



**Consolidated Financial Statements of**  
**WEST KIRKLAND MINING INC.**

**For the year ended December 31, 2019**  
*(Expressed in Canadian dollars)*

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## Independent Auditor's Report

To the Shareholders and the Board of Directors of  
West Kirkland Mining Inc.

### Opinion

We have audited the consolidated financial statements of West Kirkland Mining Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss (income), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

### Basis for Opinion

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

### Material Uncertainty related to Going Concern

We draw attention to the consolidated statements of loss and comprehensive loss (income) and Note 1 in the consolidated financial statements, which indicate that the Company incurred a net loss of \$1.5M for the year ended December 31, 2019 and has incurred cumulative net losses from inception in the amount of \$22.1M at December 31, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

### Other Information

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the 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 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 Tim Holwill.

*Deloitte LLP*

Chartered Professional Accountants

Vancouver, British Columbia

April 27, 2020

**West Kirkland Mining Inc.**  
**Consolidated Statements of Financial Position**  
(Expressed in Canadian dollars)

	December 31, 2019	December 31, 2018
<b>Assets</b>		
<b>Current:</b>		
Cash	\$ 51,642	\$ 1,505,400
Accounts receivable	45,201	31,768
Prepaid expenses and deposits	23,924	24,984
<b>Total current assets</b>	<b>120,767</b>	<b>1,562,152</b>
Non-current assets:		
Reclamation bond (Note 3)	210,854	221,455
Property and equipment (Note 4)	8,155	17,130
Mineral properties (Note 5)	42,379,795	44,208,475
<b>Total assets</b>	<b>\$ 42,719,571</b>	<b>\$ 46,009,212</b>
<b>Liabilities and Equity</b>		
<b>Current:</b>		
Accounts payable and accrued liabilities	\$ 217,794	\$ 177,341
<b>Total current liabilities</b>	<b>217,794</b>	<b>177,341</b>
Non-current liabilities:		
Reclamation provision (Note 7)	71,853	71,248
<b>Total liabilities</b>	<b>\$ 289,647</b>	<b>\$ 248,589</b>
<b>Equity:</b>		
Share capital (Note 6)	\$ 56,629,650	\$ 56,616,352
Warrant reserve (Note 6)	-	4,418,817
Share based payment reserve (Note 6)	707,874	1,185,845
Foreign currency translation reserve	6,034,285	8,122,346
Deficit	(22,093,543)	(25,502,797)
<b>Total shareholders' equity attributable to the shareholders of West Kirkland Mining Inc.</b>	<b>\$ 41,278,266</b>	<b>\$ 44,840,563</b>
Non-controlling interest	1,151,658	920,060
<b>Total shareholders' equity</b>	<b>42,429,924</b>	<b>45,760,623</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 42,719,571</b>	<b>\$ 46,009,212</b>

Going Concern (Note 1)  
Commitments and contingencies (Note 12)  
Subsequent Events (Note 14)

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

Approved by the Board of Directors and authorized for issue on April 27, 2020.

/s/ R. Michael Jones  
Director

/s/ Kevin Falcon  
Director

**West Kirkland Mining Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss (Income)**  
(Expressed in Canadian dollars)

	Year ended December 31, 2019	Year ended December 31, 2018
<b>Expenses</b>		
Salaries and benefits	\$ 173,639	\$ 154,712
Professional Fees	111,747	135,895
Office and general	70,766	85,471
Consulting fees	66,000	76,141
Filing and transfer agent fees	49,414	50,421
Shareholder relations	25,693	37,452
Travel	9,810	4,622
Share-based compensation expense	-	209,307
Depreciation	-	20,731
Write down of exploration project (Note 5)	999,463	-
Loss before finance and other income	1,506,531	774,752
<b>Finance and Other Income</b>		
Interest income	(16,899)	(4,412)
<b>Net loss</b>	<b>\$ 1,489,633</b>	<b>\$ 770,340</b>
<b>Item that may be subsequently reclassified to net loss</b>		
Exchange differences on translating foreign operations	2,134,230	(3,511,278)
<b>Comprehensive loss (income) for the period</b>	<b>\$ 3,623,863</b>	<b>\$ (2,740,938)</b>
Loss attributable to:		
Shareholders of West Kirkland Mining	\$ 1,487,534	\$ 770,076
Non-controlling interest	2,099	264
Net Loss	\$ 1,489,633	\$ 770,340
Comprehensive loss (income) attributable to:		
Shareholders of West Kirkland Mining	\$ 3,575,595	\$ (2,660,867)
Non-controlling interest	48,268	(80,071)
Comprehensive Loss (Income)	\$ 3,623,863	\$ (2,740,938)
Basic and diluted loss per share	\$ 0.00	\$ 0.00
<b>Weighted average number of common shares outstanding:</b>		
Basic and diluted	408,619,728	369,852,225

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

**West Kirkland Mining Inc.**  
**Consolidated Statements of Changes in Equity**  
(Expressed in Canadian dollars)

**Share Capital**

	Number	Amount	Warrant Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Deficit	Attributable to the Shareholders of the Parent Company	Non-Controlling Interest	Total
Balance at December 31, 2017	345,388,947	\$ 53,365,978	\$ 4,418,817	\$ 1,074,510	\$ 4,691,403	\$ (24,866,248)	\$ 38,684,460	\$ 635,431	\$ 39,319,891
Share issuance – water rights (Note 6)	179,446	12,561	-	-	-	-	12,561	-	12,561
Share issuance – financing (Note 6)	62,900,000	3,374,000	-	-	-	-	3,374,000	-	3,374,000
Share issuance – cost	-	(136,187)	-	-	-	-	(136,187)	-	(136,187)
Share based compensation expense	-	-	-	244,862	-	-	244,862	-	244,862
Expired stock options	-	-	-	(133,527)	-	133,527	-	-	-
Contributions for project costs	-	-	-	-	-	-	-	204,558	204,558
Other comprehensive income	-	-	-	-	3,430,943	-	3,430,943	80,335	3,511,278
Net loss	-	-	-	-	-	(770,076)	(770,076)	(264)	(770,340)
<b>Balance December 31, 2018</b>	<b>408,468,393</b>	<b>56,616,352</b>	<b>4,418,817</b>	<b>1,185,845</b>	<b>8,122,346</b>	<b>(25,502,797)</b>	<b>44,840,563</b>	<b>920,060</b>	<b>45,760,623</b>
Share issuance – water rights (Note 6)	204,582	13,298	-	-	-	-	13,298	-	13,298
Expired stock options	-	-	-	(477,971)	-	477,971	-	-	-
Expired warrants	-	-	(4,418,817)	-	-	4,418,817	-	-	-
Contributions for project costs	-	-	-	-	-	-	-	279,866	279,866
Other comprehensive income	-	-	-	-	(2,088,061)	-	(2,088,061)	(46,169)	(2,134,230)
Net loss	-	-	-	-	-	(1,487,534)	(1,487,534)	(2,099)	(1,489,633)
<b>Balance December 31, 2019</b>	<b>408,672,975</b>	<b>\$ 56,629,650</b>	<b>\$ -</b>	<b>\$ 707,874</b>	<b>\$ 6,034,285</b>	<b>\$ (22,093,543)</b>	<b>\$ 41,278,266</b>	<b>\$ 1,151,658</b>	<b>\$ 42,429,924</b>

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

**West Kirkland Mining Inc.**  
**Consolidated Statements of Cash flows**  
(Expressed in Canadian dollars)

	Year ended December 31, 2019	Year ended December 31, 2018
Cash flows provided by (used in):		
<b>Operating activities</b>		
Net loss	\$ (1,489,633)	\$ (770,340)
Items not involving cash:		
Write down exploration property (Note 5)	999,463	-
Share-based compensation expense	-	209,307
Depreciation	-	20,731
Changes in non-cash working capital:		
Accounts receivable	(2,054)	32,810
Prepaid expenses and other	21,058	13,361
Accounts payable and accrued liabilities	43,233	(10,770)
Net cash used in operating activities	\$ (427,933)	\$ (504,901)
<b>Investing activities</b>		
Expenditures on mineral properties (Note 5)	\$ (1,286,040)	\$ (1,842,776)
Reclamation bond returned	-	57,960
Net cash used in investing activities	\$ (1,286,040)	\$ (1,784,816)
<b>Financing Activities</b>		
Issuance of share capital	\$ -	\$ 3,374,000
Share issuance costs	-	(136,187)
Cash contributions from non-controlling interest	267,296	240,958
Net cash received from financing activities	\$ 267,296	\$ 3,478,771
(Decrease) Increase in cash	\$ (1,446,677)	\$ 1,189,054
Effect of exchange rate changes on cash denominated in a foreign currency	(7,081)	87,854
Cash, beginning of year	\$ 1,505,400	\$ 228,492
<b>Cash, end of year</b>	<b>\$ 51,642</b>	<b>\$ 1,505,400</b>
<b>Supplemental disclosure of cash flow information</b>		
Non-cash activities:		
Depreciation capitalized to mineral properties	\$ 8,155	\$ 7,346
Share-based compensation capitalized to mineral properties	-	35,555
Decrease in trade and other payables related to mineral properties	(20,099)	28,049

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



**West Kirkland Mining Inc.**  
**Notes to the consolidated financial statements**  
**Year ended December 31, 2019 and 2018**  
(Audited - expressed in Canadian dollars)

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**1. Nature of Operations and Continuance of Operations**

West Kirkland Mining Inc. (“West Kirkland” or the “Company”) was incorporated on April 3, 2007, under the Company Act of the Province of British Columbia, Canada. The Company was a capital pool corporation, and on May 28, 2010, completed its Qualifying Transaction as that term is defined in TSX Venture Exchange Policy 2.4. These consolidated financial statements reflect the financial position, financial performance and cash flows of the Company’s legal subsidiaries, WK Mining Corp. (“WKM Corp.”), WK Mining (USA) Ltd. (“WK USA Ltd.”) and WK-Allied Hasbrouck LLC (“Hasbrouck LLC”).

The Company is an exploration and development company working on mineral properties it has staked or acquired in Nevada. At the Hasbrouck Project, an updated pre-feasibility study and declaration of reserves was completed in September 2016. The Company defers all acquisition, exploration and development costs related to the properties on which it is conducting exploration. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary permitting and financing to complete the development of the interests, and future profitable production, or alternatively, upon the Company’s ability to dispose of its interests on a profitable basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year the Company incurred a loss of \$1.5 million and from inception to December 31, 2019 the Company has incurred cumulative losses of approximately \$22.1 million, which may cast significant doubt regarding the Company’s ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statements of financial position. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company; however, there is no certainty that such funds will be available at terms acceptable to the Company. The Company’s ability to obtain financing may be impaired due to the recent COVID-19 pandemic (Refer to Note 14 – Subsequent events). These material uncertainties could cast significant doubt upon the Company’s ability to continue as a going concern.

**2. Significant Accounting Policies and Basis of Presentation**

*(a) Statement of Compliance*

These consolidated financial statements have been prepared in accordance with accounting policies in full compliance with IFRS and were approved by the Board of Directors for distribution on April 27, 2020.

*(b) Basis of Presentation*

These consolidated financial statements have been prepared on a historical cost basis.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Company and its subsidiaries.

*(c) Principles of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly owned legal subsidiary, WKM Corp, its wholly owned legal subsidiary WKM (USA) Ltd. and its 75% owned subsidiary Hasbrouck LLC, all of which are controlled by the Company. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. All material intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

*(d) Foreign Currency*

**West Kirkland Mining Inc.**  
**Notes to the consolidated financial statements**  
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(Audited - expressed in Canadian dollars)

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Items included in the consolidated financial statements are measured in each entity's functional currency. Each entity's functional currency is determined by the primary environment the entity operates in. The functional currency of the Company's subsidiaries, WKM USA Ltd. and Hasbrouck LLC, is the United States Dollar ("USD") and the functional currency of WKM Corp. and the ultimate parent company is the Canadian Dollar ("CAD").

The presentation currency of the Company is the CAD. For the purpose of presenting the financial statements, assets and liabilities of the Company's foreign subsidiaries are expressed in Canadian dollars using the closing rates at the date of the statement of financial position being presented. Revenue and expense items are translated at average exchange rates of the reporting period. The exchange differences that arise on translation are recognized as a component of other comprehensive income or loss and recorded in equity as "foreign currency translation reserve". Accumulated amounts in the foreign currency translation reserve will be recognized in profit or loss in the period when the foreign operation is disposed of.

Transactions in currencies which are not the entity's functional currency are translated to the functional currency at exchange rates at the date of the transaction. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

The following exchange rates were used when preparing these consolidated financial statements:

CAD/USD

Year-end rate: 1.2988 (Dec 31, 2018 – 1.3642)  
Year average rate: 1.3269 (Dec 31, 2018 – 1.2957)

*(e) Property and Equipment*

Property and equipment are stated at cost and are depreciated on a straight-line basis based on their estimated remaining useful lives.

The depreciation rates, useful lives and residual values are assessed annually.

*(f) Exploration and Evaluation Expenditures*

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims. Such costs include, but are not exclusive to, geological and geophysical studies, exploratory drilling and sampling. Capitalization of costs commences once the Company has obtained legal rights to explore a specific area. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

*(g) Development and Production Costs*

When technical feasibility and commercial viability of a property is established and the Company determines that it will proceed with development, all exploration and evaluation costs attributable to that area are reclassified to construction in progress within property and equipment or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production.

*(h) Impairment of Non-Financial Assets*

**West Kirkland Mining Inc.**  
**Notes to the consolidated financial statements**  
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(Audited - expressed in Canadian dollars)

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Non-financial assets are reviewed each reporting period for any indicators that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether an impairment exists. Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, any intangible asset with an indefinite useful life or any intangible asset not yet available for use is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset or cash-generating unit's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash inflows 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 for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

Industry specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and development activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in commodity prices and markets; and
- Adverse variations in the exchange rate for the currency of operation.

*(i) Share Capital*

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity, net of any tax effects. The proceeds from the issuance of units are allocated between common shares and purchase warrants based on the relative fair value method. Under this method, the proceeds are allocated to the components in proportion to their relative fair values. The market price on the date of the issuance of the shares and the market price of the publicly traded warrants on their first day of trading are used to determine the relative fair values.

*(j) Share-based Payments*

The share option plan allows the Company's board of directors to grant options to Company employees and consultants to acquire shares of the Company. The fair value of options granted to employees is measured by the Black-Scholes formula options pricing model and is recognized as a share-based compensation expense and recognized over the length of the vesting period of each tranche, while the corresponding amount is recognized in the share-based payments reserve. At each financial reporting date, the number of options recognized as an expense is adjusted to reflect the number of options actually expected to vest going forward. Upon cancellation or expiry, the fair value of the applicable options is transferred to deficit. An individual is classified as an employee when they are an employee for legal purposes, or primarily performing services similar to the services that would be provided by a legal employee.

*(k) Loss Per Share*

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees.

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During the years ended December 31, 2019 and 2018 all outstanding share options and warrants were anti-dilutive.

*(l) Income Taxes*

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are recorded using the liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to unused tax losses and unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The following temporary differences are not provided for: the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable loss and is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits and temporary differences can be utilized.

*(m) Restoration, Rehabilitation and Environmental Obligations*

An obligation to incur restoration, rehabilitation and environmental costs arises when the environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The capitalized costs are charged against profit or loss over the economic life of the related asset, through amortization using the unit-of-production method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

*(n) Measurement Uncertainties*

i) Resource estimates

The Company relies on appropriately qualified persons to estimate mineral resources. The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. Changes in the indicated and inferred mineral resources estimates may impact the carrying value of the mining properties.

**West Kirkland Mining Inc.**  
**Notes to the consolidated financial statements**  
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(Audited - expressed in Canadian dollars)

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ii) Share-based payments

The Company follows accounting guidelines in determining the fair value of share-based compensation. The computed amount is not based on historical cost, but is derived based on subjective assumptions input into an option pricing model. The model requires that management make forecasts as to future events, including estimates of the average future period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the life of the options (using historical volatility as a reference); and the appropriate risk-free rate of interest. Share-based compensation also incorporates an expected forfeiture rate. The expected forfeiture rate is estimated annually based on historical forfeiture rates and expectations of future forfeiture rates.

The resulting value calculated is not necessarily the value that the holder of the options could receive in an arm's length transaction, given that there is no market for the options and they are not transferable.

iv) Impairment of mineral properties

The Company assesses its mineral properties quarterly to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

v) Environmental reclamation

The Company must use judgement when it assesses environmental reclamation and closure costs. Costs have been estimated based on the Company's interpretation of current regulatory requirements, however changes in regulatory requirements and new information may result in revisions to estimates. The Company recognizes the fair value of liabilities for reclamation and closure costs in the period in which they are incurred. A corresponding increase to the carrying amount of the related assets is generally recorded and depreciated over the life of the asset.

*(o) Significant Accounting Judgments*

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (Note 2(n)), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the economic recoverability of the mineral properties, the determination of functional currency for the Company and its subsidiaries and the assumption that the Company will continue as a going concern.

*(p) New accounting standards*

These financial statements have been prepared using accounting policies consistent with those used in the year end financial statements of December 31, 2018 except for the following standard:

*IFRS 16 Leases.* IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. The standard was effective for annual periods beginning on or after January 1, 2019. The Company adopted this standard using the modified retrospective method and the Company experienced no material effects as a result of implementing this standard.

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**3. Reclamation Bonds**

The Company's US subsidiaries, WK USA Ltd. and Hasbrouck LLC have posted total statewide bonds of US\$156,931 to the Bureau of Land Management ("the BLM"), while WKM USA Ltd, has also posted a bond to the Division of Oil, Gas and Mining of Utah ("DOGM") for disturbance of ground required to complete exploration work on the formerly held TUG for US\$5,402 (including interest). Amounts are converted to Canadian dollars as follows:

At December 31, 2019:	BLM – Nevada		DOGM - Utah	
	USD	CAD	USD	CAD
WK USA Ltd.	\$ 37,921	\$ 49,252	\$ 5,414	\$ 7,032
Hasbrouck LLC	119,010	154,570	-	-
<b>Total</b>	<b>\$ 156,931</b>	<b>\$ 203,822</b>	<b>\$ 5,414</b>	<b>\$ 7,032</b>

At December 31, 2018:	BLM - Nevada		DOGM - Utah	
	USD	CAD	USD	CAD
WK USA Ltd.	\$ 37,921	\$ 51,732	\$ 5,402	\$ 7,370
Hasbrouck LLC	119,010	162,353	-	-
<b>Total</b>	<b>\$ 156,931</b>	<b>\$ 214,085</b>	<b>\$ 5,402</b>	<b>\$ 7,370</b>

**4. Property and Equipment**

The Company holds the following property and equipment at December 31, 2019:

Cost	Field		Leasehold		Total
	Equipment	Improvements	Vehicles		
Balance December 31, 2017	\$ 98,445	\$ 55,554	\$ 101,056	\$ 255,055	
Foreign exchange movement	7,760	-	8,837	16,597	
Balance December 31, 2018	<b>\$ 106,205</b>	<b>\$ 55,554</b>	<b>\$ 109,893</b>	<b>\$ 271,652</b>	
Foreign exchange movement	(4,625)	-	(5,267)	(9,892)	
<b>Balance December 31, 2019</b>	<b>\$ 101,580</b>	<b>\$ 55,554</b>	<b>\$ 104,626</b>	<b>\$ 261,760</b>	
<b>Accumulated Depreciation</b>					
Balance December 31, 2017	\$ 85,575	\$ 34,822	\$ 94,423	\$ 211,820	
Additions	4,053	20,732	3,292	28,077	
Foreign exchange movement	6,671	-	7,954	14,625	
Balance December 31, 2018	<b>\$ 96,299</b>	<b>\$ 55,554</b>	<b>\$ 102,669</b>	<b>\$ 254,522</b>	
Additions	4,502	-	3,655	8,157	
Foreign exchange movement	(4,173)	-	(4,901)	(9,074)	
<b>Balance December 31, 2019</b>	<b>\$ 96,628</b>	<b>\$ 55,554</b>	<b>\$ 101,423</b>	<b>\$ 253,605</b>	
<b>Carrying amount, December 31, 2019</b>	<b>\$ 4,952</b>	<b>\$ -</b>	<b>\$ 3,203</b>	<b>\$ 8,155</b>	
Carrying amount, December 31, 2018	\$ 9,906	\$ -	\$ 7,224	\$ 17,130	

During the year ended December 31, 2019 and 2018 the Company capitalized depreciation of \$8,155 and \$7,346 respectively

**5. Mineral Properties**

The Company's flagship project is primarily comprised of the 75% owned Hasbrouck & Three Hills properties (together the "Hasbrouck Project") which was purchased in April 2014 (see details below). In September 2016 the Hasbrouck Project was placed into a limited liability company Hasbrouck LLC. Since then the management and operation of the project has been conducted pursuant to the terms and conditions of a limited liability agreement (the "LLC Agreement") between WKM USA Ltd. and 25% owner Clover Nevada

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LLC, a wholly owned USA subsidiary of Waterton Precious Metals Fund (“Waterton”). All costs incurred at the Hasbrouck Project prior to September 2016, including the Company’s acquisition costs and all expenditures on 100% owned Company lands in the vicinity which are held outside of Hasbrouck LLC (including the Company’s 100% owned 1.1% Net Smelter Return (“NSR”) royalty on the Hasbrouck Project), are presented separately in the table below:

	Pre September 1, 2016	Post September 1, 2016		Total
	<u>Hasbrouck Project Expenditures</u>	<u>Non – Hasbrouck LLC Expenditures</u>	<u>Hasbrouck LLC Expenditures</u>	
Balance December 31, 2018	\$ 35,118,326	\$ 5,778,846 <sup>1</sup>	\$ 3,311,303	\$ 44,208,475
Permitting	-	26,410	570,598	597,008
Salaries and wages	-	-	269,763	269,763
Land holding costs	-	99,744	246,084	345,828
Other	-	17,802	13,374	31,176
Write down of exploration property	-	(999,463)	-	(999,463)
Foreign exchange movement	(1,683,579)	(230,668)	(158,744)	(2,072,992)
<b>Total December 31, 2019</b>	<b>\$ 33,434,747</b>	<b>\$ 4,692,671</b>	<b>\$ 4,252,378</b>	<b>\$ 42,379,795</b>
Balance December 31, 2017	\$ 32,294,341	\$ 4,331,620	\$ 2,281,965	\$ 38,907,926
Acquisition costs – mineral properties	-	189,429	13,642	203,071
Engineering	-	2,952	42,350	45,302
Permitting	-	9,649	217,949	227,598
Drilling – non-exploration	-	8,813	11,138	19,951
Drilling – exploration	-	772,753	10,558	783,311
Salaries and wages	-	38,454	302,008	340,462
Land holding costs	-	36,883	215,645	252,528
Other	-	9,514	16,501	26,015
Foreign exchange movement	2,823,985	378,779	199,547	3,402,311
<b>Total December 31, 2018</b>	<b>\$ 35,118,326</b>	<b>\$ 5,778,846</b>	<b>\$ 3,311,303</b>	<b>\$ 44,208,475</b>

<sup>1</sup> Balance includes \$4.2 million for the Hasbrouck royalty, \$1.0 million for Tonopah Divide and \$0.2 million for the Hill of Gold

**(a) Hasbrouck LLC**

On January 24, 2014, the Company signed a purchase agreement (the “Hasbrouck PA”) with Allied Nevada Gold Corp. (“ANV”) to acquire a 75% interest in ANV’s Hasbrouck Project. The Company made a non-refundable US\$500,000 cash deposit upon execution of the letter agreement and an additional US\$19.5 million payment on April 23, 2014 at which time the Company’s purchase of a 75% interest in the properties was completed.

On March 10, 2015, ANV announced that it had filed for Chapter 11 bankruptcy protection in the U.S. and was implementing a financial restructuring of its debt. On June 19, 2015, Waterton acquired all of ANV’s exploration properties and related assets (including ANV’s remaining 25% interest in the Hasbrouck Project and excluding ANV’s Hycroft operation) for US\$17.5 million. The bankruptcy of ANV and subsequent

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acquisition of the 25% interest in the Hasbrouck Project by Waterton does not alter the Company's legal rights or interests in the Hasbrouck Project.

As required by the Hasbrouck PA, 100% title to the mineral rights underlying the Hasbrouck Project has been transferred into a limited liability corporation, Hasbrouck LLC, for ownership and operating purposes. Effective September 1, 2016, the Company transferred a 25% interest in Hasbrouck LLC to Waterton and retained the remaining 75% interest. According to the terms of the Hasbrouck PA, the LLC Agreement was also executed during the year. Under the terms of the LLC Agreement, Waterton is required to fund their 25% share of expenditures for Hasbrouck LLC incurred subsequent to September 1, 2016. To date, Waterton has been funding their share of expenditures. However, should Waterton choose not to fund their share of expenditures, their interest will be diluted according to a prescribed formula in the LLC Agreement. At December 31, 2019 the Company has recorded in accounts receivable an amount of \$38,956 (US\$29,994) representing Waterton's 25% share of Hasbrouck LLC expenses from October 1, 2019 to December 31, 2019 (December 31, 2018 \$24,770 (US\$18,410)).

The transfer of rights into Hasbrouck LLC and the execution of the LLC Agreement has not altered or affected the existing royalty structure on the Hasbrouck Project, being approximately an aggregate 3.5% over the claims hosting the Hasbrouck Project's proven and probable reserves. (More details in (b) and (c) below.)

**(b) Non-Hasbrouck LLC Properties and Royalties**

The Company itself holds royalties over the Hasbrouck Project and properties in the immediate area adjacent to the Hasbrouck Project which are held as possible sources of heap leach ore to augment the Hasbrouck Project. These adjacent properties are not currently expected to become stand-alone future operations. The following properties and royalties are held 100% by the Company and are not included, owned or covered in Hasbrouck LLC:

1.1% Hasbrouck Royalty

In May 2017 the Company purchased an existing 1.1% NSR royalty on the Hasbrouck Project, plus the rights to US\$1.0 million in payments due upon commercial production at the Hasbrouck Project. The Company traded its former property TUG for this royalty. This 1.1% royalty is a component of the total 3.5% NSR royalty existing on the property and is 100% owned by the Company.

Hill of Gold Property

On November 29, 2016 the Company announced that it had signed a ten-year Mineral Lease and Option to Purchase Agreement (the "HOG Lease") for a 100% interest in the Hill of Gold property near Tonopah, Nevada. The Hill of Gold property is located midway between the Three Hills and the Hasbrouck properties. The HOG Lease terms allow for mining and involve annual lease payments as pre-payments on a 2% NSR royalty of US\$25,000 for the first three years and thereafter US\$30,000 per year, with the option of buying the mining claims and royalty for US\$500,000 at any time during the lease term. The lease is for 25 mining claims on approximately 500 acres of unpatented land. The most recent lease payment of US\$30,000 was paid when due in November 2019.

Tonopah Divide Property

On December 18, 2017 the Company announced it had entered into a lease agreement with the Tonopah Divide Mining Company ("TDMC") for a 100% working interest on mining patents and mineral claims located adjacent to the Hasbrouck property. In consideration the Company was to pay optional US\$75,000 annual advance royalty payments to TDMC and complete US\$100,000 of annual work from 2018 to 2022, increasing to US\$200,000 per year from 2023 to 2028. TDMC was to receive an approximate 3% NSR royalty from any production from the property, less any underlying royalty payments and the advance royalties already paid.

In total the Company paid US\$150,000 in advance royalty payments and completed US\$603,231 in work on the property. On October 3, 2019 the Company delivered formal notice to TDMC that it would not make further lease payments or complete additional annual work on the property, thereby terminating the lease



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agreement. Capitalized costs of US\$753,231 (C\$999,463) related to the Tonopah Divide Project were written off in 2019.

**6. Share Capital**

The authorized share capital consists of an unlimited number of common shares without par value. At December 31, 2019, the Company had 408,672,975 shares outstanding.

On April 5, 2019 the Company issued 204,582 common shares (worth US\$10,000) to Liberty Moly in consideration for leased water rights on the Hasbrouck Project.

On December 10, 2018, the Company closed a non-brokered private placement of 40,000,000 shares at a price of \$0.05 per share for gross proceeds of \$2,000,000. Finders fees, legal and exchange fees of \$67,732 were incurred.

On March 13, 2018, the Company closed a non-brokered private placement of 22,900,000 shares at a price of \$0.06 per share for gross proceeds of \$1,374,000. Finders fees, legal and exchange fees of \$68,455 were incurred.

On February 3, 2018 the Company issued 179,446 common shares (worth US\$10,000) to Liberty Moly in consideration for leased water rights on the Hasbrouck Project.

Warrant Reserve

In 2014, the Company issued 220,940,833 warrants. Each warrant was exercisable for one common share at a price of \$0.30 at any time prior to April 17, 2019. The \$4,418,817 fair value of these warrants was estimated using the relative fair value method using the share price on the date of issue of the shares and the warrant price from the first day of public trading. These warrants expired during the current period and their value was transferred to retained earnings.

Share based payment reserve

The Company established a stock option plan (the "Plan") on May 1, 2007, whereby options can be granted to directors, officers, employees and consultants at the discretion of the Board of Directors. The number of options that can be granted is limited to 10% of the total shares issued and outstanding.

The following table summarizes the Company's outstanding share options:

<b>Exercise Price</b>	<b>Number Outstanding at December 31, 2019</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>	<b>Number Exercisable at December 31, 2019</b>
\$0.11	3,450,000	2.01	3,450,000
\$0.10	3,400,000	1.28	3,400,000
\$0.06	7,125,000	3.28	7,125,000
	13,975,000	2.48	13,975,000

The weighted average remaining contractual life of the options outstanding at December 31, 2019 is 2.48 years.

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The following table summarizes the Company's share-based payment reserve:

<b>Balance December 31, 2017</b>	<b>\$ 1,074,510</b>
Share-based compensation expense	244,862
Share options expired	(133,527)
<b>Balance December 31, 2018</b>	<b>\$ 1,185,845</b>
Share options expired	(477,971)
<b>Balance December 31, 2019</b>	<b>707,874</b>

During the year, 5,575,000 stock options expired at a fair value of \$477,971. The fair value of these options was transferred from share-based payment reserve to deficit.

On April 12, 2018, 7,125,000 incentive stock options were granted to various officers and employees of the Company. Each option is exercisable at a price of \$0.06 per share for a period of five years and vest immediately. The Company expensed \$209,307 related to these options and capitalized \$35,555 to mineral properties.

The fair value of the options granted in 2018 was estimated using the Black-Scholes model with the following weighted average assumptions:

Expected life	5.00 years
Risk-free interest rate	2.08%
Expected volatility <sup>1</sup>	67%

<sup>1</sup>Expected volatility is based on the trading history of the Company. The Company's expected volatility is similar to a comparable peer group of companies.

	Number	Weighted average exercise price
<b>December 31, 2017</b>	<b>13,800,000</b>	<b>\$0.13</b>
Granted	7,125,000	\$0.06
Cancelled	(1,375,000)	\$0.15
<b>December 31, 2018</b>	<b>19,550,000</b>	<b>\$0.10</b>
Cancelled	(5,575,000)	\$0.15
<b>December 31, 2019</b>	<b>13,975,000</b>	<b>\$0.08</b>

The weighted average exercise price for the outstanding and exercisable share purchase options at December 31, 2019 is \$0.08.

## 7. Reclamation Provision

The reclamation provision represents the estimated costs required to provide adequate restoration and rehabilitation of drilling activities in Nevada and Utah. The Company measures the reclamation costs at fair value, which is based on the net present value of future cash expenditures upon reclamation of drilling sites and related lands. Reclamation costs are capitalized to mineral properties and will be amortized over the life of the related mine once the mine commences commercial production.

At December 31, 2019 the provision of \$71,853 (2018 - \$71,248) for reclamation cost obligations has been adjusted to reflect risk and foreign exchange. The estimate has been discounted at its present value at a rate of approximately 1.69% per annum (2018 - 2.69%) being an estimate of the long-term, risk-free, pre-tax cost of borrowing. The undiscounted balance of the reclamation provision is \$64,940 (2018 - \$68,210) and is expected to be incurred between 2020 and 2029.

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**8. Capital Risk Management**

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and to provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued share capital, reserves and accumulated deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and acquire or dispose of mineral rights.

As at December 31, 2019 the Company does not have any long-term debt and is not subject to any externally imposed capital requirements.

**9. Financial Risk Management**

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

**(a) Fair Value**

As at December 31, 2019 the Company's financial instruments consist of cash, accounts receivable, reclamation bonds, accounts payable and accrued liabilities. The fair values of accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments and the fair value of the reclamation bonds approximates their fair value due to the fact they earn interest at rates approximating market rates.

**(b) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the short-term interest rates through the interest earned on cash balances; however, management does not believe this exposure is significant.

**(c) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company is exposed to credit risk through its cash, which is held in large Canadian financial institutions and accounts receivable. The Company believes this credit risk is insignificant.

**(d) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company operates in Canada and the United States and is therefore exposed to foreign currency risk arising from transactions denominated in U.S. dollars. Certain amounts of the Company's accounts payable and accrued liabilities are denominated in U.S. dollars. A 10% change in the exchange rate between the Canadian and United States dollar would have an effect on the loss before income taxes as at December 31, 2019 of approximately \$4,424 (December 31, 2018, \$5,402). The Company monitors its net exposure to foreign currency fluctuations and adjusts its cash held in U.S. dollars accordingly. The following table lists the Canadian dollar equivalent of financial instruments and other current assets denominated in U.S. dollars as of December 31, 2019:

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	December 31, 2019	December 31, 2018
Cash	\$ 31,542	\$ 114,039
Accounts receivable	38,956	24,770
Prepaid expenses and other	1,688	1,773
Reclamation bond	210,854	221,455
Accounts payable and accrued liabilities	39,769	8,882

**(e) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operation period.

**10. Segmented Information**

The Company operates in one segment being the exploration and development of mineral properties in Nevada. The Company operates in two geographical areas being Nevada and Canada. All of the Company's non-current assets are held in Nevada.

<b>As at December 31, 2019</b>	Canada	United States	Total
Current Assets	\$ 48,625	\$ 72,142	\$ 120,767
Mineral Properties	-	42,379,795	42,379,795
Other Assets	-	219,009	219,009
Total Assets	48,625	42,670,946	42,719,571
Accounts Payable and accrued liabilities	178,024	39,770	217,794
Net loss	445,931	1,043,702	1,489,633

<b>As at December 31, 2018</b>	Canada	United States	Total
Current Assets	\$ 1,390,185	\$ 171,967	\$ 1,562,152
Mineral Properties	-	44,208,475	44,208,475
Other Assets	-	238,585	238,585
Total Assets	1,390,185	44,619,027	46,009,212
Accounts Payable and accrued liabilities	166,292	11,049	177,341
Net loss	716,332	54,018	770,340

**11. Related Party Transactions**

The Company paid remuneration for the following items with companies related by way of directors in common:

	Year ended December 31, 2019	Year ended December 31, 2018
General Administration	\$ 24,000	\$ 24,000
Accounting fees	48,000	48,000
Rent	25,128	25,194
Directors Fees	101,750	94,250
Total Related Party Transactions	\$ 198,878	\$ 191,444

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For the year ended December 31, 2019 the Company accrued and paid \$24,000 (December 31, 2018 - \$24,000) for day-to-day administration, reception and secretarial services and \$48,000 (December 31, 2018 - \$48,000) for accounting services; and \$25,128 (December 31, 2018 - \$25,194) for rent to Platinum Group Metals Ltd., a company related by virtue of common directors and officers. Amounts payable at period end include an amount of \$36,234 payable to Platinum Group Metals (December 31, 2018 \$9,043).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the parties.

Compensation of Key Management Personnel

	12 months ended December 31, 2019	12 months ended December 31, 2018
Salaries and management fees	\$ 312,900	\$ 310,000
Directors fees	101,750	94,250
Share-based payments	-	170,048
<b>Total Related Party Transactions</b>	<b>\$ 414,650</b>	<b>\$ 574,298</b>

**12. Commitments and Contingencies**

To acquire certain other mineral property interests or to continue to hold current properties in Nevada the Company must make optional acquisition and exploration expenditures in order to satisfy the terms of existing option agreements, failing which the rights to such mineral properties will revert to the property vendors. For details of the Company's mineral property acquisitions and optional expenditure commitments see Note 5. The Company has no other identified commitments or contingencies.

**13. Deferred Taxes**

Income tax expense reported differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to West Kirkland Mining Inc., to the loss before the tax provision due to the following:

	2019	2018
Net loss before income taxes	\$ (1,489,633)	\$ (770,341)
Canadian federal and provincial income tax rates	27%	27%
Income tax expense based on Canadian federal and provincial income tax rates	(402,201)	(207,992)
Increase (decrease) attributable to:		
Non-deductible expenditures	(2,504)	5,422
Non-deductible share-based payments	-	56,513
Changes in unrecognized deferred tax assets	167,832	495,541
Effects of different statutory tax rates on earnings of subsidiaries	146,298	1,552
Effect of foreign currency exchange rate change	91,584	(152,882)
Impact of change in DIT rates	(1,769)	(158,065)
Other	760	(40,089)
<b>Income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

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

	December 31, 2019	December 31, 2018
Deferred tax assets		
Non-capital and net operating loss carry forwards	\$ 2,791,568	\$ 2,955,635
<b>Total deferred tax assets</b>	<b>2,791,568</b>	<b>2,955,635</b>
Deferred tax liabilities		
Mineral properties	\$ (2,791,568)	\$ (2,955,635)
<b>Total deferred tax liabilities</b>	<b>(2,791,568)</b>	<b>(2,955,635)</b>
<b>Net deferred taxes</b>	<b>\$ -</b>	<b>\$ -</b>

Unrecognized deductible temporary differences, unused tax losses, and unused tax credits are attributable to the following:

	2019	2018
Non-capital and net operating loss carry forwards <sup>1</sup>	\$ 37,707,634	\$ 37,794,398
Share issuance costs	95,476	138,131
Mineral properties	1,771,919	1,771,919
Pre-production investment tax credits	86,537	86,537
Tax value of property and equipment in excess of book	150,484	150,484
Other temporary differences	184,985	181,889
	<b>\$ 39,997,035</b>	<b>\$ 40,123,358</b>

<sup>1</sup>The unrecognized tax losses and investment tax credits will begin to expire in 2029.

#### 14. Subsequent Events

1) On January 21, 2020 the Company announced it had closed a private placement of common shares where the Company issued 16,673,334 common shares at a price of \$0.06 per share for gross proceeds of \$1,000,400. The private placement was completed with two of its major shareholders and six investors. A 6% cash finders fee amount of \$21,360 was paid on a portion of the private placement which was otherwise arranged by management.

2) Subsequent to year end various measures have been implemented in Canada, the United States and the rest of the world in response to the increased impact of the COVID-19 virus. Various lockdowns and social distancing measures are being and continue to be implemented in British Columbia and Nevada. These measures could slow the permitting process and further development at the Hasbrouck Project.

While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations, including development at Hasbrouck can not be reasonably estimated at this time. The pandemic could have material adverse impacts on our business, liquidity, results of operations and financial position in 2020.