Abacus Mining & Exploration Corporation

(an exploration stage company)

Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in Canadian dollars)

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Independent auditor's report

To the Shareholders of Abacus Mining & Exploration Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Abacus Mining & Exploration Corporation and its subsidiary (together, the Company) as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2019;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in shareholders' deficit for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Material uncertainty related to going concern

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

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Comparative information

The financial statements of the Company for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on April 24, 2019.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Mark Platt.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 28, 2020

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Consolidated statements of financial position

Expressed in Canadian dollars

	NOTE	December 31, 2019	December 31, 2018
ASSETS		**($)**	**($)**
Current assets:			
Cash and cash equivalents		431,575	202,003
Amounts receivable		4,810	3,456
Prepaid expenses		17,584	22,472
		453,969	227,931
Non-current assets:			
Restricted cash	**4**	-	26,041
Investment in KGHM Ajax Mining Inc.	**5**	5,634,214	6,020,943
Exploration and evaluation assets	**6**	263,022	226,891
		5,897,236	6,273,875
		6,351,205	**6,501,806**
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities:			
Accounts payable and accrued liabilities		372,988	173,594
KGHM Ajax project loan	**7**	17,460,712	-
		17,833,700	173,594
Long-term liabilities:			
KGHM Ajax project loan	**7**	-	15,833,945
		17,833,700	16,007,539
Shareholders' deficit:			
Capital stock	**8**	87,444,348	86,742,990
Reserves-options		5,458,359	5,427,674
Reserve - warrants		35,625	27,953
Deficit		(104,420,827)	(101,704,350)
		(11,482,495)	(9,505,733)
		6,351,205	**6,501,806**

The accompanying notes are an integral part of the consolidated financial statements.

Nature of operations and going concern (Note 1)

Subsequent events (Note 14)

Approved and authorized for issue by the Board of Directors on April 28, 2020

"Michael McInnis"
Chairman

"Kerry Spong"
Director

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Consolidated statements of comprehensive loss

Expressed in Canadian dollars

		Year ended December 31	
	Note	**2019**	**2018**
		($)	**($)**
General and administrative expenses:			
Accounting and audit		33,374	103,804
Consulting and directors' fees		-	45,000
Exploration and evaluation expenditures	**6**	99,142	724,953
Foreign exchange loss (gain)		137	(1,169)
Insurance		27,489	27,778
Interest expense	**7**	1,626,768	1,472,464
Investor relations		-	12,000
Legal		120,473	27,349
Office		20,295	24,078
Rent		28,300	32,500
Salaries and contract wages		249,801	400,779
Share-based payments	**8**	30,685	72,830
Transfer agent and regulatory fees		20,392	23,689
Travel and promotion		73,185	115,222
		2,330,041	3,081,277
Other items:			
Write off of exploration and evaluation assets		-	(44,196)
Interest income		293	2,096
Loss on equity investment in KGHM Ajax Mining Inc.	**5**	(386,729)	(369,867)
Loss and comprehensive loss for the year		2,716,477	3,493,244
Loss per share, basic and diluted		(0.05)	(0.08)
Weighted average number of common shares outstanding	#	50,744,178	# 42,849,318

The accompanying notes are an integral part of the consolidated financial statements.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Consolidated statements of changes in shareholders' deficit

Expressed in Canadian dollars

		Share capital		Reserve			
	NOTE	Number of shares	Capital stock	Stock options	Warrants	Deficit	Total shareholders' deficit
		(#)	**($)**	**($)**	**($)**	**($)**	**($)**
Balance, December 31, 2017		**39,192,942**	**85,453,992**	**5,354,844**	**-**	**(98,211,106)**	**(7,402,270)**
Securities issued for cash	8	9,014,500	1,291,340	-	24,360	-	1,315,700
Share issuance costs - cash		-	(7,916)	-	-	-	(7,916)
Share issuance costs - warrants		-	(3,593)	-	3,593	-	-
Issued for Willow property option	6, 8	41,667	9,167	-	-	-	9,167
Share-based payments		-	-	72,830	-	-	72,830
Loss and comprehensive loss for the year		-	-	-	-	(3,493,244)	(3,493,244)
Balance, December 31, 2018		**48,249,109**	**86,742,990**	**5,427,674**	**27,953**	**(101,704,350)**	**(9,505,733)**
Securities issued for cash	8	14,370,000	718,500	-		-	718,500
Share issuance costs - cash		-	(12,387)	-	-	-	(12,387)
Share issuance costs - warrants		-	(7,672)	-	7,672	-	-
Share-based payments		-	-	30,685	-	-	30,685
Issued for Willow property option	6,8	41,667	2,917	-	-	-	2,917
Loss and comprehensive loss for the year		-	-	-	-	(2,716,477)	(2,716,477)
Balance, December 31, 2019		**62,660,776**	**87,444,348**	**5,458,359**	**35,625**	**(104,420,827)**	**(11,482,495)**

The accompanying notes are an integral part of the consolidated financial statements.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Consolidated statements of cash flows

Expressed in Canadian dollars

	December 31, 2019	December 31, 2018
	($)	**($)**
Operating activities:		
Loss for the year	(2,716,477)	(3,493,244)
Items not involving cash:		
Share of loss in equity investment	386,729	369,867
Share-based payments	30,685	72,830
Interest expense	1,626,768	1,472,464
Exploration and evaluation assets written off and other	-	44,196
Changes in working capital related to operating activities:		
Prepaid expenses	4,888	(1,489)
Amounts receivable	(1,354)	3,584
Accounts payable and accrued liabilities	199,394	115,547
Cash used for operating activities	**(469,367)**	**(1,416,245)**
Investing activities:		
Exploration and evaluation assets	(33,214)	(170,092)
Interest on restricted cash	166	(41)
Restricted cash proceeds	25,874	-
Cash used for investing activities	**(7,174)**	**(170,133)**
Financing activities:		
Proceeds from private placement (net)	706,113	1,307,784
Cash provided by financing activities	**706,113**	**1,307,784**
Increase (decrease) in cash and cash equivalents during the year	229,572	(278,594)
Cash and cash equivalents, beginning of the year	202,003	480,597
Cash and cash equivalents, end of year	**431,575**	**202,003**

The accompanying notes are an integral part of the consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Abacus Mining & Exploration Corporation (the "Company" or "Abacus"), incorporated under the *Company Act* (British Columbia), is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties in Canada. The address of the Company's office is Suite 1000 - 1050 West Pender Street, Vancouver, British Columbia, Canada. On May 1, 2017 the Company incorporated Abacus Mining & Exploration (NV) Corporation, a wholly-owned integrated Nevada, US subsidiary to hold its interest in the Willow property (Note 6).
The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent acquisition costs incurred to date, less any amounts written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company raising capital, the sale or entering into a joint venture of the Company's exploration and evaluation assets, and/or the attainment of profitable operations.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at December 31, 2019, the Company had a working capital deficit (current assets less current liabilities) of $17,379,731 (2018: working capital of $54,337), which working capital deficit includes the KGHM Ajax project loan (the "KGHM Loan"), with a carrying value of $17,460,712 (December 31, 2018: $15,833,945) (Note 7). During the year ended December 31, 2019 the Company incurred a net loss of $2,716,477 (2018: $3,493,244) and used cash for operating activities of $469,367 (2018: $1,416,245).

The KGHM Loan is secured by the investment in KGHM Ajax, is non-revolving, bears interest of 10% per annum, matures on December 31, 2020, and specifies the good faith commitment of the parties to negotiate for an extension of the maturity date, should the commencement of commercial production and the distribution of dividends, in an aggregate amount sufficient for purposes of repayment of the loan, not have occurred by the maturity date. At December 31, 2019 and as at the date of these financial statements, the Company does not have the funds available to satisfy the loan. In December 2017, following a six-year environmental assessment review process, the British Columbia Minister of Environment and Climate Change Strategy and Minister of Energy, Mines and Petroleum Resources announced they had declined the issuance of an Environmental Assessment Certificate required for the Ajax Project to proceed toward commercial production. Because the Ajax project is currently not able to proceed, the Company will need to negotiate an extension to the term of the KGHM Loan and there can be no assurance that an extension of the maturity date of the KGHM Loan will be negotiated prior to December 31, 2020.

The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding will be available to conduct further exploration and development of its mineral properties. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock or joint ventures, to renegotiate the maturity date of the KGHM Loan and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. See also Note 14a.

Management plans to continue to secure the necessary financing through a combination of equity financing and entering into joint venture arrangements; however, there is no assurance that the Company will be successful in these actions. These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through other comprehensive income, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements. The consolidated financial statements are presented in Canadian dollars, except where otherwise noted.

(b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Abacus Mining & Exploration (NV) Corporation, a company incorporated in the state of Nevada, USA. All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

(c) Foreign currency translation

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in the consolidated statements of loss and comprehensive loss for the period. Unless otherwise indicated, all dollar amounts in these financial statements are in Canadian dollars.

(d) Significant accounting estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

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

Judgments

(i) The assessment by management of the Company's liquidity position and whether going concern disclosure is required in the financial statements.

As part of this process, management prepares cash flow budgets detailing expected expenditures for at least the next twelve months. The assessment of the Company's liquidity position takes into account the Company's working capital position, the timing of discretionary and non-discretionary expenditures and also the status of any potential equity financings.

(ii) The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and these assets have been accounted for under the assumption that the carrying value will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves.

Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets. Management reviewed exploration and evaluation assets for the years ended December 30, 2019 and 2018 and did not identify any impairment indicators.

Estimates and assumptions

Realization of investment in associate
Realization of the Company's investment in KGHM Ajax is dependent upon KGHM Ajax obtaining permits, the satisfaction of governmental requirements, satisfaction of possible aboriginal claims, the attainment of successful production from the properties, or from the proceeds upon disposal of KGHM Ajax's assets or the Company's interest in KGHM Ajax. The Company performed an assessment, in accordance with its accounting policy, and identified objective evidence of impairment as at December 31, 2019 and December 31, 2018.

Where objective evidence of impairment is identified, the recoverable amount of the investment in KGHM Ajax would involve using the most recent financial information from KGHM in assessing whether a potential impairment has occurred. The assumptions estimating fair value of KGHM Ajax's non current assets. These assumptions and estimates are subject to change based on economic and other factors and these changes can have a material impact on the calculation of recoverable amount of the project.

While management believes that these judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive loss and cash flows. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investments in associates

Investments in which the Company exerts significant influence are accounted for using the equity method, whereby the original cost of the investment is adjusted for the Company's share of profit or loss and other comprehensive income (loss) during the current year in the Company's consolidated statements of comprehensive loss. The Company's 20% (2018: 20%) investment in KGHM Ajax is accounted for under the equity method.

IAS 28, Investments in Associates, requires that after the application of the equity method, the requirements of IAS 39, Financial Instruments: Recognition and Measurement should be applied to determine whether any impairment loss should be recognized. This requires an assessment of whether there is objective evidence that the Company's interest in KGHM Ajax is impaired. In addition to considering KGHM Ajax's solvency, business and financial risk exposures, consideration must also be given to industry specific factors, such as the current mining industry downturn to the demand for metals produced by KGHM Ajax and to changes in the political or legal environment impacting the ability to put the Ajax project into production.

If an impairment indicator is identified, the rules of IAS 36, Impairment of Assets, are applied to determine whether any impairment loss needs to be recorded. IAS 36 requires that the recoverable amount of the asset in question is estimated in order to determine the extent of the impairment, if any.

(b) Cash and cash equivalents

Cash and cash equivalents is comprised of bank deposits and highly-liquid investments, which are readily convertible into known amounts of cash and which mature within 90 days from the original dates of acquisition.

(c) Financial instruments

Classification
The Company classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
(ii) those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The Company classifies its cash, amounts receivable and accounts payable and accrued liabilities as those to be measured subsequently at amortized cost.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

(d) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in contributed surplus is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion of stock-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments or stock options granted to non-employees are accounted for as equity settled share-based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based compensation transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

(e) Exploration and evaluation assets

Exploration and evaluation costs of mineral resource interests are expensed to the statement of loss and comprehensive loss and acquisition costs are capitalized to the statement of financial position. These acquisition costs will be amortized on a units of production basis or written off if the mineral interest is deemed impaired, abandoned or sold.

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

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

Ownership in exploration and evaluation assets involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

(f) Income taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The amount of deferred income tax assets recognized is limited to the amount of the benefit that is probable to be realized.

(g) Share Capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of new common shares are recognized in equity, net of tax, as a deduction from the share proceeds (share issue costs). The Company uses the residual method in determining the fair value of warrants issued to subscribers, which method provides for the allocation of the consideration received to the fair value to the shares issued and allocating any residual amount to the warrants issued.

(h) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period.

(i) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is amortized on the same basis as mining assets. As at December 31, 2018 and 2017, the Company had no provisions for environmental rehabilitation.

(j) Leases

Effective January 1, 2019, the Company adopted IFRS 16 – Leases (IFRS 16). IFRS 16 replaces IAS 17 – Leases. The new standard eliminates the classification of leases as either operating or finance leases for a lessee. Instead, all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The Company does not have any lease arrangements.

4. RESTRICTED CASH

On October 21, 2019, funds previously restricted to the guarantee of credit card balances, were released to the Company. At December 31, 2019, the Company has restricted cash of $Nil. (December 31, 2018: $26,041).

5. INVESTMENT IN KGHM AJAX MINING INC.

KGHM Ajax is a private company incorporated under the Corporations Act (British Columbia) and is engaged principally in evaluating the future viability of the Ajax Project located near Kamloops, British Columbia. As at December 31, 2019 and 2018, the Company owns 20% (KGHM: 80%) of the common and voting shares of KGHM Ajax, and has representation on the Board of Directors. Thus, the Company is considered to have significant influence over KGHM Ajax, and accordingly accounts for its investment in KGHM Ajax using the equity method, pursuant to which its investment in KGHM Ajax is initially recognized at cost then subsequently adjusted for the Company’s share of the profits and/or losses of KGHM Ajax as well as any distributions received from KGHM Ajax. To date no dividends or distributions to shareholders of KGHM Ajax have occurred.

During the year ended December 31, 2019, Abacus contributed $Nil (2018: $Nil) to KGHM Ajax, representing Abacus’ share of cash calls of KGHM Ajax made pursuant to the JV Agreement, to finance the continuing operations of KGHM Ajax. The cash calls were funded through additional loans from KGHM (Note 8).

Expressed in Canadian dollars

	($)
December 31, 2017	**6,390,810**
Cash contributions to KGHM Ajax pursuant to cash calls	-
Share of the loss of KGHM Ajax	(369,867)
December 31, 2018	**6,020,943**
Cash contributions to KGHM Ajax pursuant to cash calls	-
Share of the loss of KGHM Ajax	(386,729)
December 31, 2019	**5,634,214**

A summary of 100% of the assets and liabilities of KGHM Ajax and selected results of operations for the year ended December 31, 2019 follows:

Selected financial information of KGHM Ajax		December 31, 2019		December 31, 2018
Cash and cash equivalents	$	863,422	$	1,817,166
Current assets (excluding cash & cash equivalents)		249,061		4,206,478
Total non-current assets		30,660,294		31,681,955
Total assets	$	31,772,777	$	37,705,599
Current liabilities	$	1,406,517	$	1,291,785
Non-current liabilities		2,186,805		2,274,761
Total shareholders' equity		28,179,455		30,139,053
Total liabilities and equity	$	31,772,777	$	33,705,599
		Year ended December 31, 2019		Year ended December 31, 2018
Net and comprehensive loss	$	1,933,645	$	1,849,333
Revenue	$	nil	$	nil
Interest Income		(30,737)		(27,792)
Amortization		111,073		100,608
Interest expense		6,666		8,738
Income tax expense (recovery)		(125,781)		nil
Impairment		nil		nil

Expressed in Canadian dollars

Impairment of non-current assets in KGHM Ajax

In December 2017, following a six-year environmental assessment review process, the British Columbia Minister of Environment and Climate Change Strategy and Minister of Energy, Mines and Petroleum Resources announced they had declined the issuance of an Environmental Assessment Certificate ("EA Certificate") for the Ajax project. The recoverable amount was determined based on fair value less costs to sell, with measurement of the value of KGHM Ajax's real estate providing the highest value. At December 31, 2017 KGHM Ajax reviewed the carrying value of its mining and other assets and determined there were indications of impairment. Impairment charges were recognized as a result of reducing the carrying value of mining and other assets to their recoverable amounts. As such, KGHM Ajax recognized a total impairment of $79,754,973 at December 31, 2017, which impairment was allocated among mineral interest, land, buildings and equipment.

At December 31, 2019, KGHM Ajax assessed the carrying value of its mining and other assets and determined that no further impairment was indicated. The assessment with respect to the Ajax project was again done based on the estimated fair value of KGHM Ajax's non-current assets.

6. EXPLORATION AND EVALUATION ASSETS

The Company has investigated ownership of its mineral interests as at December 31, 2019, and to the best of the Company's knowledge, ownership of its interests is in good standing.

	Tomichi ($)	Willow Project ($)	Jersey Valley ($)	Total ($)
December 31, 2017	**8,484**	**83,344**	**-**	**91,828**
Acquistion Costs	-	179,259	-	179,259
Write- Offs	(8,484)	-	-	(8,484)
Other Adjustments	-	(35,712)	-	(35,712)
December 31, 2018	**-**	**226,891**	**-**	**226,891**
Acquistion Costs	-	29,432	6,699	36,131
December 31, 2019	**-**	**256,323**	**6,699**	**263,022**

The following table shows the activity by category of exploration:

Exploration and Evaluation Expenditures	**December 31, 2019 ($)**	**December 31, 2018 ($)**
Drilling	-	442,000
Consulting and project supervision	36,493	139,273
Other	7,790	44,663
Permitting	-	22,088
Surveying	-	28,900
Claims maintenance	54,859	42,679
Mapping	-	5,350
Total	**99,142**	**724,953**

Expressed in Canadian dollars

Willow Project (includes the Willow Property and the Nev-Lorraine Property):

As the Nev-Lorraine Property is contiguous to the Willow Property, the two properties have been aggregated, for geological and exploration reporting purposes only, into the Willow Project. (See Willow Option Agreement and Nev-Lorraine Lease Agreement below.)

Willow Option Agreement:

On February 14, 2017, the Company entered into an option agreement ("Option Agreement") with Almadex Minerals Limited and its wholly-owned Nevada subsidiary Almadex America Inc. (collectively, "Almadex"), to acquire, the exclusive right and option to earn, in the aggregate, up to a 75% undivided ownership interest in the Willow Property (the "Willow Property"), located in Douglas County, Nevada USA. To acquire the initial 60% Option Interest in the Willow Property, the Company is required to issue common shares and incur exploration expenditures as follows:

	Common shares in the capital of Abacus (the "Shares")		Minimum Annual Exploration Expenditures on the Exploration Program ("Expenditures")	
Date	**(#)**		**(US$)**	
TSX-V approval (received February 22, 2017)	41,667	(1)	Nil	
On or before the February 22, 2018	41,667	(2)	100,000	(3)
On or before the February 22, 2019	41,667	(4)	300,000	(5)
On or before the February 22, 2020	41,667	(6)	600,000	(7)
On or before the February 22, 2021	83,333		800,000	
On or before the February 22, 2022	166,666		1,200,000	
Total	**416,667**		**3,000,000**	

(1) Issued on March 16, 2017; valued at $18,750.
(2) Issued on February 7, 2018; valued at $9,167.
(3) Incurred
(4) Issued on February 19, 2019; valued at $2,917
(5) Incurred
(6) Issued on February 13, 2020; valued at $4,583
(7) Incurred

Upon having earned the 60% Option Interest in the Willow Property and until February 22, 2027, the Company will be required to incur minimum exploration expenditures on an exploration program on the Property of US$500,000 per year. The Company will act as the Willow Property's operator during the initial five-year term and following the earning of the 60% Option Interest, until such time as a joint venture is established, as described below. Under the terms of the Option Agreement, should either Abacus or Almadex acquire the rights to additional property ("AP") within the Area of Interest ("AOI"), the other party may elect to make the AP part of the Willow Project. Alamdex elected to include the Nev-Lorraine claims (see *Nev-Lorraine Lease Agreement* below) to the Willow Project.

Expressed in Canadian dollars

In order to earn the 15% Additional Interest, such that the Company would have an aggregate interest of 75% in the Willow Property, the Company will be required to deliver a Feasibility Study on the Willow Property to Almadex on or before February 22, 2027. Upon having earned the Additional Interest, the Company will continue to act as the Willow Property's operator until such time as a 75:25 joint venture is established for the further management, exploration and development of the Willow Property.

Nev-Lorraine Lease Agreement:
The Company entered into an Exploration and Option to Purchase Agreement, as amended, (the "NL Agreement") dated effective January 1, 2018, with three individuals (collectively, the "Optionors"), to lease the Nev-Lorraine unpatented mining claims located in Douglas County, Nevada, USA (the "Nev-Lorraine Property"). The Agreement is a ten-year lease agreement allowing the Company to explore the Nev-Lorraine claims pursuant to the following payments and expenditures:

Date	Minimum Payments (US$)	Date	Cumulative Minimum Annual Exploration Expenditures
Initial minimum payment	3,000 [(1)]	-	-
On execution of the Agreement	60,000 [(2)]	On or before December 31, 2018	20,000 [(3)]
On or before January 1, 2019	70,000 [(4)]	On or before December 31, 2019	40,000 [(5)]
On or before January 1, 2020	20,000 [(6)]	On or before December 31, 2020	60,000
On or before April 1, 2020	20,000	-	-
On or before July 1, 2020	20,000	-	-
On or before October 1, 2020	20,000	-	-
On or before January 1, 2021	90,000	On or before December 31, 2021	80,000
On or before January 1, 2022	100,000	On or before December 31, 2022	100,000
On or before January 1, 2023	110,000	On or before December 31, 2023	120,000
On or before January 1, 2024	120,000	On or before December 31, 2024	140,000
On or before January 1, 2025	130,000	On or before December 31, 2025	160,000
On or before January 1, 2026	140,000	On or before December 31, 2026	180,000
On or before January 1, 2027	150,000	On or before December 31, 2027	200,000
Total	**1,053,000**		

[(1)] Paid August 15, 2017
[(2)] Paid February 6, 2018
[(3)] Incurred
[(4)] Paid December 20, 2018
[(5)] Incurred
[(6)] Paid December 19, 2019

At any time during the life of the NL Agreement, the Company can elect to purchase the claim group outright from the Optionors, for a sum ranging from US$1,500,000 to US$1,950,000. The Optionors do not retain an NSR, and the yearly expenditures are cumulative, meaning that any excess expenditure can be carried through to subsequent years. The Nev-Lorraine Property is in the AOI, and is included in the Willow Project as AP, under the terms of the Willow Option Agreement. (See Note 14(b))

Expressed in Canadian dollars

Jersey Valley Property:

On October 10, 2019, the Company entered into a Letter of Intent (the "Jersey Valley LOI") with a private Nevada company for a 15-year lease on the Jersey Valley gold property, located in Nevada. The Jersey Valley LOI is a 15-year exclusive lease allowing the Company to explore the property pursuant to the following payment schedule:

	US$
On signing (Paid)	5,000
On or before January 31, 2020 (Paid)	20,000
On or before October 10, 2020	25,000
On or before October 10, 2021	35,000
On or before October 10, 2022	50,000
On or before October 10, 2023	100,000
On or before October 10 of each year beginning with the year 2024	150,000

The Jersey Valley property can be purchased outright at any time for US$2,000,000 and includes an NSR of 2% if the price of gold is less than US$1,600, and 3% if the price is greater than US$1,600.

Tomichi Property:

During the year ended December 31, 2017, the Company acquired, by staking, claims comprising the Tomichi Property, in Nevada. At December 31, 2018 the Company elected to abandon the property and wrote off costs relating to the property of $8,484.

7. KGHM AJAX PROJECT LOAN

Under the terms of the JV Agreement, and without dilution to its 20% ownership of KGHM Ajax, the Company requested, beginning in 2015, that KGHM provide the Company's funding of the operations at Ajax as a loan (the "KGHM Loan").

The KGHM Loan is non-revolving, bears interest of 10% per annum, is secured by the investment in KGHM Ajax, and has a maturity date of December 31, 2020. Under the terms of the JV Agreement, if, at the time of maturity of the loan, the commencement of commercial production and the distribution of dividends by the JV to the Company are not sufficient to repay the KGHM Loan, the parties must, in good faith, negotiate an extension. Additionally, should the Company incur additional debt or dispose of assets, in each case in excess of $100,000, the funds borrowed or sales proceeds received must be used to make repayments on the KGHM Loan. Because the Ajax project is currently not able to proceed, the Company will need to negotiate an extension to the term of the KGHM Loan.

For the year ended December 31, 2019, $Nil (2018: $Nil) was provided by KGHM and the Company accrued interest of $1,626,768 for the year (2018: $1,472,464).

	($)
Total December 31, 2017	**14,361,481**
Funds advanced by KGHM	-
Interest	1,472,464
Total December 31, 2018	**15,833,945**
Funds advanced by KGHM	-
Interest	1,626,768
Total December 31, 2019	**17,460,712**

Expressed in Canadian dollars

8. SHAREHOLDERS' EQUITY

(a) Authorized capital stock

At December 31, 2019, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(b) Share issuances

Year ended December 31, 2019:

Financings:
The Company closed private placements ("Offerings") pursuant to which it issued common shares ("Shares"), warrants ("Warrants"), and paid finders' fees in cash and warrants ("Finders' Warrants") as follows:

Offerings

Closing Date	**May 22, 2019**	**December 20, 2019**	**Total**
Gross Proceeds	$175,000	$543,500	**$718,500**
Shares Issued	3,500,000	10,870,000	**14,370,000**
Warrants Issued	3,500,000	10,870,000	
Warrant Exercise Price	$0.08	$0.08	
Warrant Expiry Date	May 22, 2022	December 20, 2022	
Finders' Fees			
Cash	$1,744	$7,175	**$8,919**
Finders' Warrants	35,000	143,500	**178,500**
Exercise Price	$0.08	$0.08	
Expiry Date	May 22, 2022	December 20, 2022	

The Warrants were valued at $Nil, and the Finders' Warrants issued were valued, in total, at $7,672, which fair value was recorded as share issuance costs based on the Black-Scholes pricing model using the following assumptions:

Assumptions:	
Risk-free rate (%)	1.75
Expected stock price volatility (%)	175-184
Expected dividend yield (%)	0
Expected life of warrants (years)	3

Exploration and evaluation assets:
On February 19, 2019, in connection with the Willow Option Agreement, the Company issued 41,667 common shares of the Company; the shares were valued at $2,917.

Expressed in Canadian dollars

Year ended December 31, 2018

Financings:
The Company closed private placements ("Private Placements") pursuant to which it issued common shares ("Shares"), warrants ("Warrants"), and paid finders' fees in cash and warrants ("Finders' Warrants") as follows:

Private Placements

Closing Date	**April 3, 2018**	**November 23, 2018**	**Total**
Gross Proceeds	$828,500	$487,200	**$1,315,700**
Shares Issued	4,142,500	4,872,000	**9,014,500**
Warrants Issued	4,142,500	4,872,000	
Warrant Exercise Price	$0.30	$0.20	
Warrant Expiry Date	April 3, 2021	November 23, 2021	
Finders' Fees			
Cash	-	$4,529	**$4,529**
Finders' Warrants	-	45,290	**45,290**
Exercise Price	-	$0.20	
Expiry Date	-	November 23, 2021	

The Warrants were valued at $Nil, and the Finders' Warrants issued were valued, in total, at $3,593, which fair value was recorded as share issuance costs based on the Black-Scholes pricing model using the following assumptions:

Assumptions:	
Risk-free rate (%)	2.21
Expected stock price volatility (%)	175
Expected dividend yield (%)	0
Expected life of warrants (years)	3

Exploration and evaluation assets:
On February 7, 2018, in connection with the Willow Property Option Agreement, the Company issued 41,667 common shares of the Company. The shares were valued at $9,167.

(c) Stock options

At the Company's Annual General Meeting held January 31, 2019, the Shareholders approved the repeal of the "20% fixed" stock option plan dated May 28, 2009 and the implementation of a "10% rolling" stock option plan (the "Rolling Plan"), pursuant to which the Board of Directors has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount. Options granted can be exercisable no later than ten years from date of grant or such lesser period as determined by the Company's Board of Directors, and the exercise price to be set by the Board at the time such option is granted and in accordance with the rules of the Exchange. Options vest at the discretion of the Board, with the exception of options granted to parties providing investor relations services, which options will vest in equal quarterly intervals over a term of no less than 12 months from the date of the grant. The Rolling Plan further provides that at any such time the Exchange rules differ from specific terms of the Rolling Plan, then the rules of the Exchange shall apply.

Expressed in Canadian dollars

As at December 31, 2019, the Company had stock options outstanding to directors, officers and consultants for the purchase of up to, in the aggregate, 3,579,162 (December 31, 2018: 3,167,495) common shares exercisable as follows:

		Outstanding	
Exercise price	**Expiry date**	**Outstanding**	**Remaining contractual life**
($)		**(#)**	**(yrs)**
0.30	February 20, 2020	244,997	0.14
0.39	November 16, 2020	166,666	0.88
0.36	December 28, 2020	912,496	0.99
0.36	April 19, 2021	250,000	1.30
0.42	February 21, 2022	912,503	2.14
0.25	December 20, 2022	150,000	2.96
0.22	April 19, 2023	422,500	3.29
0.05	August 13, 2024	520,000	4.61
		3,579,162	**2.12**

A summary of the status of the Company's stock options as at December 31, 2019 and December 31, 2018, and changes during the years then ended is as follows:

	Outstanding	**Weighted average exercise price**
	(#)	**($)**
Outstanding December 31, 2017	**3,086,657**	**0.41**
Granted	447,500	0.22
Expired	(366,665)	0.72
Outstanding December 31, 2018	**3,167,492**	**0.35**
Granted	520,000	0.05
Expired	(108,330)	0.35
Outstanding December 31, 2019	**3,579,162**	**0.31**

During the year ended December 31, 2019:
On August 13, 2019, the Company granted options allowing for the purchase of up to, in the aggregate, 520,000 shares at $0.05 per share until August 13, 2024, to employees, consultants, directors and officers of the Company. The total amount of share-based payments expense was calculated at $28,754, which was recognized during the year ended December 31, 2019. The grant date fair value was estimated using the Black-Scholes option pricing model with the following assumptions

Assumptions:	
Risk-free rate (%)	1.3
Expected stock price volatility (%)	152
Expected dividend yield (%)	0
Expected life of options (years)	5

Expressed in Canadian dollars

Pursuant to the vesting of options granted in prior years, the Company recognized $1,931 in share-based payments during the year ended December 31, 2018.

During the year ended December 31, 2018:
On April 19, 2018, the Company granted options allowing for the purchase of up to, in the aggregate, 447,500 shares at $0.22 per share until April 19, 2023, to employees, consultants, directors and officers of the Company. The total amount of share-based payments expense is calculated at $69,131, of which $67,200 was recognized during the year ended December 31, 2018. The grant date fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

Assumptions:	
Risk-free rate (%)	2.12
Expected stock price volatility (%)	178
Expected dividend yield (%)	0
Expected life of options (years)	5

Pursuant to the vesting of options granted in prior years, the Company recognized $5,630 in share-based payments during the year ended December 31, 2018.

9. WARRANTS

As at December 31, 2019, the warrants, with a weighted average remaining life of 2.22 years, expire as follows:

Issue date	Expiry date	Number (#)	Exercise price ($)
March 8, 2017	March 8, 2020	1,641,667	0.48
April 3, 2018	April 3, 2021	4,142,500	0.30
November 23, 2018	November 23, 2021	4,917,290	0.20
May 22, 2019	May 22, 2022	3,500,000	0.08
May 22, 2019	May 22, 2022	35,000	0.08
December 20, 2019	December 20, 2022	10,870,000	0.08
December 20, 2019	December 20, 2022	143,500	0.08
		25,249,957	

A summary of the change in the Company's warrants follows:

	Outstanding	Weighted average exercise price
Outstanding December 31, 2017	**1,641,667**	**$0.48**
Issued	4,142,500	$0.30
Issued	4,872,000	$0.20
Issued	45,290	$0.20
Outstanding December 31, 2018	**10,701,457**	**$0.28**
Issued	3,500,000	$0.08
Issued	35,000	$0.08
Issued	10,870,000	$0.08
Issued	143,500	$0.08
Outstanding December 31, 2019	**25,249,957**	**$0.10**

Expressed in Canadian dollars

10. INCOME TAXES

As at December 31,	2019 ($)	2018 ($)
Net loss for the year	2,716,477	3,493,244
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax recovery	733,449	943,176
Permanent differences	(6,384)	(18,096)
Tax benefits not recognized	(727,065)	(925,080)
Total income tax recovery	-	-

As at December 31,	2019 ($)	2018 ($)
Unrecognized deductible temperory differences and unused tax losses		
Non-capital loss carryforwards	22,860,667	22,282,770
Capital loss - Canada	3,670,603	3,670,603
Non refundable mining investment tax credit	673,959	673,959
Exploration and evaluation assets	1,634,698	1,571,687
Excess of tax value over accounting values of	45,669,708	46,056,437
Share issue cost	23,109	56,714
	74,532,744	74,312,170

At December 31, 2019, the Company has Canadian loss carry forwards of approximately $22,860,667 (2018: $21,794,433) which have not been recognized. The Company has no carry forwards losses for US entity. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in relevant jurisdictions. The Canadian tax loss carry forwards expire between 2028 and 2039.

11. RELATED PARTY TRANSACTIONS

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. Transactions were in the normal course of operations and all of the costs recorded are based on fair value. The Company's related party expenses for the years ended December 31, 2019 and 2018 are as follows:

Management's and director's compensation	December 31, 2019	December 31, 2018
	($)	($)
Accounting	29,188	29,656
Consulting and contract wages	193,056	353,951
Directors' fees	-	45,000
	222,244	**428,607**

During the year ended December 31, 2019, the Company was charged, by a company with directors in common, $28,300 in respect of rent.

Expressed in Canadian dollars

At December 31, 2019 $164,498 (December 31, 2018: $7,535) was owed to various key management personnel in respect of consulting, contract wages and expenses incurred on behalf of the Company. The Company has arrangements with its directors, whereby it has agreed to provide directors fees, as to $5,625 per quarter to the Company's three non-executive directors, which directors fees were suspended effective July 1, 2018.

12. FINANCIAL RISK MANAGEMENT

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value on a recurring basis, whether changes in fair value are recognized in loss or other comprehensive loss. The Company has classified its cash and cash equivalents, restricted cash and receivables as financial assets measured at amortized cost; accounts payable and accrued liabilities and KGHM Ajax project loan as financial liabilities measured at amortized cost. The carrying values of cash and cash equivalents, amounts receivable, restricted cash, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

The Company manages credit risk, in respect of its cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at major Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash and cash equivalents and restricted cash (Note 4), as all amounts are held through a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure follows:

Concentration of credit risk and maximum exposure	December 31, 2019	December 31, 2018
	($)	**($)**
Bank accounts	431,575	202,003
Restricted cash	-	26,041
	431,575	**228,044**

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty meeting obligations associated with financial liabilities. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated financing and investing activities. Accounts payable and accrued liabilities of $372,988 (December 31, 2018: $173,594) are due in the first quarter of 2020. Additionally, in connection with the Company's interest at the Ajax Project, the Company is party to the KGHM Loan, which at December 31, 2019 had a carrying value of $17,460,712 (December 31, 2018: $15,833,945). (See Note 1)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) *Interest rate risk*

a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not susceptible to interest rate risk on the KGHM loan since the interest risk is fixed at 10%.

(ii) *Foreign currency risk*

The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

13. SEGMENTED INFORMATION

All of the Company's operations are in the mining sector. The Company's mineral exploration and development operations are in the United States. The capital assets and total assets identifiable with these geographical areas are as follows:

	December 31, 2019 ($)	**December 31, 2018 ($)**
Exploration & Evaluation Assets		
Canada	-	-
United States	263,022	226,891
	263,022	**226,891**

	December 31, 2019 ($)	**December 31, 2018 ($)**
Total Assets		
Canada	6,088,183	6,274,915
United States	263,022	226,891
	6,351,205	**6,501,806**

14. SUBSEQUENT EVENTS

a) Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020. The Company continues to operate its business, and in response to Canadian Federal and Provincial, and US Federal and State emergency measures, has requested its employees and consultants work remotely wherever possible. These government measures, which could include government mandated closures of the Company or its contractors, could impact the Company's ability to conduct its exploration programs in a timely manner, and the Company is evaluating the best way to move its exploration activities forward when the emergency measures are lifted.

b) On March 30, 2020 the NL Agreement was amended such that the payments of US$20,000 each due on April 1, July 1 and October 1, 2020 have been replaced with an aggregated payment of US$60,000, due December 31, 2020. (See Note 5)

c) On February 20, 2020, stock options allowing for the purchase of up to, in the aggregate, 244,997 common shares of the Company at $0.14 per share expired. On February 10, 2020, stock options allowing for the acquisition of up to, in the aggregate, 1,681,250 common shares of the Company at $0.10 per share until February 10, 2025 were granted.

d) On March 8, 2020, warrants allowing for the purchase of up to, in the aggregate, 1,641,667 common shares of the Company at $0.48 per share expired.

e) On February 13, 2020, in connection with the Willow Option Agreement, the Company issued 41,667 common shares of the Company.