Blue Sky Uranium Corp.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Blue Sky Uranium Corp.

Opinion

We have audited the consolidated financial statements of Blue Sky Uranium Corp. ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 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.

We obtained the other information 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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 Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’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 Group’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 Group’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 Group 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 Group 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 Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada Canada
March 26, 2020

Blue Sky Uranium Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2019 $	December 31, 2018 $
ASSETS			
Current assets			
Cash		360,605	1,293,079
Accounts receivable		7,104	12,379
Prepaid expenses		47,163	242,000
Total current assets		414,872	1,547,458
Non-current assets			
Mineral property interests	3	60,999	59,177
Total non-current assets		60,999	59,177
Total Assets		475,871	1,606,635
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	252,292	143,594
Total Liabilities		252,292	143,594
EQUITY			
Share capital	4	29,875,000	28,729,625
Reserves	4	7,730,665	7,332,186
Deficit		(37,382,086)	(34,598,770)
Total Equity		223,579	1,463,041
Total Equity and Liabilities		475,871	1,606,635

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENT (Note 9)

SUBSEQUENT EVENTS (Note 12)

These consolidated financial statements are authorized for issue by the Board of Directors on March 26, 2020. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

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

Blue Sky Uranium Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2019 $	2018 $
Expenses			
Accounting and audit		28,540	34,520
Corporate development and investor relations		661,282	761,418
Depreciation		-	3,277
Exploration	3	1,469,230	2,351,971
Management fees	5	182,450	169,100
Office and sundry	5	69,822	61,576
Professional fees	5	94,027	79,171
Rent, parking and storage		14,816	13,462
Salaries and employee benefits	5	205,420	180,270
Share-based compensation		-	802,798
Transfer agent and regulatory fees		46,930	75,375
Travel		37,295	33,406
Loss from operating activities		2,809,812	4,566,344
Foreign exchange (gain) loss		(23,342)	3,114
Interest expense		3,544	-
Interest income		(6,698)	(24,294)
Other items		(26,496)	(21,180)
Loss and comprehensive loss for the year		2,783,316	4,545,164
Basic and diluted loss per common share	6	0.02	0.05

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

Blue Sky Uranium Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31,	
	2019	2018
	$	$
Cash flows used in operating activities		
Loss for the year	(2,783,316)	(4,545,164)
Depreciation	-	3,277
Interest expense	3,544	-
Share-based compensation	-	802,798
	(2,779,772)	(3,739,089)
Change in non-cash working capital items:		
Decrease in accounts receivable	5,275	2,935
Decrease (increase) in prepaid expenses	194,837	(30,021)
Increase (decrease) in accounts payable and accrued liabilities	108,698	(470,012)
Net cash used in operating activities	(2,470,962)	(4,236,187)
Cash flow used in investing activities		
Expenditures on mineral property interests	(1,822)	(4,934)
Net cash used in investing activities	(1,822)	(4,934)
Cash flows from financing activities		
Issuance of common shares and warrants	1,548,228	4,938,622
Share issue costs	(4,374)	(146,785)
Loans payable	220,000	-
Repayment of loan	(220,000)	-
Interest paid	(3,544)	-
Net cash from financing activities	1,540,310	4,791,837
Net (decrease) increase in cash	(932,474)	550,716
Cash at beginning of year	1,293,079	742,363
Cash at end of year	360,605	1,293,079

SUPPLEMENTARY CASH FLOW INFORMATION (Note 10)

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

Blue Sky Uranium Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of Shares	Amount $	Contributed Surplus $	Equity Settled Share-based Payments $	Warrants $	Accumulated Deficit $	Total $
Balance at December 31, 2017	77,623,629	25,067,911	4,391,852	52,204	955,209	(30,053,606)	413,570
Private placements	32,165,088	3,856,802	-	-	1,081,820	-	4,938,622
Share issue costs	-	(146,785)	-	-	-	-	(146,785)
Agents' warrants granted	-	(48,303)	-	-	48,303	-	-
Share-based compensation	-	-	-	802,798	-	-	802,798
Stock options cancelled/expired	-	-	52,204	(52,204)	-	-	-
Warrants and agents' warrants expired	-	-	62,916	-	(62,916)	-	-
Comprehensive loss for the year	-	-	-	-	-	(4,545,164)	(4,545,164)
Balance at December 31, 2018	109,788,717	28,729,625	4,506,972	802,798	2,022,416	(34,598,770)	1,463,041
Private placements	10,321,515	1,150,869	-	-	397,359	-	1,548,228
Share issue costs	-	(4,374)	-	-	-	-	(4,374)
Agent warrants granted	-	(1,120)	-	-	1,120	-	-
Stock options cancelled/expired	-	-	22,201	(22,201)	-	-	-
Comprehensive loss for the year	-	-	-	-	-	(2,783,316)	(2,783,316)
Balance at December 31, 2019	120,110,232	29,875,000	4,529,173	780,597	2,420,895	(37,382,086)	223,579

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the Business Corporation Act of British Columbia on November 30, 2005 as Mulligan Capital Corp. On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On June 27, 2006 the Company completed its initial public offering and on June 28, 2006 the Company listed its common shares on the TSX Venture Exchange (the "TSX-V") as a capital pool company. On February 7, 2007, the Company completed its qualifying transaction and was upgraded to Tier II status on the TSX-V. The Company also changed its name to Blue Sky Uranium Corp. to reflect its business as a junior uranium exploration company. The address of the Company's registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in Argentina. The Company's mineral property interests presently have no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. Consequently, the Company considers itself to be an exploration stage company.

The amounts shown as mineral property interests represent acquisition costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral property interests is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties.

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to consolidated financial statements and 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.

The Company has experienced recurring operating losses and has an accumulated deficit of $37,382,086 and shareholders' equity of $223,579 at December 31, 2019. In addition, the Company has working capital of $162,580 at December 31, 2019 and negative cash flow from operating activities of $2,470,962. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals.

Subsequent to year end, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These audited consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Company's audited consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee, effective for the Company's reporting for the year ended December 31, 2019. These consolidated financial statements were approved by the Board of Directors of the Company on March 26, 2020.

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Blue Sky Uranium Holdings Corp.	BC, Canada	Holding company
Minera Cielo Azul S.A. (Argentina)	Argentina	Exploration company
Desarrollo de Inversiones S.A. (Argentina)	Argentina	Exploration company
Viento de Oro S.A. de C.V. (Mexico)	Mexico	Exploration company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Financial instruments

i. Classification

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table summarizes the classification and measurement of the Company's financial assets and liabilities:

Financial assets/liabilities	Classification and Measurement
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

ii. Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive income (loss) in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iii. Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive income (loss).

Foreign currencies

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is recorded at cost less accumulated depreciation calculated using the straight-line method over its estimated useful lives of two years for computer equipment. Depreciation of an asset begins once it is available for use.

Exploration, Evaluation and Development Expenditures

Exploration and evaluation expenditures are expensed as incurred, until the property reaches the development stage. The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Proceeds received for farm-out arrangements or recoveries of costs are credited against the cost of the related claims. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount. Mineral property acquisition costs include cash costs and the fair market value of common shares issued, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment. Mineral property interests are classified as intangible assets.

Cash and Cash Equivalents

Cash and cash equivalents are classified as loans and receivables and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places its deposits with financial institutions with high credit ratings.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the period.

In addition, at the end of each reporting period the Company reviews whether there is any indication that a previously recorded impairment should be reversed. If the recoverable amount of an asset is estimated to be greater than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the previous impairment loss is reversed in the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation of equity units issued in private placements

The Company follows a pro rata allocation method with respect to the measurement of shares and warrants issued as private placement units. This values each component at fair value and allocates total proceeds received between shares and warrants based on the pro rata relative values of the components. The fair value of the common shares is based on the closing price on the issue date and the fair value of the common share purchase warrants is determined at the issue date using the Black-Scholes pricing model. The fair value attributed to the warrants is recorded in warrant reserve.

Share-based Payment Transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for stock options and warrants that have expired are transferred to contributed surplus. Charges for stock options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when 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 operating 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. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized 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 degree 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. The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date are minimal.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 applicable to the period of expected realization or settlement.

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.

Significant Accounting Estimates and Judgments

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

These financial statements include estimates which, 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 future periods if the revision affects both current and future periods. These estimates 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. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

1. The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment or a reversal of previously recorded impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting judgments

i. Presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

ii. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

iii. The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

iv. The determination of our tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, we interpret tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. We also make estimates of future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

Changes in Accounting Standards

Effective in the first quarter 2019, the Company adopted IFRS 16 – *Leases*, issued in January 2016 and the related consequential amendments. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. The adoption of IFRS 16 has resulted in the recognition of right-of- use assets and lease liabilities for all operating leases where the Company is a lessee. Assets and liabilities relating to finance leases on the date of transition remain unchanged. The Company transitioned to IFRS 16 in accordance with the modified retrospective approach, with the cumulative effect of initially applying the new standard recognized in retained earnings on January 1, 2019. The adoption of IFRS 16 did not have a material impact on the Company’s financial statements as the company has not entered into any agreement that meet the definition of a lease.

IFRIC 23 (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. This interpretation did not have an impact on the Company’s consolidated financial statements.

New Accounting Standards and Interpretations not yet effective

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2019 and, accordingly, have not been applied in preparing these consolidated financial statements.

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company has not elected to apply this amendment early.

Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures (effective January 1, 2020) will affect entities that apply the hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform. The amendments modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. If a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amended Standards, then discontinuation of hedge accounting is still required. This amendment is not expected to have any impact on the Company's consolidated financial statements.

3. MINERAL PROPERTY INTERESTS

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company holds title to and is continuing to explore as at December 31, 2019:

Acquisition Costs

	Argentina		
	Ivana $	**Regalo $**	**Total $**
Balance – December 31, 2017	29,243	25,000	54,243
Additions	4,934	-	4,934
Balance – December 31, 2018	34,177	25,000	59,177
Additions	1,822	-	1,822
Balance – December 31, 2019	35,999	25,000	60,999

Ivana Property

The Company owns a 100% interest in the 838 km^2 Ivana uranium property in the San Jorge Basin, Province of Rio Negro, located in the Northern Patagonia region of Argentina.

Regalo Property

The Company owns a 100% interest in the 233 km^2 Regalo property located northwest of the Cerro Solo Uranium District in the province of Chubut Argentina.

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina				
	Amarillo Grande				
	Santa Barbara $	Anit $	Ivana $	Other $	Total $
Cumulative exploration costs December 31, 2018	1,674,811	4,663,090	8,193,065	937,119	15,468,085
Expenditures during the year:					
Assays	-	-	14,648	-	14,648
Environmental engineering	1,540	1,475	100,239	-	103,254
Geophysics	-	-	144,492	-	144,492
Metallurgy and mineralogy	1,010	968	65,749	-	67,727
Office	1,433	1,390	64,873	399	68,095
Property maintenance payments	11,417	8,980	26,813	690	47,899
Resource modelling	-	29,330	-	-	29,330
Salaries and contractors	4,509	6,256	704,444	323	715,532
Social and community	820	786	53,379	-	54,984
Statutory taxes	628	1,485	40,818	43	42,974
Supplies and equipment	28	26	82,221	-	82,275
Travel	80	77	97,861	-	98,018
	21,465	50,772	1,395,537	1,456	1,469,230
Cumulative exploration costs December 31, 2019	1,696,276	4,713,863	9,588,602	938,574	16,937,315

	Argentina				
	Amarillo Grande				
	Santa Barbara $	Anit $	Ivana $	Other $	Total $
Cumulative exploration costs December 31, 2017	1,615,817	4,439,237	6,141,918	919,142	13,116,114
Expenditures during the year:					
Assays	111	107	292,544	-	292,762
Drilling	35	34	281,752	-	281,821
Environmental engineering	490	471	17,202	-	18,163
Metallurgy and mineralogy	3,495	3,359	122,584	-	129,438
Office	1,815	3,284	93,679	2,649	101,427
Property maintenance payments	40,037	31,510	16,190	11,732	99,469
Resource modelling	-	150,668	-	-	150,668
Salaries and contractors	6,162	11,346	769,351	1,822	788,681
Social and community	604	581	21,188	-	22,373
Statutory taxes	5,821	22,086	202,375	1,774	232,056
Supplies and equipment	87	83	108,322	-	108,492
Travel	337	324	125,960	-	126,621
	58,994	223,853	2,051,147	17,977	2,351,971
Cumulative exploration costs December 31, 2018	1,674,811	4,663,090	8,193,065	937,119	15,468,085

4. SHARE CAPITAL AND RESERVES

Authorized Share Capital

The Company's authorized share capital comprises an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Details of Issues of Common Shares in 2019

On October 23, 2019, the Company closed a non-brokered private placement financing of 5,793,333 units at a price of $0.15 per unit for gross proceeds of $869,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.25 per share for two years from the date of issue, expiring on October 23, 2021. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.65%; expected stock price volatility – 92.5%; dividend yield – 0%; and expected warrant life – 1.552 years.

On July 11, 2019, the Company closed the second and final tranche of a non-brokered private placement financing of 2,043,332 units at a price of $0.15 per unit for gross proceeds of $306,500. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.25 per share for three years from the date of issue, expiring on July 11, 2022. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.62%; expected stock price volatility – 89.74%; dividend yield – 0%; and expected warrant life – 1.433 years.

On June 4, 2019, the Company closed the first tranche of a non-brokered private placement financing of 2,484,850 units at a price of $0.15 per unit for gross proceeds of $372,728. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.25 per share for three years from the date of issue, expiring on June 4, 2022. Finders' fees were paid of $4,374 cash and 29,162 non-transferable warrants exercisable into common shares at $0.25 for three years from the date of issue. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.42%; expected stock price volatility – 92.94%; dividend yield – 0%; and expected warrant life – 1.357 years.

Details of Issues of Common Shares in 2018

On June 12, 2018, the Company closed a non-brokered private placement financing of 24,906,588 units at a price of $0.14 per unit for gross proceeds of $3,486,922. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.30 per share for two years from the date of issue, expiring on June 11, 2020. Finders' fees were paid of $132,260 cash and 944,709 non-transferable warrants exercisable into common shares at $0.30 for two years from the date of issue. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.89%; expected stock price volatility – 109.97%; dividend yield – 0%; and expected warrant life – 1.014 years.

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. SHARE CAPITAL AND RESERVES (continued)

On March 1, 2018, the Company closed a non-brokered private placement financing of 7,258,500 units at a price of $0.20 per unit for gross proceeds of $1,451,700. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.35 per share for two years from the date of issue, expiring on February 28, 2020. The Company is entitled to accelerate the expiry date of the warrants if the five-day volume weighted average stock price of the Company trades $0.75 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day after the date of delivery of the notice. Finders' fees were paid of $14,525 cash and 72,625 non-transferable warrants exercisable into common shares at $0.35 for two years from the date of issue subject to the accelerated exercise provisions as set out above. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.71%; expected stock price volatility – 112.85%; dividend yield – 0%; and expected warrant life – 0.98 years.

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of 10% of the Company's outstanding common shares, calculated from time to time. If outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the Plan increase proportionately.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX Venture Exchange. Share purchase options granted generally vest immediately, are subject to a four-month hold period and are generally exercisable for a period of five years.

Options

The continuity of share purchase options for the year ended December 31, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Granted	Exercised	Expired/ Forfeited	December 31, 2019	Options Exercisable
January 23, 2023	$0.30	4,520,000	-	-	(125,000)	4,395,000	4,395,000
		4,520,000	-	-	(125,000)	4,395,000	4,395,000
Weighted average exercise price ($)		0.30	-	-	0.30	0.30	0.30
Weighted average contractual remaining life (years)		4.1	-	-	-	3.1	3.1

The continuity of share purchase options for the year ended December 31, 2018 is as follows:

Expiry date	Exercise Price	December 31, 2017	Granted	Exercised	Expired/ Forfeited	December 31, 2018	Options Exercisable
November 17, 2018	$0.25	300,000	-	-	(300,000)	-	-
January 23, 2023	$0.30	-	4,520,000	-	-	4,520,000	4,520,000
		300,000	4,520,000	-	(300,000)	4,520,000	4,520,000
Weighted average exercise price ($)		0.25	0.30	-	0.25	0.30	0.30
Weighted average contractual remaining life (years)		0.9	4.1	-	-	4.1	4.1

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. SHARE CAPITAL AND RESERVES (continued)

The weighted average fair value of share purchase options granted during the year ended December 31, 2019 is $Nil (2018 - $0.18).

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Year ended December 31,	
	2019	2018
Risk-free interest rate	-	1.77%
Expected option life in years	-	2.5
Expected share price volatility(1)	-	146%
Grant date share price	-	$0.25
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(1) Expected volatility was estimated based on historical trading price.

Warrants

The continuity of warrants for the year ended December 31, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Granted	Exercised	Expired/ Cancelled	December 31, 2019
February 28, 2020	$0.35	7,331,125	-	-	-	7,331,125
June 11, 2020	$0.30	25,851,297	-	-	-	25,851,297
December 19, 2020	$0.30	5,940,064	-	-	-	5,940,064
September 19, 2021	$0.50	4,180,966	-	-	-	4,180,966
October 23, 2021	$0.25	-	5,793,333	-	-	5,793,333
June 4, 2022	$0.25	-	2,514,012	-	-	2,514,012
July 11, 2022	$0.25	-	2,043,332	-	-	2,043,332
		43,303,452	10,350,677	-	-	53,654,129
Weighted average exercise price ($)		0.33	0.25	-	-	0.31

4,180,966 warrants that set to expire on September 19, 2019 were extended to September 19, 2021 during the year ended December 31, 2019. These warrants were originally issued on September 19, 2016 as part of the units issued under a private placement completed by the Company on September 19, 2016 and are also subject to an accelerator. The exercise price of the warrants remains at $0.50. See Note 12 for further information.

The continuity of warrants for the year ended December 31, 2018 is as follows:

Expiry date	Exercise Price	December 31, 2017	Granted	Exercised	Expired/ Cancelled	December 31, 2018
September 19, 2019	$0.50	4,322,352	-	-	(141,386)	4,180,966
December 19, 2020	$0.30	6,096,042	-	-	(155,978)	5,940,064
February 28, 2020	$0.35	-	7,331,125	-	-	7,331,125
June 11, 2020	$0.30	-	25,851,297	-	-	25,851,297
		10,418,394	33,182,422	-	(297,364)	43,303,452
Weighted average exercise price ($)		0.38	0.31	-	0.40	0.33

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. SHARE CAPITAL AND RESERVES (continued)

5,940,064 warrants that were set to expire on December 19, 2018 were extended to December 19, 2020 during the year ended December 31, 2018. These warrants were originally issued on December 19, 2017 as part of the units issued under a private placement completed by the Company on December 19, 2017 and are also subject to an accelerator. The exercise price of the warrants remains at $0.30.

5. RELATED PARTY BALANCES AND TRANSACTIONS

Grosso Group Management Ltd.

On April 1, 2010, the Company entered into a Management Services Agreement ("Agreement") with Grosso Group Management Ltd. (Grosso Group) to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2018 and was automatically renewed for a period of two years pursuant to the terms of the Agreement.

The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of $750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of $1,000,000.

	Year ended December 31,	
Transactions	2019 $	2018 $
Services rendered:		
Grosso Group Management Ltd.		
Management fees	182,450	169,100
Office & sundry	41,695	38,250
Total for services rendered	224,145	207,350

Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO and Vice President of Corporate Development.

		Year ended December 31,	
Transactions		2019 $	2018 $
Share-based compensation		-	408,503
Consulting, salaries and professional fees to key management or their consulting corporations:			
President/CEO/Director	Salaries and employee benefits	60,000	60,000
CFO	Salaries and employee benefits	12,000	12,000
Directors/Consultants	Salaries, employee benefits and professional fees	147,770	122,270
Total for services rendered		219,770	602,773

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	Year ended December 31,	
Transactions	2019 $	2018 $
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp.(1)	59,653	13,694
Payable to Oxbow International Marketing Ltd.(2)	2,288	1,274
Payable to Grosso Group Management Ltd. (2)	-	1,710
Total shared costs included in accounts payable	61,941	16,678

(1) A company related through common directors that receives reimbursement for shared office costs and overhead.
(2) A company owned by Joseph Grosso of Blue Sky Uranium Corporation.

6. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2019 and 2018 was based on the following:

	Year ended December 31,	
	2019	2018
Loss attributable to common shareholders ($)	2,783,316	4,545,164
Weighted average number of common shares outstanding	113,008,224	97,472,871

Diluted loss per share did not include the effect of 4,395,000 (December 31, 2018 – 4,520,000) share purchase options and 53,654,129 (December 31, 2018 – 43,303,452) common share purchase warrants as they are anti-dilutive.

7. OPERATING SEGMENTS

The Company is primarily involved in mineral exploration activities in Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the year ended December 31, 2019.

The Company's total non-current assets are segmented geographically as follows:

	December 31, 2019	
	Argentina $	Total $
Mineral property interests	60,999	60,999
	60,999	60,999

	December 31, 2018	
	Argentina $	Total $
Mineral property interests	59,177	59,177
	59,177	59,177

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. INCOME TAXES

The recovery of income taxes shown in the consolidated statements of loss and comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2019	2018
	$	$
Loss before income taxes	(2,783,316)	(4,545,164)
Income tax recovery at statutory rate	(751,495)	(1,227,195)
Non-deductible differences	(33,990)	252,995
Rate differential and other	50,040	(54,894)
Effect of rate change	(31,130)	68,290
Foreign exchange movement	405,642	671,484
Non-capital loss expired	11,059	139,194
Unrecognized amounts	349,874	150,126
Income tax recovery	-	-
Statutory tax rate	27.00%	27.00%

Deferred income taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2019	2018
	$	$
Deferred income tax assets		
Resource deductions	1,610,244	1,752,000
Financing costs	11,997	39,000
Operating loss carryforwards	29,293	4,655,000
Property and equipment	5,155,129	12,000
	6,806,663	6,458,000
Net deferred income tax assets	6,806,663	6,458,000
Unrecognized deferred tax assets	(6,806,663)	(6,458,000)
Deferred income tax assets	-	-

As at December 31, 2019, the Company has Canadian non-capital loss carry forwards of approximately $19,081,000 that may be available for tax purposes. The Company's non-capital losses expire as follows:

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. INCOME TAXES (continued)

Expiry Date	$
2026	132,000
2027	1,756,000
2028	1,960,000
2029	1,093,000
2030	2,139,000
2031	3,061,000
2032	1,844,000
2033	304,000
2034	723,000
2035	264,000
2036	549,000
2037	1,521,000
2038	1,822,000
2039	1,913,000
	19,081,000

At December 31, 2019, the Company had net operating loss carry forwards for Argentinean income tax purposes of approximately $12,000 (2018 – $67,000) which, if not utilized to reduce Argentinean taxable income in future periods, expire through the year 2019. These available tax losses may only be applied to offset future taxable income from the Company's current Argentinean subsidiary. The Company also has available resource deductions in Argentina of approximately $2,820,000 (2018 – $3,390,000).

At December 31, 2019, the Company had net operating loss carry forwards for Mexican income tax purposes of approximately $139,025 (2018 – $139,025) which, if not utilized to reduce Mexican taxable income in future periods, expire through the year 2021. These available tax losses may only be applied to offset future taxable income from the Company's current Mexican subsidiary.

9. COMMITMENT

Management Services Agreement

Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group’s costs including its staff and overhead costs among the member companies. The current fee is $14,500 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

The table below represents the Company’s aggregate commitment to Grosso Group over the term of the Management Services Agreement.

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Management Services Agreement	174,000	174,000	-	-	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

10. SUPPLEMENTARY CASH FLOW

	Year ended December 31,	
	2019	2018
	$	$
Non-cash investing and financing activities:		
Share issue cost – issuance of warrants to agents	1,120	48,303
Stock options cancelled/expired	22,201	52,204
Warrants and agents' warrants expired	-	62,916

11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Fair Values

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash, and accounts payable and accrued liabilities. The recorded amounts for cash, and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

(b) Financial Instrument Risk Exposure

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company has reduced its credit risk by depositing its cash and short-term investments with financial institutions that operate globally. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

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 has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future. See Note 1 for further information.

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: cash, accounts receivable and accounts payable all denominated in United States dollars and Argentinean pesos. A 10% change in US dollar and the Argentinean peso exchange rates relative to Canadian dollar would have insignificant impact on the Company's net and comprehensive loss:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $350.

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $9,100.

(ii) ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument. Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing or have prescribed interest rates.

(c) Capital Management

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop its mineral projects and may require doing so again in the future. The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds. The Company is not subject to any external covenants. There were no changes in the Company's approach to capital management during the year ended December 31, 2019.

12. SUBSEQUENT EVENTS

Warrants extension

- 7,258,500 warrants that set to expire on February 28, 2020 were extended to February 28, 2022. These warrants were originally issued on March 1, 2018 as part of the units issued under a private placement completed by the Company in February 2018 and they are also subject to an accelerator. The exercise price of the warrants remains at $0.35.

Loans Payable

- On February 7, 2020, the Company borrowed $280,000 from an arm's length lender at an interest rate of 12% per annum that is to be used for working capital purposes, and the loan was subject to an arrangement fee of $30,000. The principal balance of the loan together with accrued and unpaid interest is due and payable in full on August 10, 2020. A director of the Company has guaranteed the principal and interest payable under this loan agreement in the event of default by the Company.

- On February 13, 2020, the Company borrowed $137,000 from a non-arm's length lender that bears no interest and is to be used for working capital purposes. The principal balance of the loan shall become due and payable in full on demand.

- On February 13, 2020, the Company borrowed $333,000 from an arm's length lender at an interest rate of 12% per annum that is to be used for working capital purposes. The principal balance of the loan together with accrued and unpaid interest shall become due and payable in full on demand.