in 19 claims that are part of the Company's North Range and Sudbury Camp Joint Ventures with Lonmin, by making cash payments totalling $700,000 and annual work commitments of $50,000 over three years. Loncan has an interest of approximately 35% in these claims. In 2018, $150,000 was received which $96,960 was recorded as a recovery and $53,040 pertained to Loncan's interest in the claims.

Battery Mineral Resources terminated its option agreement in September 2019. Cash option payments of $200,000 by October 15, 2019 and $250,000 by October 15, 2020 were required for Battery to maintain its option to acquire these properties.

10. Exploration and evaluation assets (continued):

(c) Sudbury Properties (continued):

Loncan Exploration Joint Ventures

The Company has exploration joint ventures with Loncan on several properties in the Sudbury area: the Sudbury Camp Joint Venture ("SCJV") and the North Range Joint Venture ("NRJV") on the Parkin, North Range and Wisner Properties. At December 31, 2019, Wallbridge has $nil (2018 - $71,073) of restricted cash from Loncan to be used in the NRJV on the Parkin, North Range and Wisner Properties.

During the year ended December 31, 2019, the Company received $188,115 (2018- $nil) to extend the funding requirements and defer the scope of work on the exploration joint ventures.

During the year ended December 31, 2019, the Company spent $240,584 (2018 - $237,818) and received payments of $234,997 (2018 - $242,460) on the properties under the joint ventures.

On October 28, 2019, the Company signed a definitive letter agreement whereby Lonmin appointed Wallbridge as operator of Loncan (note 9). While the operatorship agreement is in effect, the Company has agreed to suspend the earn-in requirements on exploration joint ventures and subsequent amendment agreements with Loncan. The initial earn-in expiry dates for the NRJV agreement and subsequent amendments is the later of (i) the one year anniversary of the date of the termination of the letter agreement, and (ii) September 21, 2021.

(i) *Sudbury Camp Joint Venture*

At December 31, 2019, nine of the properties of the Sudbury Projects have been assigned to the SCJV, an exploration joint venture operated in conjunction with Loncan. The Company retains a 100% interest in each property until there is an indicated resource on a particular property. Provided Loncan has fulfilled its minimum expenditure commitment of US $1 million each year, it will earn, at that time, a 50% interest in the particular property. Loncan's interest would be diluted to the extent the Company has contributed to work on a property. As a joint venture participant, the Company may elect to fund its pro-rata share of approved exploration budgets in order to increase its interest in the property. By funding a feasibility study and securing the Company's portion of financing through to commercial production, Loncan can increase its interest in a property to 65%.

The Company has agreed to suspend the earn-in requirements on the SCJV as part of the agreement to operate Loncan.

10. Exploration and evaluation assets (continued):

(c) Sudbury Properties (continued):

(ii) *NRJV Agreement re North Range Properties and Amendment re Wisner Properties:*

In 2012, Loncan exercised its right to enter into an exploration joint venture on the North Range Properties. Twelve of the Sudbury properties are assigned to the NRJV, an exploration joint venture operated in conjunction with Loncan, relating to the North Range Properties. Prior to the suspension of the earn in requirements, based on the 2015 amending agreement, Loncan could earn up to a 50% interest by spending twice the Company's expenditures on each of the properties and the total minimum commitment of $250,000 of exploration costs on the North Range and Wisner properties. Loncan can then earn up to a 65% interest in each of the properties by making additional expenditures. Loncan has earned a 65% interest in the Iron Mask, Foy North and Ministic Properties.

The Company has agreed to suspend the earn-in requirements on the NRJV and subsequent amendments as part of the agreement to operate Loncan.

(iii) *NRJV Agreement Amendment re Wisner Properties:*

In December 2013, the Company entered into an agreement with Loncan to amend the NRJV agreement effective October 1, 2013 to add the Wisner Properties. Loncan could earn a 50% interest in its Wisner package of five properties by making option payments and funding exploration over three years as follows:

i. Loncan will fund exploration costs on the Wisner Properties totaling $3.6 million over three years with minimum annual expenditures of $1.2 million;

ii. Loncan will make cash option payments to the Company totaling two thirds of annual exploration costs; and

iii. The Company will fund 40% of the exploration costs on the Wisner Properties over three years, totaling $2.4 million.

An amending agreement was signed in September 2015 which extended the initial earn-in expiry date to September 30, 2019 and amended the total annual minimum commitment to $250,000 of exploration costs on the North Range and Wisner properties. Upon vesting, Loncan will have the option to earn a 15% additional interest by committing to fund the Wisner properties through to a definitive feasibility study.

The Company has agreed to suspend the earn-in requirements on the NRJV and subsequent amendments as part of the agreement to operate Loncan.

10. Exploration and evaluation assets (continued):

(c) Sudbury Projects (continued):

(iv) *NRJV Amendment re Parkin Properties*

In September 2015, the Company entered into an agreement with Lonmin to amend the NRJV agreement, to provide for Loncan to earn up to a 50% initial interest in the four Parkin properties by making payments and funding aggregate expenditures up to $11 million on or before September 30, 2019. The expenditures include the cash payments to purchase the Impala Platinum Holdings Limited interest in the Parkin Properties. The Company has agreed to suspend the earn-in requirements on the NRJV agreement and subsequent amendments as part of the agreement to operate Loncan.

Impala Platinum Holdings Limited (“Impala”) Agreement

In 2008, the Company entered into an option and joint venture agreement with Impala on its Parkin Properties in Sudbury where Impala earned a 49.6% interest and Wallbridge had a 50.4% interest in the Properties at December 31, 2014. The Company entered into an option agreement with Impala, effective December 31, 2014, which provides the Company an option to purchase Impala’s 49.6% interest by making cash payments over five years.

On March 15, 2019, the Company and Impala agreed to extend the final option payment to purchase the 49.6% interest on its Parkin Properties of $1,500,000 to June 30, 2020 by the Company making a $150,000 payment to Impala by June 30, 2019.

In March 2020, the Company and Impala agreed to extend the option payment to purchase the 49.6% interest on its Parkin Properties of $1,500,000 from June 30, 2020 from June 30, 2021. The cost of extending the payment is $150,000 which will be paid by June 30, 2020.

The Company may exercise this option at its discretion.

(expressed in Canadian Dollars)

10. Exploration and evaluation assets (continued):

(d) Future commitments:

A summary of future commitments not included in the above are set out in the following table:

Property	Commitment	Payable
Graham **	1.5% NSR	on production
Blezard**	1.5% NSR	on production
Frost Lake **	1.5% NSR	on production at Glencore facilities
	or 5% NSR	on production at other facilities
Drill Lake	2% NSR	on production
	or $1,000,000 and 1% NSR	on production
Creighton South	$200,000 Advance Royalty	commencement of production on
	1% NSR	production
Foy	$1,000,000	commencement of production
Trill	2% NSR on certain claims	on production
	or 1% NSR plus $1,000,000; and	on production
	1% NSR on a portion of property	on production
	or $1,000,000	on production
North Range and Wisner Properties:		
CBA Hess	2.5% NSR on certain claims	on production
	or 1.25% NSR plus $1,000,000; and	on production
	3% NSR on certain claims	on production
	or 2% NSR plus $1,500,000	on production
	1.5% NSR or $1,500,000	on production
	Advance Royalty of $9,440 per annum	$4,720 semi-annually *
CBA Ermatinger	2% NSR on certain claims	on production
	or 1% NSR plus $1,000,000	on production
	Advance Royalty of $560 per annum	$280 semi-annually *
	And 2.5% on certain claims	on production
	or 1.25% NSR plus $1,500,000	on production
Ruza	2% NSR	on production
Foy North	2.5% NSR not to exceed $3,000,000	on production
	Certain claims 2% NSR plus 0.5% NSR which can be purchased for $500,000; 50% of the 2% NSR can be purchased for $1,000,000	on production
Cartier	Glencore retains a right to buy back a 60% interest at the feasibility stage in any deposit which contains in excess of US$750 million of contained metal by incurring 200% of the expenditures made after January 1, 2011	
Wisner**	1.5% NSR	on production at Glencore facilities
	or 5% NSR	on production at other facilities
Wisner East	1% NSR may be purchased for $2,000,000 with an adjustment for inflation, and a further 1% NSR under certain conditions	
Bowell	1% NSR may be purchased for $2,000,000 with an adjustment for inflation, and a further 1% NSR under certain conditions	

(expressed in Canadian Dollars)

10. Exploration and evaluation assets (continued):

(d) Future commitments (continued):

Property	Commitment	Payable
Parkin Properties:		
Parkin Milnet	1.5% NSR on a portion of property with a right of first refusal to Purchase the NSR; and	on production
	1.5% NSR on a portion of property or	on production
	$1,000,000	prior to production
Parkin	1.5% NSR	on production at Glencore facilities
	or 5% NSR	on production at other facilities
Parkin – Champion Bear	Advance Royalty $12,000 per annum	$6,000 semi-annually *
	2.5% NSR	
	60% of NSR may be purchased for $1,500,000;	
	complete a definitive feasibility study and fund Champion Bear's portion of development expenditures as a loan against their proceeds of production to earn 75% interest	

* payments were made in February and March

** NSR owing if the interest in the property by the joint venture partner is reduced to below 10%

(expressed in Canadian Dollars)

11. Property and equipment:

Cost:

	Buildings, leaseholds and bridges	Vehicles and equipment	Right-of-Use buildings	Right-of-Use vehicles and equipment	Total
Balance, December 31, 2017	$ 347,682	$ 772,527	$ -	$ -	$ 1,120,209
Additions	-	981,739	-	-	981,739
Disposals	-	(66,247)	-	-	(66,247)
Balance, December 31, 2018	$ 347,682	$ 1,688,019	$ -	$ -	$ 2,035,701
IFRS 16 adoption		(687,243)		687,243	-
Additions	-	947,162	274,716	605,503	1,827,381
Disposals	-	(8,099)	-	-	(8,099)
Balance, December 31, 2019	$ 347,682	$ 1,939,839	$ 274,716	$1,292,746	$ 3,854,983

Accumulated amortization:

	Buildings, leaseholds and bridges	Vehicles and equipment	Right-of Use buildings	Right-of Use vehicles and equipment	Total
Balance, December 31, 2017	$ 153,754	$ 685,161	$ -	$ -	$ 838,915
Additions	9,157	67,646	-	-	76,803
Disposals	-	(60,119)	-	-	(60,119)
Balance, December 31, 2018	$ 162,911	$ 692,688	$ -	$ -	$ 855,599
IFRS 16 adoption		(158,229)		158,229	-
Additions	8,700	252,408	73,256	109,781	444,145
Disposals	-	(7,889)	-	-	(7,889)
Balance, December 31, 2019	$ 171,611	$ 778,978	$ 73,256	$ 268,010	$1,291,855

Carrying amounts:

	Buildings, leaseholds and bridges	Vehicles and equipment	Right-of-Use buildings	Right-of-Use vehicles and equipment	Total
At December 31, 2018	$ 184,771	$ 995,331	$ -	$ -	$ 1,180,102
At December 31, 2019	$ 176,071	$ 1,160,861	$ 201,460	$ 1,024,736	$ 2,563,128

The Company capitalized depreciation of $312,994 to Fenelon Gold in 2019 (2018 - $45,313).

(expressed in Canadian Dollars)

12. Accounts payable and accrued liabilities:

	2019	2018
Accounts payable	$ 5,148,587	$ 8,335,638
Accrued liabilities	323,054	555,359
Quebec mining tax	320,594	-
Payroll related liabilities	392,528	288,790
	$6,184,763	$9,179,787

Included in accounts payable and accrued liabilities at December 31, 2019 are amounts relating to Fenelon Gold of $4,827,227 (December 31, 2018 - $8,584,543).

13. Derivative financial instruments:

As a condition of the Bridge Loan (note 15) on March 26, 2018, the Company entered into forward sales contracts to sell a portion of the projected gold production from the Fenelon Gold bulk sample to protect against changes in the price of gold during the year. The timing of the settlement specified in the financial contracts matched the projected delivery of gold. The forward gold sales contracts and call options were recognized at fair value with the gain or loss recognized in the statement of loss and comprehensive loss. The Company recognized realized gains of $1,106,303 on 8,720 ounces at a price of $1,720 settled in August, October, and November 2018. During November 2018, Auramet was granted call options on 6,000 ounces at strike prices between $1,625 and $1,630 with expiry dates between November 30, 2018 and January 31, 2019. The Company held put options for 4,500 ounces at $1,600 in December 2018 which expired unexercised in December 2018. The Company recognized a realized loss of $207,600 on call options on 2,000 ounces at a price of $1,625 in December 2018.

At December 31, 2018, the Company had forward sales contracts outstanding for 2,150 ounces of gold at a price of $1,720 per ounce for settlement on January 15, 2019. In addition, the Company had call options outstanding for 2,000 ounces at an average price of $1,627.50 per ounce strike price with expiry date of January 31, 2019. The value of the call options were calculated using the Black-Scholes method.

	2019	2018
Fair value of the forward sales contracts	$ -	$ 54,800
Fair value of the call options	-	240,000
Derivative liability	$ -	$ 294,800

The Company recognized realized gains of $13,975 on 2,150 ounces at a price of $1,720 settled in January 2019. Call options for 2,000 ounces at an average price of $1,627.50 per ounce strike price were settled in January 2019 and the Company realized a loss of $193,860.

(expressed in Canadian Dollars)

14. Related party transactions:

(a) The Company had the following transactions with related parties:

	2019	2018
Carube Copper Corp. (i)		
Interest income on promissory note	$ -	$ (5,571)
Loncan (ii)		
Finders fee on private placement in Loncan at 10%	(119,595)	
Administrative fee for operatorship of Loncan at 10%	(3,217)	
Recovery of Sudbury property costs	(25,404)	
Administrative fee on Sudbury Property costs at 10%	(2,540)	
William Day Construction Limited ("William Day") (iii)		
Interest payment capitalized to Fenelon Gold	-	357,308
Exploration and evaluation costs – Fenelon Gold	-	631,865
Legal fees	-	29,917
Closure plan expenditures – Broken Hammer	184,049	58,794
Purchase of equipment	380,416	-

(i) The Company owns 10.9% of Carube Copper (note 8) (2018 – 11.3%). The Company had a promissory note receivable from Carube Copper with principal and interest owing of $293,204 which was settled with 5,367,266 common shares of Carube Copper in March 2018. These transactions were in the normal course of operations and were measured at the exchange amount of consideration established and agreed to by the related parties. On August 9, 2018, the Company no longer has significant influence over the investment in Carube Copper (note 8) and effective August 9, 2018, Carube Copper is no longer considered a related party.

(ii) The Company owns 16.5% of Loncan (note 9) (2018 – 0%). At December 31, 2019, the Company has a receivable from Loncan of $187,515 of which $36,759 pertains to the period before Loncan became a related party (2018 – $nil). These transactions were in the normal course of operations and measured at the exchange amount of consideration established and agreed to by the related parties.

(iii) On August 10, 2017, a director of William Day became a director of the Company. The Company entered into a loan agreement with William Day in 2016, prior to the director becoming a director of Wallbridge. The loan was repaid in 2018. Interest on the loan was capitalized to Fenelon Gold. At December 31, 2019, the Company has accounts payable of $455,663 (2018 - $25,680) owing to William Day Construction Limited. These transactions were in the normal course of operations and measured at the exchange amount of consideration established and agreed to by the related parties.

(expressed in Canadian Dollars)

14. Related party transactions (continued):

(b) Key management personnel compensation:

The remuneration of Directors, Executive Chairman, President and CEO, and CFO of Wallbridge was as follows:

	2019	2018
Salaries and benefits (1)	$822,336	$783,724
Share-based compensation (2)	276,381	110,333
Other (3)	12,038	-
	$ 1,110,755	$ 894,057

(1) Includes salaries and benefits and directors' fees in general and administrative expenses on the statement of loss and comprehensive loss. Included in directors' fees are deferred share units ("DSUs") granted for 2019 fees totalling $101,616 (2018 - $112,767).

(2) Share based compensation is included in general and administrative expenses on the statement of loss and comprehensive loss and consists of stock options and restricted share units.

(3) Includes consulting fees paid to a Director for geological services which were capitalized to exploration assets.

15. Loans payable:

	Effective Interest Rate	Due Date	2019	2018
Bridge Loan	20.75%	February 28, 2019	-	$ 9,472,086

At December 31, 2018, the balance owing was $9,472,086 consisting of $9,545,900 (US$7,000,000) payable less $73,814 unamortized transaction costs. In 2019, the amortization of loan transaction costs of $73,814 were capitalized to Fenelon Gold (2018 - $158,757).

The total repayments in 2019 of US$7,000,000 were an equivalent of $9,293,300, and the Company recorded a gain on foreign exchange of $252,600 in 2019 (2018 - $529,170).

The Company paid interest of $184,336 in 2019 (2018 - $1,174,535). Interest paid was capitalized to Fenelon Gold.

(expressed in Canadian Dollars)

16. Lease liability:

Maturity analysis – contractual undiscounted cash flows	2019	2018
Less than one year	$744,134	$314,596
Year two	102,859	377,146
Years three to five	74,298	6,866
Total undiscounted lease liabilities	921,291	698,608
Effect of discounting	(32,277)	(34,896)
Present value of minimum finance lease payments – total finance lease liabilities	889,014	663,712
Less current portion	(718,890)	(288,387)
Long-term finance lease liabilities	$170,124	$375,325

Amounts included in profit or loss:

	2019
Interest on lease liability	$60,723
Expenses relating to short term leases	$25,960
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$3,168

Amounts recognized in the statement of cash flows:

	2019	2018
Total cash outflow from financing activities	705,845	53,223
Total cash outflow from operating activities	29,128	27,808

(expressed in Canadian Dollars)

17. Flow-through premium liability and commitment for qualifying flow-through expenditures:

	2019	2018
Balance, beginning of year	$ 593,095	$ 235,600
Premium recorded through flow-through proceeds	1,773,923	628,355
Other income recorded as flow-through expenditures incurred	(1,227,981)	(270,860)
Balance, end of year	$ 1,139,037	$ 593,095

The Company recorded premiums of $1,773,923 in connection with flow-through private placements in 2019 (2018 - $628,355). The Company estimates the proportion of the proceeds attributable to the flow-through premium as the excess of the subscription price over the market value of the shares and records this value as a liability at the time the shares are issued. As qualifying expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as other income in the statements of loss and comprehensive loss. During the year ended December 31, 2019, a reduction in the flow-through liability of $1,227,981 was recorded in other income (2018 - $270,860).

The Company is committed to spending prior to December 31, 2020, and renounced effective December 31, 2019, qualifying CEE of $7,858,785.

In addition, the Company has provided an indemnification to subscribers of flow-through shares in an amount equal to the income tax that would be payable by subscribers in the event, and as a consequence, of the Company not incurring and renouncing qualifying CEE as required under the subscription agreement.

(expressed in Canadian Dollars)

18. Provision for Closure Plan

	2019	2018
Provision for closure plan, beginning of year	$ 1,428,963	$ 311,688
Provision for closure plan expenditures on Broken Hammer	1,913,749	285,293
Provision for closure plan expenditures on Fenelon Gold underground exploration and bulk sample program	-	1,089,860
Closure plan expenditures relating to Broken Hammer during the year	(653,953)	(257,878)
Total Provision payable for closure plans	$2,688,759	$1,428,963
Current portion relating to Broken Hammer	(976,586)	(155,223)
Provision for closure plan, long term	$ 1,712,173	$ 1,273,740

The Company’s initial estimates are based on independent studies or agreements with the respective government body for each project using current restoration standards and techniques. Subsequent changes to the closure plan were based on management’s best estimates for the requirements at December 31, 2019. The key assumptions applied for determination of the obligation were an inflation rate of 1.35% and a discount rate of 1.65% (December 31, 2018 - an inflation rate of 2% and a discount rate of 1.85% to 2%). The long term balance of $622,313 for the Broken Hammer Project is expected to be incurred between 2021 and 2024 and the $1,089,860 on the Fenelon Gold property is expected to be incurred between 2025 and 2034.

At December 31, 2019, the Company has one-year renewable letters of credit, secured by cash and cash equivalents, of $1,441,105 (2018 - $1,441,105) supporting the closure plans. At December 31, 2019, the estimated provision payable for the costs relating to the closure plan for the Broken Hammer Project is $1,598,899 (2018 - $339,103) and the Fenelon Gold project is $1,089,860 (December 31, 2018 - $1,089,860).

(expressed in Canadian Dollars)

19. Taxes:

(a) Tax provision:

Income taxes differ from the amount that would be computed by applying the combined Federal and Provincial statutory income tax rates of 26.5% (2018 - 25%). The reconciliation between the statutory and the effective tax rates is provided as follows:

	2019	2018
Loss before income taxes	$ 2,174,255	$ 2,204,279
Expected tax recovery at statutory rate	$ (576,000)	(551,000)
Increase (decrease) in provision resulting from:		
Renunciation of exploration expenditures	2,966,000	952,000
Other permanent differences	(202,000)	21,000
Change in unrecognized deferred tax assets	(477,000)	83,000
Future deductibility of deferred and minimum mining related taxes	723,000	-
Deferred tax expense	$988,000	$ 505,000

(b) The components of deferred tax assets and liabilities are as follows:

	2019	2018
Exploration and evaluation assets	$ (7,394,000)	$ (8,646,000)
Property and equipment	(11,000)	321,000
Non-capital losses	4,145,000	7,131,000
Deferred financing and other costs	1,024,000	399,000
Deferred and minimum mining related taxes	723,000	-
Deferred tax liability	$ (1,513,000)	(795,000)

The Company has non-capital losses of approximately $16,334,000 that will expire between 2031 and 2039 if not used.

(c) Unrecognized deferred tax assets:

Deferred tax assets have not been recognized in respect of the following deductible temporary differences, because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom:

	2019	2018
Investment in Carube Copper	$7,659,257	$ 7,947,795
Capital losses	2,167,820	1,907,500
Non-capital losses	693,943	974,733
Provision for closure plan	1,089,860	1,428,963

(expressed in Canadian Dollars)

20. Shareholders' equity:

(a) Share capital transactions:

	Number of shares	Share capital
Balance, December 31, 2017	294,394,851	$63,794,074
Private placement – shares (a) (i)	28,518,657	1,996,306
Private placement - units (a) (ii)	30,000,000	3,900,000
Private placement - flow-through shares (a) (iii)	11,542,000	2,475,075
Flow-through share premium (a) (iii)	-	(628,355)
Shares issued upon vesting of Restricted Share Units (a) (iv)	2,304,870	250,956
Shares issued upon conversion of Deferred Share Units (a) (iv)	1,264,340	101,147
Shares issued upon exercise of stock options (a) (vi)	7,017,500	645,432
Shares issued upon exercise of warrants (a) (vii)	14,824,518	2,175,597
Shares issued for property option agreement (a) (viii)	500,000	132,500
Warrants ($660,000 less issuance costs)	-	(637,230)
Issuance costs allocated to shares	-	(256,738)
Issuance costs allocated to warrants	-	(22,770)
Balance, December 31, 2018	390,366,736	$73,925,994
Private placement – shares May 2019 (a) (ix)	29,166,667	7,000,000
Private placement – flow-through shares August 2019 (a) (x)	9,777,717	4,643,750
Private placement – units August 2019 (a) (x)	13,261,170	5,569,691
Flow-through premium – August 2019 (a) (x)	-	(634,886)
Private placement – shares December 2019 (a) (xi)	74,543,860	42,490,000
Private placement – flow-through shares December 2019 (a) (xii)	7,999,700	7,858,785
Flow-through premium – December 2019 (a) (xii)	-	(1,139,037)
Shares issued upon exercise of warrants (a) (xiii)	54,057,147	9,617,231
Shares issued upon exercise of stock options (a) (xiv)	6,825,000	1,094,816
Shares issued upon conversion of Deferred Share Units (a) (xv)	1,000,000	370,000
Warrants ($624,000 less issuance costs)	-	(605,273)
Issuance costs allocated to shares	-	(1,001,540)
Issuance costs allocated to warrants	-	(18,727)
Deferred tax benefits of share issuance costs	-	270,000
Balance, December 31, 2019	586,997,997	$149,440,804

20. Shareholders' equity (continued):

(a) Share capital transactions (continued):

(i) As a condition to the Bridge Loan (note 15), the Company closed on May 2, 2018, a non-brokered private placement for 28,518,657 common shares at a price of $0.07 per share for gross proceeds of $1,996,306. As part of the private placement, William Day acquired 27,142,857 common shares for total consideration of $1,900,000.

Share issuances costs of $9,774 for the private placement were charged as a reduction of share capital.

(ii) On September 14, 2018, the Company completed a private placement totaling 30,000,000 units at $0.13 per unit for total gross proceeds of $3,900,000. Each unit consists of one common share and one half common share purchase warrant. Each whole common share purchase warrant entitled the holder to purchase one additional common share of the Company on or before September 14, 2020 at an exercise price of $0.20 per share.

Share issuance costs of $134,552 for the private placement were charged as a reduction of share capital and warrants.

An amount of $660,000 has been assigned to fair value of the warrants note 20 (c)).

(iii) On December 18, 2018, the Company completed a private placement of 6,667,000 common shares in the Company on a flow-through basis at a price of $0.225 per share for gross proceeds of $1,500,075. Each flow-through share will be a common share in the capital of the Company that qualifies as a "flow-through share" within the meaning of the Income Tax Act (Canada) and the regulations thereunder. The proceeds from the sale of the flow-through shares will be used to incur eligible CEE as defined by the Income Tax Act (Canada) in the province of Quebec. Also, on December 18, 2018, the Company completed a private placement of 4,875,000 common shares in the capital of the Company on a flow-through basis at a price of $0.20 per share, for aggregate gross proceeds of $975,000. The proceeds from the sale of the flow-through shares will be used to incur eligible CEE as defined by the Income Tax Act (Canada).

The Company recorded a flow-through share premium and a corresponding deferred liability of $628,355 (note 17).

Share issuance costs of $135,182 for the private placements were charged as a reduction of share capital.

20. Shareholders' equity (continued):

(a) Share capital transactions (continued):

(iv) During January 2018, 1,068,000 common shares were issued upon vesting of restricted share units on December 31, 2017 and 1,236,870 shares were issued upon vesting of restricted share units during the year.

(v) During June 2018, 632,170 common shares were issued upon settlement of deferred share units. During September 2018, 632,170 common shares were issued upon settlement of deferred share units.

(vi) During 2018, 7,017,500 shares were issued upon exercise of stock options at an average price of $0.065 (note 20 (b)(iii)).

(vii) During 2018, 14,824,518 shares were issued upon exercise of warrants at an average exercise price of $0.115 (note 20 (c)).

(viii) In October 2018, 500,000 shares were issued upon execution of the option agreement to acquire 100% of Beschefer (note 10 (b)).

(ix) On May 15, 2019, the Company closed a private placement of 29,166,667 common shares at $0.24 per common shares for gross proceeds of $7,000,000 to a company beneficially owned by Sprott. At the time of the closing, Sprott beneficially owned approximately 24.9% of the issued and outstanding common shares of the Company. Share issuance costs relating to the private placement were $19,130.

(x) On August 1 and 2, 2019, the Company completed private placements of 6,127,717 flow-through shares at $0.46 per flow-through share for total gross proceeds of $2,818,750, 3,650,000 flow-through shares to residents of Quebec at $0.50 for total gross proceeds of $1,825,000, and 13,261,170 units at $0.42 per unit for total gross proceeds of $5,569,691, for total gross proceeds of $10,213,441. Each flow-through share will be a common share in the capital of the Company that qualifies as a "flow-through share" within the meaning of the Income Tax Act (Canada) and the regulations thereunder. The proceeds from the sale of the flow-through shares will be used to incur eligible CEE as defined by the Income Tax Act (Canada). Each unit consists of one common share and one-half of a common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.60 per share for a period of one year from closing. Sprott purchased 5,000,000 units.

An amount of $624,000 has been assigned to fair value of the warrants note 20 (c)).

Share issuance costs relating to the private placement were $306,512 which includes agent fees of $249,605 relating to the private placements. Of these costs, $18,727 has been allocated to warrants and $287,785 has been allocated to shares.

Flow-through premium of $634,886 was recorded on the flow-through private placements.

20. Shareholders' equity (continued):

(a) Share capital transactions (continued):

(xi) On December 2, 2019, the Company completed private placements of 74,543,860 common shares at $0.57 per common share for gross proceeds of $42,490,000. As a result of this private placement, Kirkland received 57,000,000 common shares representing 9.9% of the issued and outstanding shares of the Company at that point in time. Kirkland was granted certain rights in connection with its investment in the Company, including the right to participate in future finance offerings if Kirkland holds at least 7.5% of the issued and outstanding shares of the Company, and the right to purchase a percentage of shares equal to Kirkland's ownership share of the Company's issued and outstanding shares at that future point in time. The Company further agreed that so long as Kirkland holds shares representing 7.5% of the Company's issued and outstanding shares, that the Company shall not sell or grant any additional royalty rights or interests with respect to Fenelon and/or any contiguous claims or properties adjacent to Fenelon (note 10 (a).

Share issuance costs of $103,030 for the private placement and a $250,000 commitment fee for the private placement were charged as a reduction of share capital.

(xii) On December 18, 2019, the Company completed private placements of 5,409,000 flow-through shares at $0.95 per flow-through share for total gross proceeds of $5,138,550, and 2,590,700 flow-through shares to residents of Quebec at $1.05 for total gross proceeds of $2,720,235. Each flow-through share will be a common share in the capital of the Company that qualifies as a "flow-through share" within the meaning of the Income Tax Act (Canada) and the regulations thereunder. The proceeds from the sale of the flow-through shares will be used to incur eligible CEE as defined by the Income Tax Act (Canada).

Share issuance costs of $341,597 for the private placement were charged as a reduction of share capital.

Flow-through premium of $1,139,037 was recorded on the flow-through private placements.

(xiii) During 2019, 54,057,147 shares were issued upon exercise of warrants at an average exercise price of $0.14 (note 20 (c)).

(xiv) During 2019, 6,825,000 shares were issued upon exercise of stock options at an average price of $0.087 (note 20 (b)(iii)).

(xv) During April and May 2019, 1,000,000 shares were issued upon conversion of deferred share units by a retired director.

20. Shareholders' equity (continued):

(b) Share based compensation plan:

The Company has an omnibus share based compensation plan comprised of restricted share units, deferred share units and stock options. Awards under the plan may be granted to any non-employee director, officer, employee or consultant. Under the plan, no cash settlements will be made as settlement will be in common shares only. The number of common shares available for issuance may not exceed 10% of the issued and outstanding common shares. In addition, the number of common shares issued and issuable to insiders within one year period shall not exceed 10% of the issued and outstanding common shares and to any one insider within one year shall not exceed 5% of the issued and outstanding common shares. The number of common shares reserved for the purpose of the omnibus share compensation based plan was 539,896 at December 31, 2019.

(i) Restricted Share Units ("RSUs") may be granted to participants and are based on individual and corporate performance criteria. The Compensation Committee determines the vesting schedule at the time of grant. The RSUs will be paid out to the participant no later than three years from the year in which the RSUs were granted. A restricted share unit is automatically converted into one common share upon vesting for no additional consideration. RSUs are equity-settled and are fair valued based on the market value of the shares at the grant date. The Company's compensation expense is recognized over the vesting period based on the number of units estimated to vest. Management estimates the number of awards likely to vest on grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted for actual forfeitures in the period. On settlement of RSUs, the shares are issued from treasury. No RSUs were issued during 2018 and 2019.

(ii) Deferred Share Units may be used for partial payment of directors' fees to non-employee directors. A DSU is a notional share that has the same value as one common share. Directors may choose to take all or part of their fees in DSUs, with the consent of the Company. DSUs are paid out to the directors when they retire from the Board. DSUs are equity settled and are fair valued based on the market value of the shares at the grant date.

In June and September of 2018, a director received 1,264,340 shares upon retirement and vesting of the DSUs.

In 2018, 1,263,790 DSUs were granted to the directors of the Company in settlement of 2017 directors' fees owing of $28,750 and 2018 directors' fees owing of $80,892. In 2019, a total of 205,643 DSUs were granted to the directors of the Company in settlement of 2018 directors' fees of $31,875 and 218,739 DSUs were granted to the directors of the Company in settlement of 2019 directors' fees of $74,116. In January 2020, a total of 29,794 DSUs were granted to the directors of the Company in settlement of 2019 director's fees owing of $27,500.

At December 31, 2019, 7,211,107 DSUs are outstanding (2018 – 7,786,725).

20. Shareholders' equity (continued):

(b) Share based compensation plan (continued):

(iii) Stock Options may be granted to participants of the plan. The Compensation Committee determines the exercise price, vesting period and exercise rights for each stock option granted. The exercise price of options granted in accordance with the plan must not be lower than the closing price for such shares as quoted on the TSX on the last business day prior to the date of the grant. Alternatively, the exercise price must not be lower than the five day weighted average trading price of the shares for the last five days that the shares traded on the TSX prior to the date of the grant.

On February 15, 2018, 200,000 stock options were granted at an exercise price of $0.09 which will expire on February 15, 2023 of which 50,000 vest on May 15, 2018, August 15, 2018, November 15, 2018, and February 15, 2019. On June 25, 2018, 1,000,000 stock options were granted at an exercise price of $0.065 which will expire on June 25, 2023 of which 350,000 options vested on June 25, 2018, 350,000 options vested on June 25, 2019 and 300,000 options vest on June 25, 2020. On July 5, 2018, 3,045,000 stock options and on July 23, 2018, 200,000 stock options were granted at an exercise price of $0.075 which will expire on July 5, 2023 and July 23, 2023 of which 50% vested immediately, and 50% vested in one year from the grant date. On December 7, 2018, 400,000 stock options were granted at an exercise price of $0.165 which will expire on December 7, 2023 of which 133,334 options vested immediately, 133,333 options vested on December 7, 2019, and 133,333 options vest on December 7, 2020.

On January 3, 2019, 3,300,000 stock options were granted at an exercise price of $0.155 which will expire on January 3, 2024 of which 1,650,000 options vested immediately and 1,650,000 options will vest January 3, 2020. On January 28, 2019, 200,000 stock options were granted at an exercise price of $0.175 which will expire on January 28, 2024 of which 100,000 options vested immediately and 100,000 options will vest January 28, 2020. On July 22, 2019, 200,000 stock options were granted at an exercise price of $0.42 which will expire on July 22, 2024 of which 100,000 options vested immediately and 100,000 options will vest July 22, 2020. On December 9, 2019, 200,000 stock options were granted at an exercise price of $0.785 which will expire December 9, 2024 of which 100,000 options vested immediately and 100,000 options will vest December 9, 2020.

(expressed in Canadian Dollars)

20. Shareholders' equity (continued):

(b) Share based compensation plan (continued):

A summary of the Company's stock options are as follows:

	2019		2018	
Stock Options	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of year	8,067,500	$0.08	14,560,000	$0.08
Granted	3,900,000	$0.08	4,845,000	$0.08
Cancelled	(287,500)	$0.128	(640,000)	$0.07
Exercised	(6,825,000)	$0.087	(7,017,500)	$0.065
Expired unexercised	-	-	(3,680,000)	$0.095
Outstanding, end of year	4,855,000	$0.165	8,067,500	$0.08

At December 31, 2019, 2,559,167 stock options were exercisable. The weighted average exercise price of options exercisable at December 31, 2019 is $0.149 (December 31, 2018 – 5,603,334 exercisable stock options with a weighted average exercise price of $0.078 per share).

The weighted average remaining contractual life of stock options outstanding is 3.67 years (2018 – 3.6 years).

The fair value of stock options granted during the year ended December 31, 2019 has been estimated using the Black-Scholes pricing model to be $460,000 (2018 - $225,000) or $0.124 per common share (2018 - $0.047 per common share). For the year ended December 31, 2019, the Company recorded an expense of $353,700 relating to stock options (2018 - $180,000) and $120,900 capitalized to exploration and evaluation assets (2018 - $nil).

(expressed in Canadian Dollars)

20. Shareholders' equity (continued):

(b) Share based compensation plan (continued):

The assumptions used in the pricing model are as follows:

	2019	2018
Estimated risk free interest rate	1.4% to 1.9%	1.9% to 2.1%
Expected life	3.7 years	3.9 years
Expected volatility *	78.8% to 103.8%	80.1% to 103.8%
Expected dividends	$Nil	$Nil
Forfeiture rate *	3.2% to 3.4%	3.2% to 3.5%

* The expected volatility used was based on the historical volatility of the Company's share price over a period equivalent to the expected life of the options prior to their grant date. The forfeiture rate is based on historical rate of forfeitures at the time of stock option grant.

The following table summarizes the stock options outstanding at December 31, 2019:

Exercise Price	Number	Exercisable	Expiry Date
$0.155	37,500	37,500	January 25, 2020
$0.155	37,500	-	January 31, 2020
$0.050	200,000	200,000	December 30, 2020
$0.085	230,000	230,000	June 5, 2022
$0.075	100,000	100,000	November 9, 2022
$0.065	300,000	-	June 25, 2023
$0.075	800,000	800,000	July 5, 2023
$0.165	400,000	266,667	December 7, 2023
$0.155	2,150,000	625,000	January 3, 2024
$0.175	200,000	100,000	January 28, 2024
$0.420	200,000	100,000	July 21, 2024
$0.785	200,000	100,000	December 5, 2024
Outstanding options	4,855,000	2,559,167	

(expressed in Canadian Dollars)

20. Shareholders' equity (continued):

(c) Share purchase warrants:

Each warrant entitles the holder to purchase one common share.

At December 31, 2019, the Company has reserved shares for issuance as follows:

	2019		2018	
Warrants	Number	Average Price	Number	Average Price
Outstanding, beginning of period	55,365,504	$0.14	55,190,022	$0.12
Issued	6,630,584	$0.60	15,000,000	$0.20
Expired unexercised	(1,347,350)	$0.12	-	-
Exercised	(54,057,147)	$0.14	(14,824,518)	$0.115
Outstanding, end of period	6,591,591	$0.60	55,365,504	$0.14

The fair value of the warrants and agent warrants issued was estimated using the Black-Scholes pricing model to be $624,000 in 2019 (2018 - $660,000), $0.094 per warrant (2018 - $0.044) using the following assumptions:

	2019	2018
Estimated risk free interest rate	1.53%	2.1%
Expected life	1 year	2 years
Expected volatility*	88.6%	79.2%
Expected dividends	$nil	$nil

* The expected volatility used was based on the historical volatility of the Company's share price over a period equivalent to the expected life of the warrants prior to their grant date.

The following table summarizes the warrants outstanding and exercisable at December 31, 2019:

Number	Exercise Price	Expiry Date
6,591,591	$0.60	August 20, 2020

21. Commitments and contingencies:

(a) The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees.

The Company is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

(b) The Company has a commitment of flow-through share expenditures of $7,858,785 in 2020 (note17).

22. Subsequent Events:

(a) On February 21, 2020, the Company acquired certain claims relating to Beschefer for $659,200. As part of the acquisition agreement, the Company shall spend up to $600,000 on other properties owned by the vendor, at the vendor's discretion, in consideration for transfer of 10% ownership in the properties, as well as a right of first refusal to purchase such properties.

(b) On March 2, 2020, the Company and Balmoral Resources Ltd. ("Balmoral") announced that they entered into a definitive agreement (the "Arrangement Agreement") following the signing of a Letter of Intent on February 14, 2020, whereby the Company will, among other things, acquire all of the issued and outstanding shares of Balmoral, in an all-stock transaction, pursuant to a plan of arrangement (the "Transaction").

Under the terms of the Transaction, all of the issued and outstanding shares of Balmoral will be exchanged at a ratio of 0.71 of a Wallbridge common share for each Balmoral common share. Upon completion of the Transaction, existing Wallbridge and Balmoral shareholders will own approximately 82% and 18% of the Company's pro forma issued and outstanding shares, respectively.

The exchange ratio implies consideration of C$0.62 per Balmoral common share based on the volume weighted average price of Wallbridge common shares on the TSX for the 20 trading days ending February 28, 2020, representing a 46% premium to the volume weighted average price of Balmoral common shares on the TSX over that period and implying an equity value of the Transaction equal to $110 million.

The Transaction will be affected by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) and will be subject to the approval of two thirds of the votes cast at a special meeting of Balmoral shareholders to be held on or about May 7, 2020. The transaction is subject to approvals from the TSX, as well as other conditions. The Arrangement Agreement provides for, among other things, customary reciprocal board support and non-solicitation covenants, with "fiduciary out" provisions that allow Balmoral to accept a superior proposal in certain circumstances and "right to match period" in favour of Wallbridge. The Arrangement Agreement also provides for a termination fee of $2.5 million to be paid by Balmoral to Wallbridge if the Arrangement Agreement is terminated by Balmoral in certain specified circumstances and reimbursement of expenses for either party if the Arrangement Agreement is terminated in certain other specified circumstances.

(c) On March 17, 2020, the Company entered into an agreement with Lateegra whereby Lateegra agreed to deem the exercise of the option pursuant to the Beschefer Agreement (note 10 (b))) satisfied upon the issuance of 3,000,000 common shares and 500,000 common share purchase warrants exercisable for $1.00 per common share and expiring five years from the date of issuance.