# Société d'exploration minière Vior inc.

Consolidated Financial Statements

For the years ended June 30, 2020 and 2019

# *Independent auditor's report*

To the Shareholders of
Société d'exploration minière Vior Inc.

## *Our opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Société d'exploration minière Vior Inc. and its subsidiary (together, the Company) as at June 30, 2020 and 2019 and its financial performance and its cash flows for the years 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 statements of financial position as at June 30, 2020 and 2019;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to 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.

*PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.*
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## *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 François Berthiaume.

PricewaterhouseCoopers LLP[1]

Québec, Quebec
October 15, 2020

[1] CPA auditor, CA, public accountancy permit No. A125971

# Société d'exploration minière Vior inc.

Consolidated Statements of Financial Position
(in Canadian dollars)

| | Note | As at June 30 2020 | As at June 30 2019 |
|---|---|---|---|
| | | $ | $ |
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 938,000 | 1,638,404 |
| Tax credits and mining rights receivable | | 14,325 | 99,402 |
| Sales tax receivable | | 5,784 | 1,647 |
| Accounts receivable | | 37,226 | 153,139 |
| Prepaid expenses | | 19,932 | 18,615 |
| Total current assets | | 1,015,267 | 1,911,207 |
| **Non-current assets** | | | |
| Listed shares and other investments | 5 | 1,299,875 | 210,600 |
| Mining properties | 6 | 1,543,624 | 1,494,292 |
| Property, plant and equipment, at cost less accumulated depreciation of $15,206 as at June 30, 2019 | 7 | - | 12,007 |
| Total non-current assets | | 2,843,499 | 1,716,899 |
| **Total assets** | | 3,858,766 | 3,628,106 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 8 | 109,426 | 219,218 |
| Deferred governmental grant | 9 | 8,730 | - |
| | | 118,156 | 219,218 |
| **Non-current liabilities** | | | |
| Loan | 9 | 20,667 | - |
| **Total liabilities** | | 138,823 | 219,218 |
| **Equity** | | | |
| Share capital | 10 | 31,631,819 | 31,631,819 |
| Warrants | 11 | 193,394 | 141,533 |
| Stock options | 12 | 308,277 | 295,977 |
| Contributed surplus | | 1,845,539 | 1,845,539 |
| Deficit | | (30,259,086) | (30,505,980) |
| **Total equity** | | 3,719,943 | 3,408,888 |
| **Total liabilities and equity** | | 3,858,766 | 3,628,106 |

Subsequent events (note 21)

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

**On behalf of the Board of Directors**

*(s) Mark Fedosiewich*
Mark Fedosiewich
President, CEO and Director

*(s) Charles-Olivier Tarte*
Charles-Olivier Tarte
Director

# Société d'exploration minière Vior inc.

Consolidated Statements of Comprehensive Income (Loss)
(in Canadian dollars)

| | Note | Years ended June 30, 2020 | 2019 |
|---|---|---|---|
| | | $ | $ |
| **Revenues** | | | |
| Loss on listed shares and other investments | | - | (4,037) |
| Interests | | 14,287 | 35,941 |
| Fees charged to partners | | 256,894 | 119,111 |
| | | 271,181 | 151,015 |
| **Expenses** | | | |
| Salaries and benefits | | 151,432 | 321,059 |
| Professional fees | | 186,236 | 235,803 |
| Regulatory fees | | 27,998 | 21,085 |
| Rent and office expenses | | 85,038 | 69,536 |
| Investor relation and visibility | | 59,923 | 12,897 |
| Share-based compensation | | 12,300 | 41,583 |
| Travelling | | 18,314 | 35,342 |
| Search for mining properties | 14 | 42,696 | 135,610 |
| Depreciation of property plant and equipment | | 2,025 | 4,867 |
| Impaired property, plant and equipment | 7 | 9,982 | - |
| Cost of mining properties abandoned, impaired or written off | | - | 1,912 |
| | | 595,944 | 879,694 |
| **Other revenues (charges)** | | | |
| Change in fair value – listed shares and other investments | 5 | 624,025 | - |
| Accretion on loan | 9 | (507) | - |
| | | 623,518 | - |
| **Net earnings (loss)** | | **298,755** | **(728,679)** |
| Basic earnings (loss) per share | 16 | 0.007 | (0.016) |
| Diluted earnings (loss) per share | 16 | 0.006 | (0.016) |

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

# Société d'exploration minière Vior inc.

Consolidated Statements of Changes in Equity

(in Canadian dollars)

| | Number of shares outstanding | Share capital | Warrants | Stock options | Contributed surplus | Deficit | Accumulated other compre-hensive income | Total |
|---|---|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ | $ | $ |
| **Balance at June 30, 2018** | 44,259,267 | 31,631,819 | 166,429 | 318,045 | 1,756,992 | (29,796,921) | 19,620 | 4,095,984 |
| Adjustment on initial adoption of IFRS 9 | - | - | - | - | - | 19,620 | (19,620) | - |
| Balance at July 1, 2018 | 44,259,267 | 31,631,819 | 166,429 | 318,045 | 1,756,992 | (29,777,301) | - | 4,095,984 |
| Net loss | - | - | - | - | - | (728,679) | - | (728,679) |
| **Comprehensive loss** | - | - | - | - | - | (728,679) | | (728,679) |
| Warrants expired (note 11) | - | - | (24,896) | - | 24,896 | - | - | - |
| Stock options granted (note 12) | - | - | - | 41,583 | - | - | - | 41,583 |
| Stock options expired (note 12) | - | - | - | (63,651) | 63,651 | - | - | - |
| **Balance at June 30, 2019** | 44,259,267 | 31,631,819 | 141,533 | 295,977 | 1,845,539 | (30,505,980) | - | 3,408,888 |
| Net earnings | - | - | - | - | - | 298,755 | - | 298,755 |
| Warrants extended (note 11) | - | - | 51,861 | - | - | (51,861) | - | - |
| Stock options granted (note 12) | - | - | - | 12,300 | - | - | - | 12,300 |
| **Balance at June 30, 2020** | **44,259,267** | **31,631,819** | **193,394** | **308,277** | **1,845,539** | **(30,259,086)** | **-** | **3,719,943** |

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

# Société d'exploration minière Vior inc.

Consolidated Statements of Cash Flows
(in Canadian dollars)

| | Years ended June 30, 2020 | 2019 |
|---|---|---|
| | $ | $ |
| **Cash flows from operating activities** | | |
| Net earnings (loss) | 298,755 | (728,679) |
| Adjustments for: | | |
| Loss on listed shares and other investments | - | 4,037 |
| Change in fair value – listed shares and other investments | (624,025) | - |
| Share-based compensation | 12,300 | 41,583 |
| Deferred government grant | (11,110) | - |
| Depreciation of property, plant and equipment | 2,025 | 4,867 |
| Impaired property, plant and equipment | 9,982 | - |
| Cost of mining properties abandoned, impaired or written off | - | 1,912 |
| Accretion on loan | 507 | - |
| | (311,566) | (676,280) |
| Changes in non-cash working capital items | | |
| Sales tax receivable | (4,137) | (1,647) |
| Accounts receivable | 115,913 | 290,306 |
| Prepaid expenses | (1,317) | (6,252) |
| Accounts payable and accrued liabilities | (109,672) | (284,652) |
| | 787 | (2,245) |
| | (310,779) | (678,525) |
| **Cash flows from financing activities** | | |
| Loan cashed | 40,000 | - |
| | 40,000 | - |
| **Cash flows from investing activities** | | |
| Acquisition of listed shares and other investments | (415,250) | (210,600) |
| Disposal of listed shares and other investments | - | 31,304 |
| Acquisition of mining properties and capitalized exploration costs | (134,289) | (359,962) |
| Tax credits and mining rights received | 119,914 | 194,945 |
| Additions to property, plant and equipment | - | (331) |
| | (429,625) | (344,644) |
| **Net change in cash and cash equivalents** | (700,404) | (1,023,169) |
| **Cash and cash equivalents - beginning** | 1,638,404 | 2,661,573 |
| **Cash and cash equivalents - ending** | 938,000 | 1,638,404 |
| Interest received | 15,533 | 36,106 |
| Additional information on the consolidated statements of cash flow (note 19) | | |

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

## 1. GENERAL INFORMATION

Société d'exploration minière Vior Inc. (the "Corporation"), governed by the Business Corporations Act (Québec), is in the business of acquiring and exploring mining properties. The address of the Corporation's registered office is 1801, McGill College Avenue, Suite 950, Montréal, Quebec, Canada. The Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under the VIO ticker.

The Corporation has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable reserves, the ability of the Corporation to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its existing commitments for exploration and development programs and general and administration costs.

Management is periodically seeking additional forms of financing through the issuance of new equity instruments and the exercise of warrants, common shares and stock options to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding, the Corporation may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements ("Financial Statements").

The Financial Statements were approved by the Board of Directors on October 15, 2020.

## 2. BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as defined by the International Accounting Standards Board ("IASB").

### 2.1 Basis of measurement

The Financial Statements have been prepared on a going concern basis, under the historical cost convention, except for certain assets at fair market value.

### 2.2 Consolidation

The Financial Statements include the accounts of the Corporation and those of its subsidiary owned at 100%, Vior Gold USA, LLC ("Vior USA"). The Corporation controls an entity when the Corporation is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns, through its power over the entity. Vior USA is fully consolidated from the date on which control is obtained by the Corporation and is deconsolidated from the date that control ceases. All intercompany accounts and transactions are eliminated.

Non-controlling interest represents an equity interest in a subsidiary owned by an outside party. The share of net assets of the subsidiary attributable to the non-controlling interest is presented as a component of equity. Its share of net earnings (loss) and comprehensive income (loss) is recognized directly in equity. Changes in the Corporation's ownership interest in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

## 2. BASIS OF PREPARATION (CONT'D)

### 2.3 Functional and presentation currency

Items included in the Financial Statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Statements are presented in Canadian dollars, which is the Corporation's and its subsidiary's functional currency.

### 2.4 Jointly controlled assets and exploration activities

A jointly controlled asset involves joint control and offers joint ownership by the Corporation and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

Where the Corporation's activities are conducted through jointly controlled assets and exploration activities, the Financial Statements include the Corporation's share in the assets and the liabilities from the joint operations as well as, when applicable, the Corporation's share in the income and the expenses.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these annual Financial Statements are described below. They have been applied consistently to all years presented.

### 3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks as well as a monetary fund of which the maturity is three months or less from the date of acquisition.

### 3.2 Listed shares and other investments

Listed shares and other investments consist of shares listed on the Exchange and warrants in a public company, as well as shares of a private company.

### 3.3 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Per IFRS 9, *Financial Instruments* ("IFRS 9"), financial assets and financial liabilities, including derivative financial instruments, are initially measured at fair value. Subsequent to initial recognition, financial assets and financial liabilities are measured based on their classification, depending on the purpose for which the instruments were acquired as well as the characteristics of their contractual cash flows.

*Fair value through profit or loss listed shares:*
Listed shares and other investments are valued at fair value through profit or loss and they consist of equity investments recognized initially at fair value and subsequently measured at fair value. Gains or losses arising from changes in fair value are recorded in the statement of income (loss). Dividend income on those investments are recognized in the statement of income (loss).

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

*Amortized cost:*
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value.

Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash and cash equivalents and accounts receivable are classified in this category.

*Financial liabilities at amortized cost:*
Financial liabilities consist of accounts payable and accrued liabilities and the loan; they are initially recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. Subsequently, they are measured at amortized cost using the effective interest method, which corresponds to par value due to their short-term maturity. They are classified as current liabilities if the payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

*Impairment of financial assets at amortized cost:*
The expected credit loss is the difference between the amortized cost of the financial asset and the present value of future expected cash flows, discounted using the initial effective rate of the financial asset. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provision for anticipated losses are adjusted in subsequent periods if the credit loss has increased or decreased since initial recognition. The Corporation applies the simplified method permitted by IFRS 9 for trade receivables which requires the recognition of lifetime expected credit losses at initial recognition.

### 3.4 Property, plant and equipment and depreciation

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment, and are depreciated using the straight-line method over their estimated useful lives ranging from five to ten years, which is considered appropriate to reduce the carrying amounts to estimated residual values of the assets. Cost includes expenditures that are directly attributable to the acquisition of the assets. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

### 3.5 Mining properties

The Corporation records its acquisition of interests in mining properties and areas of geological interest at cost less option payments received and other recoveries. These acquisition costs are recognized as intangible assets. Exploration costs related to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they relate are placed into production, sold or abandoned. These exploration costs are recognized as tangible assets. These costs will be amortized over the estimated recoverable resources in the current mine plan using the unit of production method or written off if the mining properties are sold or projects are abandoned. General exploration costs not related to specific mining properties are expensed as incurred.

Although management has taken actions to verify the ownership rights for mining properties in which the Corporation owns an interest in accordance with industry standards for the current exploration phase of these properties, these procedures give no assurance to the Corporation as to title. The title to property may be subject to unrecognized prior agreements and not compliant with regulatory requirements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Mining properties are reviewed for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the mining property exceeds its recoverable amount. The recoverable amount is the higher of the mining property's fair value less costs of disposal and value in use. Value in use is determined using the present value of the future cash flows expected to be derived from an asset. Impairment losses are recognized in the statement of income (loss) under the caption Cost of mining properties abandoned, impaired or written off.

For the purpose of assessing impairment, mining properties are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairments are reviewed for potential reversals at each reporting date. Impairment can be reversed but is limited to the carrying amount that would have been determined net of depreciation, as if no impairment to the carrying amount had been recognized.

From time to time, the Corporation may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded when they are made or received. Proceeds on the sale of mining properties are applied in reduction of the acquisition costs of the related mining rights, then in reduction of the exploration costs for the related area of interest, and any residual is recorded in the statement of comprehensive income (loss) unless there is contractual work required by the Corporation, in which case the residual gain is deferred and will be applied against the contractual disbursements when done.

Funds received from partners on certain properties where the Corporation is the operator in order to perform exploration work as per agreements, are accounted for in the statement of financial position as advances received for upcoming exploration work. These advances are reduced gradually when the exploration work is performed. The project management fees received when the Corporation is the operator are recorded in the statement of comprehensive income (loss) when the exploration costs are charged back to the partner. When the partner is the operator, the management fees are recorded in the statement of financial position as exploration costs. Costs related to mining properties are systematically assessed for impairment when transferred to development assets..

### 3.6 Provisions

Provisions for environmental restoration, restructuring costs and legal claims, where applicable, are recognized when (i) the Corporation has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value when the effect is material. The increase in the provision due to passage of time is recognized as interest expense. Changes in assumptions or estimates are reflected in the period in which they occur.

Provision for environmental restoration represents the legal and constructive obligations associated with the eventual closure of the Corporation's property, plant and equipment. These obligations consist of costs associated with reclamation and monitoring of activities and the removal of tangible assets. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The Corporation had no provisions as at June 30, 2020 and 2019.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Credit on duties refundable for loss and refundable tax credit for resources

The Corporation is entitled to a credit on duties refundable for loss under the Mining Duties Act and a refundable tax credit for resources under the Quebec Income Tax Act. Those credits are calculated on qualified exploration expenditures incurred in the province of Quebec. Those credits are accounted for using the cost reduction method. Accordingly, they are recorded as a reduction of the related expenses or capital expenditures in the year the expenses are incurred provided there is reasonable assurance that the Corporation has complied with all the conditions related to those credits and that those credits will be received.

### 3.8 Government grants

The Corporation receives periodically grants from different government incentive programs. These grants are recognized initially when there is a reasonable assurance that they will be received and when the Corporation has intentions to comply with the conditions associated with the grants. The financial aid received for expenditures incurred is applied as a deduction from these expenditures on a systematic basis and in the same accounting period in which the expenditures are incurred.

### 3.9 Share capital

Share capital represents the amount received on the issuance of shares, less the warrants granted when units are issued, and their fair value is estimated using the Black-Scholes option-pricing model. Share capital issued for non-monetary consideration is generally recorded at the quoted market price of the shares on the date of agreement relating to their issue. Share issue expenses are recorded as a reduction of shares.

### 3.10 Flow-through shares

The Corporation finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the quoted price of the common shares and the amount the investors pay for the shares ("premium"), measured in accordance with the residual value method, is recognized as a liability which is reversed to the statement of comprehensive income (loss) as a deferred tax recovery when eligible expenditures have been made. The Corporation recognizes a deferred tax liability for the expenses renounced and a deferred tax expense at the moment the eligible expenditures are made.

### 3.11 Warrants

The fair value of warrants is measured on the date of grant. The fair value of warrants granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the warrants were granted. When warrants are issued as compensation to brokers, on the date of grant, the fair value of warrants is recognized as a share-issue expense and is recorded as a reduction of share capital.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.12 Share-based compensation plan

The Corporation operates an equity-settled share-based remuneration plan (share options plan) for its eligible directors, officers, employees and consultants. The Corporation's plan does not feature any options for a cash settlement.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. The expense is recorded over the vesting period for employees and over the period covered by the contract for non-employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or service received, the Corporation shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black Scholes option pricing model and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments (except warrants to brokers) are ultimately recognized as an expense in the statement of comprehensive income (loss) or capitalized as exploration costs in mining properties on the statement of financial position as equity, depending on the nature of the payment. The corresponding credit to stock options in *equity*. Warrants to brokers, in respect of an equity financing are recognized as share issue expense reducing the share capital. The corresponding credit is applied to *warrants* in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in *stock options* are then also transferred to share capital.

### 3.13 Income taxes

The Corporation provides for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying amount and tax bases of assets and liabilities using enacted or substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax assets and liabilities are presented as non-current and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities arising from the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 3.14 Revenue recognition

Interest on cash and cash equivalents, calculated using the effective interest method, is recognized in the statement of comprehensive income (loss) as part of interest income on an accrual basis.

The fees charged to partners are recognized when the services are provided as project operator.

### 3.15 Lease

Leases in which the Corporation is acting as leasee are only short-term lease contracts, for a period of 12 months or less. Payments under an operating lease are recognized to the statement of comprehensive income (loss) on a straight-line basis over the period of the lease or capitalized in the mining properties. Related expenses, such as maintenance and insurance expenses, are recognized as incurred.

### 3.16 Basic and diluted earnings per share

Basic earnings per share are determined using the weighted average number of common shares outstanding during the year.

Diluted earnings per share are determined using the weighted average number of common shares outstanding during the year, plus the effects of dilutive potential common shares outstanding during the year. For stock options and warrants, the calculation of diluted earnings per share is made using the treasury stock method, as if all dilutive potential common shares had been issued at the later of the beginning of the year or the date of issuance, as the case may be, and as if the funds obtained thereby had been used to purchase common shares of the Corporation at the average market value of the participating shares during the year.

### 3.17 Segment reporting

The Corporation currently operates in one business segment, being the acquisition and the exploration of mining properties. All of the Corporation's mining properties are located in Quebec, Canada, except for one property located in Nevada, USA.

### 3.18 New adopted accounting standards

The most significative standards, interpretations to existing standards and amendments effective as of these financial statements are listed below.

Amendments to IFRS 9

In October 2017, the IASB issued narrow-scope amendments to IFRS 9. The amendments clarify the classification of certain prepayable financial assets and the accounting of financial liabilities following modification. The amendments are effective for annual periods beginning on or after January 1, 2019. The Corporation adopted these amendments for the fiscal years on or after July 1, 2019 and there was no impact on its Financial Statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 16, *Leases* ("IFRS 16")

This new standard issued by the IASB in January 2016, establishes principles for the recognition, measurement and presentation of leases and related disclosures, from the points of view of the lessee and the lessor. For accounting of the lessee, there will be now only one model, which requires the recognition of all assets and liabilities arising from lease contracts. This standard is effective for annual periods beginning on or after January 1, 2019. The Corporation adopted these amendments for the fiscal years on or after July 1, 2019 and there was no impact on its Financial Statements since all the contracts are short-term, for a period of 12 months or less.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with IFRS requires the Corporation to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects both current and future periods. These judgments, estimates and assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Critical accounting estimates and assumptions

Critical accounting estimates and assumptions are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment. The following discusses the most significant accounting estimates and assumptions that the Corporation has made in the preparation of the financial statements.

**Fair value measurement of level 3 financial instruments**
The fair value of level 3 financial instruments is determined by management using valuation methods that require significant use of unobservable inputs. These valuation methods can consider contractual pricing, the value of money over time, volatility factors and interest rates. For example, for unlisted shares, management considers the value of shares issued by the private company as well as elements that could influence the value of the private company, including, among others, the price of gold. Finally, the measurement of fair value requires the use of estimates and judgments by management.

**Mining properties**
The Corporation's evaluation of the recoverable amount with respect to the mining properties is based on numerous assumptions including long-term commodity prices, future capital requirements, exploration potential and operations performance and may differ significantly from actual values. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the estimated recoverable amounts of mining properties to carrying values. Assets are reviewed for an indication of impairment at each reporting date and when there are indicators of impairment. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, interruptions in exploration activities and significant negative industry or economic trends.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

**Deferred tax assets and liabilities**
Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. The determination of the ability of the Corporation to utilize tax losses carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Corporation. Management is required to assess whether it is “probable” that the Corporation will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

### 4.2 Critical judgments in applying the entity's accounting policies

**Listed shares and other investments**
At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. Objective evidence of an impairment loss includes: (i) significant financial difficulty of the debtor; (ii) delinquencies in interest or principal payments; (iii) increased probability that the borrower will enter bankruptcy or other financial reorganization; and (iv) in the case of equity securities, a significant or prolonged decline in the fair value of the security below its cost.

**Fair value of stock options and warrants**
Determining the fair value of stock options and warrants involves estimates of interest rates, expected live of the stock options and warrants, share price volatility and the application of the Black-Scholes valuation model. The Black-Scholes valuation model requires the input of highly subjective assumptions that can materially affect the fair value estimate. Stock options granted vest in accordance with the stock option plan.

Several variables are used when determining the value of the stock options and warrants using the Black Scholes valuation model:

- Risk-free interest rate: the Corporation uses the interest rate available for government securities of an equivalent expected term as at the date of grant of the stock options or the issuance of the warrants.
- Volatility: the Corporation uses historical information on the market price of the Corporation or peer companies (if necessary) to determine the degree of volatility at the date when the instruments are granted or issued. Therefore, depending on when the stock options and warrants were granted or issued, and the year of historical information examined, the degree of volatility can be different when calculating the value of stock options and warrants.

## 5. LISTED SHARES AND OTHER INVESTMENTS

| | As at June 30, 2020 | 2019 |
|---|---|---|
| | $ | $ |
| **Classified as measured at fair value through profit or loss** | | |
| Balance - Beginning of year | 210,600 | 35,341 |
| Acquisitions | 465,250 | 210,600 |
| Disposals | - | (35,341) |
| Change in fair value | 624,025 | - |
| Balance - End of year | 1,299,875 | 210,600 |

The Corporation completed a series of strategic investments in Ridgeline Minerals Corporation (“Ridgeline”) (formerly Carlin-Type Holdings Ltd.). Ridgeline is an arm’s length corporation whose wholly owned Nevada subsidiary Ridgeline holds the option to acquire a 100% interest in three gold exploration projects all located in Nevada, USA: Carlin-East, Swift and Selena.

In May 2019, the Corporation invested $210,600 in the initial seed round of financing. In December 2019, the Corporation made an additional investment of $247,500 in the first tranche of Ridgeline’s second round of financing, providing the Corporation with a non-diluted equity interest of approximately 9.9% in Ridgeline. The Corporation was also granted a participation right to maintain its 9.9% equity interest (pro rata basis) in Ridgeline’s second tranche of this second round of private placement equity financing. In February 2020, the Corporation made an additional investment of $167,750 in the second tranche of Ridgeline’s second seed round of financing. The Corporation has invested a total of $625,850 in Ridgeline in consideration for 3,642,500 shares.

In July 2019, 200,000 shares of Ethos Gold Corp ("Ethos") were issued to the Corporation and valued at $50,000 (note 6.3).

### 6. MINING PROPERTIES

| | Undivided interest | Balance as at June 30, 2019 | Net additions | Impairment | Tax credits | Balance as at June 30, 2020 |
|---|---|---|---|---|---|---|
| | % | $ | $ | $ | $ | $ |
| **Quebec, Canada** | | | | | | |
| Big Island Lake | 100 | | | | | |
| Acquisition costs | | 6,135 | - | - | - | 6,135 |
| Exploration costs | | 16,812 | - | - | - | 16,812 |
| | | 22,947 | - | - | - | 22,947 |
| Foothills | 100 | | | | | |
| Acquisition costs | | 19,209 | - | - | - | 19,209 |
| Exploration costs | | 204,902 | 612 | - | (216) | 205,298 |
| | | 224,111 | 612 | - | (216) | 224,507 |
| Lac Merlin | 100 | | | | | |
| Acquisition costs | | - | 2,650 | - | - | 2,650 |
| Exploration costs | | - | 4,562 | - | (1,606) | 2,956 |
| | | - | 7,212 | - | (1,606) | 5,606 |
| Ligneris | 100 | | | | | |
| Acquisition costs | | 29,810 | 3,426 | (33,236) | - | - |
| Exploration costs | | 273,052 | 612 | (16,764) | (4,033) | 252,867 |
| | | 302,862 | 4,038 | (50,000) | (4,033) | 252,867 |
| Mosseau | 100 | | | | | |
| Acquisition costs | | 214,135 | 1,242 | - | - | 215,377 |
| Exploration costs | | 382,757 | 29,420 | - | (28,052) | 384,125 |
| | | 596,892 | 30,662 | - | (28,052) | 599,502 |
| Skyfall | 100 | | | | | |
| Acquisition costs | | - | 27,744 | - | - | 27,744 |
| Exploration costs | | - | 1,532 | - | (638) | 894 |
| | | - | 29,276 | - | (638) | 28,638 |
| Vezza-Noyard | 100 | | | | | |
| Acquisition costs | | 2,221 | - | - | - | 2,221 |
| Exploration costs | | 77,916 | 700 | - | (292) | 78,324 |
| | | 80,137 | 700 | - | (292) | 80,545 |
| Others | N/A | | | | | |
| Acquisition costs | | 2,546 | - | - | - | 2,546 |
| Exploration costs | | 27 | - | - | - | 27 |
| | | 2,573 | - | - | - | 2,573 |
| Subtotal – Canada | | 1,229,522 | 72,500 | (50,000) | (34,837) | 1,217,185 |
| **Nevada, USA** | | | | | | |
| Tonya | 100 | | | | | |
| Acquisition costs | | 162,661 | 55,612 | - | - | 218,273 |
| Exploration costs | | 102,109 | 6,057 | - | - | 108,166 |
| Subtotal – USA | | 264,770 | 61,669 | - | - | 326,439 |
| **Summary** | | | | | | |
| Acquisition costs | | 436,717 | 90,674 | (33,236) | - | 494,155 |
| Exploration costs | | 1,057,575 | 43,495 | (16,764) | (34,837) | 1,049,469 |
| **Total** | | 1,494,292 | 134,169 | (50,000) | (34,837) | 1,543,624 |

**6. MINING PROPERTIES** (CONT'D)

| | Undivided interest | Balance as at June 30, 2018 | Net additions | Impairment | Tax credits | Balance as at June 30, 2019 |
|---|---|---|---|---|---|---|
| | % | $ | $ | $ | $ | $ |
| **Quebec, Canada** | | | | | | |
| Big Island Lake | 100 | | | | | |
| Acquisition costs | | 6,513 | - | (378) | - | 6,135 |
| Exploration costs | | 18,007 | - | (1,044) | (151) | 16,812 |
| | | 24,520 | - | (1,422) | (151) | 22,947 |
| Foothills | 100 | | | | | |
| Acquisition costs | | 19,209 | - | - | - | 19,209 |
| Exploration costs | | 204,902 | - | - | - | 204,902 |
| | | 224,111 | - | - | - | 224,111 |
| Ligneris | 100 | | | | | |
| Acquisition costs | | 24,774 | 5,036 | - | - | 29,810 |
| Exploration costs | | 147,607 | 197,754 | - | (72,309) | 273,052 |
| | | 172,381 | 202,790 | - | (72,309) | 302,862 |
| Mosseau | 100 | | | | | |
| Acquisition costs | | 187,730 | 26,405 | - | - | 214,135 |
| Exploration costs | | 404,582 | 4,201 | - | (26,026) | 382,757 |
| | | 592,312 | 30,606 | - | (26,026) | 596,892 |
| Vezza-Noyard | 100 | | | | | |
| Acquisition costs | | 1,799 | 422 | - | - | 2,221 |
| Exploration costs | | 76,566 | 2,266 | - | (916) | 77,916 |
| | | 78,365 | 2,688 | - | (916) | 80,137 |
| Others | N/A | | | | | |
| Acquisition costs | | 3,031 | - | (485) | - | 2,546 |
| Exploration costs | | 32 | - | (5) | - | 27 |
| | | 3,063 | - | (490) | - | 2,573 |
| Subtotal – Canada | | 1,094,752 | 236,084 | (1,912) | (99,402) | 1,229,522 |
| **Nevada, USA** | | | | | | |
| Tonya | 100 | | | | | |
| Acquisition costs | | 112,585 | 50,076 | - | - | 162,661 |
| Exploration costs | | 28,063 | 74,046 | - | - | 102,109 |
| Subtotal – USA | | 140,648 | 124,122 | - | - | 264,770 |
| **Summary** | | | | | | |
| Acquisition costs | | 355,641 | 81,939 | (863) | - | 436,717 |
| Exploration costs | | 879,759 | 278,267 | (1,049) | (99,402) | 1,057,575 |
| **Total** | | 1,235,400 | 360,206 | (1,912) | (99,402) | 1,494,292 |

## 6. MINING PROPERTIES (CONT'D)

### 6.1 Big Island Lake

On May 1, 2018, the Corporation granted Iluka Exploration (Canada) Ltd. ("Iluka") the option to acquire an initial 51% interest in the Big Island Lake property for a consideration of exploration work totalling $200,000 before March 31, 2019, and an additional 39% interest for a consideration of exploration work totalling $1,500,000 no later than March 31, 2021. As at June 30, 2020, Iluka spent $514,226 on exploration work and acquired a 51% interest. However, the Corporation has yet to receive notice from Iluka that the 51% interest option has been exercised.

### 6.2 Foothills

On March 9, 2016 (and as amended on August 25, 2016, November 3, 2016, June 21, 2018 and October 31, 2019), the Corporation granted Iluka the option to acquire an initial 51% interest in the Foothills property for a consideration of exploration work totalling $500,000 during the first year of the agreement and an additional 39% interest for a consideration of exploration work totalling $2,200,000 no later than December 31, 2020. On August 25, 2016, the Corporation amended the agreement to add 140 new claims held by the Corporation. Iluka agreed to pay $25,000 plus the acquisition cost of the claims.

As at June 30, 2020, Iluka spent $3,270,394 on exploration work and has completed the commitments to acquire a 51% option interest as well as an additional 39% option interest. However, the Corporation has yet to receive notice from Iluka to exercise these interests.

### 6.3 Ligneris

On June 26, 2019 (and as amended on August 13, 2020), the Corporation signed an earn-in agreement with Ethos Gold Corp. ("Ethos") allowing Ethos to earn up to a 70% interest in the Ligneris property.

Ethos can earn a 51% interest in the Ligneris property by fulfilling the following conditions:

| | **Exploration work** | | **Payments with Ethos' shares** | |
|---|---|---|---|---|
| | Commitment | Completed | Commitment | Completed |
| | $ | $ | Number | $ 1) |
| At the signature | - | - | 200,000 | 50,000 2) |
| On or before August 26, 2020 | 750,000 | 750,000 | 225,000 3) | - |
| On or before June 26, 2021 | 750,000 | 750,000 | 250,000 | - |
| On or before June 26, 2022 | 750,000 | 695,382 | 325,000 | - |
| On or before June 26, 2023 | 750,000 | - | - | - |
| | 3,000,000 | 2,195,382 | 1,000,000 | 50,000 |

1) Estimated at fair market value on the day the shares were issued
2) 200,000 shares were issued to the Corporation in July 2019 and valued at $50,000
3) 225,000 shares were issued to the Corporation on August 12, 2020 and valued at $60,750

Ethos will be granted 60 days to decide to obtain a complementary interest of 19 % (70 % total interest) once the 51% option has been exercised. Ethos will have to spend an additional $4,000,000 in the following three years.

## 6. MINING PROPERTIES (CONT'D)

### 6.4 Mosseau

On March 20, 2017, the Corporation entered into an acquisition agreement with Ressources Tectonic Inc. ("Tectonic"), 3421856 Canada Inc. and Alphonse Beaudoin on the Mosseau property, located east of Lebel-sur-Quévillon, Québec. As per the agreement (amended on June 20, 2018, June 20, 2019 and June 8, 2020), the Corporation had the option, until July 3, 2020, to acquire a 100% interest in 15 claims from the Mosseau property on the following terms:

| | **Cash payments** | | **Share payments** | |
|---|---|---|---|---|
| | Commitment | Completed | Commitment | Completed |
| | $ | $ | Number | $ |
| Upon TSX approval | 90,000 | 90,000 | 65,000 | 65,000 |
| On or before June 20, 2018 | 22,500 | 22,500 | - | - |
| On or before June 20, 2019 | 22,500 | 22,500 | - | - |
| On or before July 3, 2020 (completed July 2, 2020) | 80,000 | - | - | - |
| | 215,000 | 135,000 | 65,000 | 65,000 |

As of June 30, 2019, the Corporation has completed its final payment to 3421856 Canada Inc. and Alphonse Beaudoin, thereby completing the acquisition of their six claims. The Corporation extended its option on the nine remaining claims held by Tectonic until July 3, 2020 and completed the acquisition of these nine claims prior to the extension deadline. Tectonic will retain a 2% NSR royalty, half of which can be bought back for $1,500,000. A 2% NSR royalty was also granted to the syndicate of prospectors, half of which can be bought back for $1,000,000. As of July 2, 2020, the Corporation has fulfilled all of its commitments and now holds a 100% interest in the Mosseau property.

### 6.5 Skyfall

On June 19, 2020, the Corporation signed an agreement with Ingrid Martin CPA inc. ("IMCPA") (a company controlled by Ingrid Martin, officer of the Corporation) whereby the Corporation acquired 215 claims located 150 km east of Lebel-sur-Quévillon for $25,000. IMCPA had acquired these claims from a third party for that same amount of $25,000 a few days before.

### 6.6 Tonya

On July 28, 2017 (amended on September 30, 2019 and July 6, 2020), Vior USA entered into an agreement with Gold Range Company, LLC, ("Gold Range") on 12 claims located in the Pershing Township in Nevada, USA. This agreement gives Vior USA the exclusive rights to explore, develop and mine the property in return for an NSR royalty of 3% in favour of Gold Range, of which two tranches of 1% may be bought back for the sum of US$1,000,000 each. Vior USA must pay in advance royalty amounts as follows : US$10,000 at the effective date of the agreement, as well as at the first and second anniversary, US$15,000 at the third anniversary (payable in two installments), $15,000 at the fourth anniversary and US$25,000 at the fifth anniversary. For the subsequent years and until production, an additional amount of US$10,000 will be added at each new anniversary. When production starts, the 3 % NSR royalty will be paid, nevertheless Gold Range will not be receiving the royalty until the advance royalty paid by Vior USA is depleted. Vior USA will need to complete US$100,000 in exploration work on the property before July 28, 2021. As at June 30, 2020, US$30,000 was paid to Gold Range.

In addition, Vior USA staked 59 claims in August 2017.

## 6. MINING PROPERTIES (CONT'D)

On March 14, 2018, Vior USA entered into an agreement with Michiels Family Associates, Inc. and Whitred Holdings, LLC, for the acquisition of the surface rights to the Tonya property for US$400,000 payable as follows: $20,000 upon signing of the agreement, a monthly amount of $1,000 for 24 months following the signing of the agreement, a monthly amount of $1,700 for the next 24 months following the first payment period, a monthly amount of $2,000 for the next 12 months following the second payment period and the balance of $291,200 within 10 business days after the end of the third payment period. Vior USA may terminate this agreement at any time without additional payment or penalty. If Vior USA moves from the exploration stage to the construction of a mine or mineral extraction, the remaining balance will become due and payable within 60 days of the commencement of construction of the mine or of mineral extraction. As at June 30, 2020, US$49,100 had been paid to Michiels Family Associates, Inc. and Whitred Holdings, LLC.

## 7. PROPERTY, PLANT AND EQUIPMENT

In December 2019, the Corporation moved its head office to Montréal, closed its Québec City office and recognized a $9,982 impairment on its property plant and equipment.

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | As at June 30, | |
|---|---|---|
| | **2020** | **2019** |
| | **$** | **$** |
| Suppliers | 58,136 | 155,500 |
| Salaries and fringe benefits | 26,290 | 18,718 |
| Private placement subscription received in advance (note 21.2) | 25,000 | - |
| Departure allowance to a senior officer | - | 45,000 |
| | 109,426 | 219,218 |

## 9. LOAN

On April 22, 2020, the Corporation received a $40,000 from Canada Emergency Business Account ("CEBA"). This interest-free loan is used to finance operating costs which was offered by the Canadian Government through the Corporation's bank in the context of the Covid-19 pandemic outbreak. Repayment of the loan balance on or before December 31, 2022 will result in a loan forgiveness of $10,000. As at January 1st, 2023, the Corporation will have the option to extend the repayment of the capital for 3 years, and will benefit from an interest rate of 5%. The loan was initially recorded at a fair value of $20,160, considering the grant, the interest-free loan and the reimbursement on December 22, 2020. An effective rate of 15% was used, taking into account the rate that the Corporation would have obtained for a similar loan. The residual value of $19,840 has been recorded as a deferred government grant in the statement of financial position and will be recognized in the statement of comprehensive income (loss) at the same time as the underlying salary expense. As at June 30, 2020, an amortization of $11,110 has been recognized in the statement of comprehensive income (loss).

## 9. LOAN (CONT'D)

| | As at June 30, 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Loan received | 40,000 | - |
| Value allocated to the government grant | (19,840) | - |
| Accretion on loan | 507 | - |
| | 20,667 | - |

## 10. SHARE CAPITAL

### Authorized

The Corporation's authorized share capital consist of an unlimited number of common shares, voting and participating, without par value.

## 11. WARRANTS

The following table presents warrants activity:

| | Years ended June 30, 2020 | | 2019 | |
|---|---|---|---|---|
| | Number | Weighted average exercise price | Number | Weighted average exercise price |
| | | $ | | $ |
| Outstanding - Beginning of the year | 4,250,000 | 0.14 | 6,300,000 | 0.13 |
| Granted on private placements | - | - | - | - |
| Expired | - | - | (2,050,000) | 0.12 |
| Outstanding - End of the year | 4,250,000 | 0.14 | 4,250,000 | 0.14 |

Outstanding warrants:

| Number | Exercise price | Expiry date |
|---|---|---|
| | $ | |
| 2,750,000 | 0.15 | December 20, 2020 1) |
| 1,500,000 | 0.12 | December 8, 2022 |
| 4,250,000 | | |

1) The 2,750,000 warrants due to expire on December 20, 2019 were extended for one year with a new expiration date of December 20, 2020. Total costs of the warrant extension is $51,861 for an estimated fair value of $0.019 per warrant. The fair value of the warrants extension was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period. The assumptions used are as follows: no expected dividend yield; 82.76% and 38.07% expected volatility; 1.70% and 1.66% risk-free interest rate; and 1.08 and 0.08 year warrant expected life.

## 12. STOCK OPTIONS

The Corporation maintains a stock option plan under which certain key employees, managers, directors, consultants, service providers and investor relations service providers may be granted stock options for shares of the Corporation. On June 25, 2019, the Board of Directors approved an increase in the number of common shares reserved for issuance under the Corporation's fixed number stock option plan from 3,725,926 to 4,425,900, and this modification has been approved by the Exchange. The exercise price of any option granted under the plan shall be fixed by the Board of Directors at the time of grant and shall not be lower than the fair market value. Stock Options grated expire after a maximum of ten years following the date of grant. Stock options vest when granted, or as otherwise determined by the Board of Directors.

The following table presents stock option activities:

| | Years ended June 30, 2020 | | 2019 | |
|---|---|---|---|---|
| | **Number** | **Weighted average exercise price** | **Number** | **Weighted average exercise price** |
| | | **$** | | **$** |
| Outstanding and exercisable - Beginning of the year | 3,540,000 | 0.13 | 3,680,000 | 0.14 |
| Granted | 150,000 | 0.11 | 525,000 | 0.10 |
| Expired | - | - | (665,000) | 0.15 |
| Outstanding and exercisable - End of the year | 3,690,000 | 0.13 | 3,540,000 | 0.13 |

The following table summarizes information about stock options outstanding and exercisable

| Stock options | Exercise price | Expiry date |
|---|---|---|
| | $ | |
| 240,000 | 0.50 | October 31, 2020 |
| 150,000 | 0.135 | January 4, 2023 |
| 525,000 | 0.10 | May 15, 2024 |
| 150,000 | 0.11 | July 7, 2024 |
| 100,000 | 0.10 | June 20, 2027 |
| 1,675,000 | 0.10 | October 10, 2027 |
| 850,000 | 0.10 | October 30, 2027 |
| 3,690,000 | | |

On May 16, 2019, the Corporation granted to directors, officers and employees 525,000 stock options exercisable at $0.10 per share, valid for 5 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. The estimated fair value of these stock options is $41,583, which is $0.079 per stock option. The fair value of the options granted was estimated using the Black-Scholes valuation model with no expected dividend yield; 110.59% expected volatility; 1.56% risk-free interest rate; and 5 years option expected life.

On July 8, 2019, the Corporation granted to an officer 150,000 stock options exercisable at $0.11 per share, valid for 5 years. Those options were granted at an exercise price greater than the closing market value of the shares the previous day of the grant. The estimated fair value of these stock options is $12,300, which is $0.082 per stock option. The fair value of the options granted was estimated using the Black-Scholes valuation model with no expected dividend yield; 110.0% expected volatility; 1.58% risk-free interest rate; and 5 years options expected life.

## 12. STOCK OPTIONS (CONT'D)

The expected life was estimated by benchmarking grant conditions and comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

## 13. EMPLOYEE COMPENSATION

### 13.1 Salaries

| | Years ended June 30, | |
|---|---|---|
| | **2020** | **2019** |
| | **$** | **$** |
| Salaries and bonuses | 399,801 | 523,836 |
| Director fees | 3,900 | 3,900 |
| Benefits | 19,918 | 30,554 |
| Government grant[1)] | (39,807) | - |
| | 383,812 | 558,290 |
| Capitalized in mining properties, invoiced to partners or expensed as search for mineral properties | (232,380) | (237,231) |
| **Salaries disclosed on the statement of comprehensive income (loss)** | **151,432** | **321,059** |

1) The Corporation recorded $28,697 of Canada Emergency Wage Subsidy ("CEWS") and $11,110 in relation to the CEBA (note 9).

### 13.2 Compensation to key management

Key management includes the directors, president, vice-president exploration and chief financial officer. The short-term employee benefits include salaries for key management and fees for directors. The share-based payments are grants of stock options of the Corporation.

Compensation awarded to key management included:

| | Years ended June 30, | |
|---|---|---|
| | **2020** | **2019** |
| | **$** | **$** |
| Short-term benefits | | |
| Salaries, directors fees and bonuses | 274,733 | 360,179 |
| Professional fees | 69,938 | - |
| Long-term benefits | - | |
| Share-based compensation | 12,300 | 35,641 |
| Total compensation of key management | 356,971 | 395,820 |

The Corporation entered into amended employment or consulting agreements with members of senior management which, among other things, provided that in the event of a termination without cause a compensation equivalent to between 2 to 18 months of salary (or consulting fees) will be paid and between 12 to 24 months in the event of a change of control.

## 13. EMPLOYEE COMPENSATION (CONT'D)

### 13.3 Related party transactions

*In the normal course of operations:*

- A company controlled by an officer charged accounting fees totaling $101,208 (nil in the year ended June 30, 2019) of which $31,270 (nil in the year ended June 30, 2019) relates to staff; and
- As at June 30, 2020, the balance due to the related parties amounted to $5,240 (nil as at June 30, 2019).

## 14. SEARCH FOR MINING PROPERTIES

| | Years ended June 30, | |
|---|---|---|
| | **2020** | **2019** |
| | **$** | **$** |
| Salaries and fees | 36,139 | 116,047 |
| Transport | - | 10,481 |
| Analysis | 6,557 | 2,349 |
| Other | - | 6,733 |
| | 42,696 | 135,610 |

## 15. DEFERRED TAX

The reconciliation of income taxes, calculated using the combined federal and Quebec provincial statutory tax rates, to income taxes presented in the financial statements is detailed as follows:

| | Years ended June 30 | |
|---|---|---|
| | **2020** | **2019** |
| | **$** | **$** |
| Income (loss) before deferred tax | 298,755 | (728,679) |
| | | |
| Combined federal and provincial income tax rate of 26.55% (26.65% in 2019) | (79,319) | 194,193 |
| Non-taxable revenues | 82,683 | - |
| Non-deductible expenses | (4,419) | (8,131) |
| Difference between current and future tax rates | - | - |
| Change in unrecognized deferred tax assets | 810 | (180,398) |
| Other | 245 | (5,664) |
| Deferred tax provision | - | - |

## 15. DEFERRED TAX (CONT'D)

The significant components of the deferred tax assets and liabilities are as follows:

Recognized deferred tax assets and liabilities:

| | As at June 30 2020 | As at June 30 2019 |
|---|---|---|
| | $ | $ |
| Deferred tax assets | | |
| Non-capital losses | 115,482 | 15,687 |
| | 115,482 | 15,687 |
| | | |
| Deferred tax liabilities | | |
| Listed shares and other investments | 85,996 | - |
| Mining properties | 26,677 | 15,687 |
| Others | 2,809 | - |
| | 115,482 | 15,687 |
| | | |
| Presented in the consolidated statement of financial position as follows: | | |
| Deferred tax assets | - | - |
| Deferred tax liabilities | - | - |

Unrecognized deferred tax assets:

| | As at June 30 2020 $ | As at June 30 2019 $ |
|---|---|---|
| Non-capital losses | 941,243 | 939,793 |
| Property, plant and equipment and intangible assets | 38,241 | 15,949 |
| Share issue expenses | 10,567 | 18,513 |
| Mining properties | 147,758 | 155,752 |
| Others | 16,053 | 25,028 |
| | 1,153,862 | 1,155,035 |

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income.

As at June 30, 2020, the Corporation has non-capital losses of $4,018,596 at the federal level and $3,947,266 at the provincial level ($3,633,955 at the federal level and $3,568,582 at the provincial level as at June 30, 2019) available to reduce taxable income in future years. These losses expire at various dates between 2029 and 2039.

## 15. DEFERRED TAX (CONT'D)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

| | Non-capital losses | Capital losses | Total |
|---|---|---|---|
| | $ | $ | $ |
| As at June 30, 2018 | 20,251 | - | 20,251 |
| Charged to the statement of comprehensive income (loss) | (4,564) | - | (4,564) |
| As at June 30, 2019 | 15,687 | - | 15,687 |
| Charged to the statement of comprehensive income (loss) | 99,795 | - | 99,795 |
| As at June 30, 2020 | 115,482 | - | 115,482 |

Deferred tax liabilities

| | Listed shares and other investments | Mining properties | Total |
|---|---|---|---|
| | $ | $ | $ |
| As at June 30, 2018 | 4,420 | 15,831 | 20,251 |
| Credited to the statement of comprehensive income (loss) | (4,420) | (144) | (4,564) |
| As at June 30, 2019 | - | 15,687 | 15,687 |
| Credited to the statement of comprehensive income (loss) | 88,805 | 10 990 | 99,795 |
| As at June 30, 2020 | 88,805 | 26 677 | 115,482 |

Deferred tax assets and liabilities in the amount of $115,482 will be realized after more than 12 months.

As at June 30, 2020, the non-refundable federal investment tax credits were as follows

| Expiry date | Federal |
|---|---|
| | $ |
| 2025 | 10,225 |
| 2026 | 1,972 |
| 2027 | 687 |
| 2028 | 2,307 |
| 2029 | 259 |
| 2030 | 1,098 |

These credits can be used up to the amount of income taxes payable for those years. The non-refundable federal investment tax credits are not recognized because there is no reasonable assurance that the credits will be realized.

## 16. EARNINGS PER SHARE

| | Years ended June 30, 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Net earnings (loss) | 298,755 | (728,679) |
| Basic weighted average number of outstanding shares 1) | 44,259,267 | 44,259,267 |
| Dilutive effect of stock options 2) | 3,150,000 | - |
| Dilutive effect of warrants 2) | - | - |
| Diluted weighted average number of common shares | 47,409,267 | 44,259,267 |
| Net earnings (loss) per share | | |
| Basic | 0.007 | (0.016) |
| Diluted net loss per share | 0.006 | (0.016) |

1) As a result of the net loss for the year ended June 30, 2019, all potentially dilutive common shares are deemed to be anti-dilutive, and thus diluted net loss per share is equal to the basic net loss per share.
2) For the year ended June 30, 2020, 540,000 outstanding stock options and 4,250,000 outstanding warrants were excluded from the calculation of diluted earnings per share as their effect was anti-dilutive.

## 17. CAPITAL MANAGEMENT

The Corporation considers the items included in equity for an amount of $3,719,943 ($3,408,888 as at June 30, 2019) as capital components.

The Corporation manages and adjusts its capital structure, based on the funds available to it, in order to support the acquisition and exploration of mining properties. Given that the Corporation is in the mineral exploration business, the Board of Directors does not establish quantitative return on capital criteria for its management, but rather relies on the expertise of the Corporation's management to sustain the future development of the business. In the opinion of management, working capital as at June 30, 2020, will cover the cost of current expenses and the exploration expenditures for the next year.

The properties in which the Corporation currently has an interest are in the exploration stage; as such, the Corporation is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts as needed. The Corporation will continue to assess new properties and seek to acquire an interest in additional properties if it considers there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Other operations that affect equity are presented in the statements of changes in equity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Corporation, is reasonable.

There was no change in the approach used by the Corporation for its capital management for the year ended June 30, 2020. The Corporation is not subject to externally imposed capital requirements.

## 18. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

### 18.1 Financial instruments

As at June 30, 2020 and 2019, the Corporation's assets at fair value through profit or loss consist of shares listed on the Exchange, warrants of a company listed on the Exchange and shares in a private company. Financial assets and liabilities at amortized cost are financial instruments whose carrying value approximates their fair value due to their short-term maturity or the effective rate equivalent to the market rate.

### 18.2 Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following three levels:

Level 1 – valuation based on quoted prices observed in active markets for identical assets or liabilities.
Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3 – valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the statement of financial position as at June 30, 2020 and 2019, classified using the fair value hierarchy described above:

| | As at June 30, 2020 | | As at June 30, 2019 | |
|---|---|---|---|---|
| | Level 1 | Level 3 | Level 1 | Level 3 |
| | $ | $ | $ | $ |
| **Financial assets at Fair value through profit and loss** | | | | |
| Listed shares | 25,000 | - | - | - |
| Shares in a private company | - | 1,274,875 | - | 210,600 |
| Warrants | - | - | - | - |

No transfer attributable to changes in the observability of market data was made among the fair value measurement hierarchy levels during the years ended June 30, 2020 and 2019.

### 18.3 Valuation techniques that are used to measure fair value

The fair value of shares is established using the bid price on the most beneficial active market for these instruments that is readily available to the Corporation. When a bid price is not available, the Corporation uses the closing price of the most recent transaction on such instrument. If the instrument is subject to a restriction on the sale period, the fair value is discounted and the instrument is classified in level 2.

## 18. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONT'D)

Management is responsible for determining a value for the financial instruments, including those classified as level 3 in the fair value hierarchy. The evaluation process and results are reviewed and approved by the audit committee each quarter. For example, for the shares of a private company, the management considers the price of the shares issued by the private company as well as elements that could impact the value of the private company. A 10% variation of the estimated value would have an impact of $127,488.

### 18.4 Financial risk factors

The Corporation`s activities expose it to various financial risks, such as credit risk, liquidity risk and market risk.

#### Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to cash and cash equivalents, accounts receivable and listed shares and other investments. The maximum exposure to credit risk approximates the amount recognized on the statement of financial position. The Corporation does not hold any collateral as security. Financial assets included in accounts receivable consist of interest and amounts receivable from a partner. The credit risk related to these amounts is due to the partners' possible inability to settle their debts. Management believes that the credit risk with respect to financial assets included in accounts receivable is remote, as the Corporation signed agreements with major mining companies and that the credit risk related to amounts receivable from a partner is nil, these partners having already paid those amounts. The credit risk related to cash and cash equivalent is limited because the Corporation deals with a Canadian bank with a high credit rating and its subsidiaries. The Corporation minimizes its exposure to issuer risk by investing only in products having a high-quality investment-grade rating. Exposure to these risks is closely monitored and maintained within the limits stated in the investment policy of the Corporation, which is revised regularly.

#### Liquidity risk

Liquidity risk is the risk that the Corporation may be unable to fulfill its financial obligations related to financial liabilities. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidities to meet liabilities when due. As at June 30, 2020, the Corporation had a cash and cash equivalents balance of $938,000 ($1,638,404 at June 30, 2019) to settle current liabilities of $109,426 ($219,218 as at June 30, 2019). All of the Corporation's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, currency risk and other price risks such as equity risk.

## 18. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT (CONT'D)

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's current policy is to invest excess cash principally in term deposits or in interest-bearing accounts held with a Canadian bank and its subsidiaries.

For the year ended June 30, 2020, a 1% increase or decrease in interest rates on interest-bearing bank balances would result in an estimated impact of $4,374 (impact of $15,817 for the year ended June 30, 2019) on the statements of comprehensive income (loss).

*Currency risk*

The Corporation's functional currency is the Canadian dollar, and virtually all of its purchases are made in this currency. As a result, the Corporation's exposure to currency risk is minimal.

*Equity market risk*

Equity risk is the risk that the fair value of a financial instrument varies due to equity market changes. An investment policy is in place, and its application is monitored by the Board of Directors on a quarterly basis.

Changes in fair value of listed shares and other investments are recognized in the statement of comprehensive income (loss). A variation of 10% in the quoted market prices as well as in the estimated value of listed shares as at June 30, 2020, would have had an impact of $2,500 (nil for the year ended June 30, 2019).

## 19. ADDITIONAL INFORMATION ON CONSOLIDATED STATEMENTS OF CASH FLOWS

Items not impacting cash and cash equivalents:

| | **Years ended June 30,** | |
|---|---|---|
| | **2020** | **2019** |
| | **$** | **$** |
| *Related to investing activities:* | | |
| Tax credit and mining rights receivable applied against mining properties | 34,837 | 99,402 |
| Additions to mining properties and exploration expenditures included in accounts payable and accrued liabilities | 6,021 | 5,901 |
| Listed shares received as option payment | 50,000 | - |

## 20. SEGMENT REPORTING

The Corporation has one reportable operating segment being that of acquisition and exploration of mining properties. The Corporation holds these following mining properties in Canada and in the United States:

| | As at June 30, 2020 | As at June 30, 2019 |
|---|---|---|
| | $ | $ |
| **Canada** | | |
| Acquisition costs | 275,882 | 274,056 |
| Exploration costs | 941,303 | 955,466 |
| Total | 1,217,185 | 1,229,522 |
| | | |
| **United States** | | |
| Acquisition costs | 218,273 | 162,661 |
| Exploration costs | 108,166 | 102,109 |
| Total | 326,439 | 264,770 |

The mining property located in United States is held by the Corporation's subsidiary Vior USA. All costs incurred in the subsidiary, except for the incorporation cost, are capitalized in the mining property.

## 21. SUBSEQUENT EVENTS

### 21.1 Mining properties

#### a) Skyfall

On July 10, 2020, the Corporation signed an agreement with Globex Mining Enterprises Inc. whereby the Corporation acquired 12 claims contiguous to the Skyfall property for $5,000 and a 2% NSR royalty, of which half can be bought back by the Corporation for $1,000,000.

On August 18, 2020, the Corporation signed an agreement with Mark Fekete and Marty Huber whereby the Corporation acquired 35 claims contiguous to the Skyfall property for $3,300 and 100,000 shares of the Corporation (valued at $14,500). These claims are subject to a 2% NSR royalty from a previous agreement.

#### b) Mirabelli

On September 21, 2020, the Corporation signed an agreement with Éric Desaulniers (director of the Corporation) and Antoine Cloutier, whereby the Corporation acquired the Mirabelli, located 300 km north of Matagami, on the following terms:

| | Cash payments | | Exploration work | |
|---|---|---|---|---|
| | Commitment | Completed | Commitment | Completed |
| | $ | $ | $ | $ |
| Upon the Exchange approval[1)] | 20,000 | 20,000 | - | - |
| On or before September 21, 2021 | 30,000 | - | 75,000 | - |
| On or before September 21, 2022 | - | - | 150,000 | - |
| | **50,000** | **20,000** | **225,000** | **-** |

1) Payment completed on September 30, 2020.

## 21. SUBSEQUENT EVENTS (CONT'D)

The vendors will retain a 2% NSR royalty, half of which can be repurchased for $1,000,000.

In addition, the Corporation shall pay to the vendors the following milestone payments upon the occurrence of the following events, if and when such events occur: $250,000 in cash or shares at the election of the Corporation, upon the completion of a 43-101 compliant resource estimate on the project and $1,000,000 in cash or shares at the election of the Corporation upon completion of a feasibility study on the project. Should the Corporation elect to pay these milestone payments in shares, such payments will be subject to the prior approval of the disinterested shareholders of the Corporation. The TSX Venture Exchange has accepted this transaction, with the exception of the milestone payments, which will be subject to further regulatory approval, subject to the Corporation filing certain compliance documents.

### 21.2 Private placement

On July 23, 2020, the Corporation closed a private placement totaling 13,500,000 units at a price of $0.10 per unit, for total gross proceeds of $1,350,000. Each unit consists of one share and one half common share purchase warrant. Each whole warrant entitles the holder to acquire one share at a price of $0.15 per share for a period of 24 months ending July 23, 2022.

In connection with the private placement, the Corporation paid finders' fees totaling $28,000 to arm's length third parties of the Corporation. Insiders (also related parties) participated for $75,200 in the private placement.

### 21.3 Stock options plan and grant

On August 3, 2020, the Board of Directors approved an increase of the number of common shares reserved for issuance under the Corporation's fixed number stock option plan from 4,425,900 to 5,775,900. This modification has been approved by the Exchange.

On September 25, 2020, the Corporation granted to directors, officers, employees and consultants 1,290,000 stock options exercisable at $0.13 per share, valid for 5 years and vesting as to 1/3 of the number on the date of grant, 1/3 on the first anniversary of grant and the final 1/3 on the second anniversary of grant. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant.