TROILUS GOLD CORP.

CONSOLIDATED
FINANCIAL STATEMENTS

For the years ended
July 31, 2020 and 2019

(expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Troilus Gold Corp.

Opinion

We have audited the consolidated financial statements of Troilus Gold Corp. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity 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 Company as at July 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

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

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3

mcgovernhurley.com

t. 416-496-1234

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgement 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 risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- 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.

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 of the audit resulting in this independent auditor’s report is Glen McFarland.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
October 15, 2020

TROILUS GOLD CORP.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	Notes		July 31, 2020		July 31, 2019
ASSETS					
Current assets					
Cash and cash equivalents		$	29,883,416	$	6,337,689
Tax credit receivable	14		1,866,713		832,164
Amounts receivable	5		438,949		1,275,635
Prepaid expenses			455,834		492,418
Total current assets			32,644,912		8,937,906
Investment	6		250,000		-
Reclamation deposits	7		1,639,190		1,639,190
Property and equipment	3,8		5,445,731		2,549,975
TOTAL ASSETS		$	39,979,833	$	13,127,071
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	18	$	2,429,961	$	1,500,438
Current portion of lease liabilities	3,9		501,472		532,133
Current portion of reclamation provision	7		147,674		91,654
Total current liabilities			3,079,107		2,124,225
Long-term portion of lease liabilities	3,9		587,782		15,060
Flow-through share premium liability	10		244,435		-
Reclamation provision	7		3,728,682		3,580,741
Total liabilities			7,640,006		5,720,026
SHAREHOLDERS' EQUITY					
Share capital	10		87,242,757		47,709,419
Share purchase warrant reserve	11		9,763,070		6,764,206
Share-based payment reserve	12		1,047,793		195,576
Accumulated deficit			(65,713,793)		(47,262,156)
Total shareholders' equity			32,339,827		7,407,045
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	39,979,833	$	13,127,071

Nature of operations	1
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Approved on behalf of the Board of Directors:

"Tom Olesinski"
Director

"Justin Reid"
Director

TROILUS GOLD CORP.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

		Years ended July 31,	
		2020	2019
Expenses	Notes		
Exploration and evaluation expenses	14	$ 13,011,637	$ 16,656,563
Reclamation estimate	7	295,889	351,660
General and administrative expenses	15	4,914,293	5,207,002
Share-based payments	12	1,737,221	1,559,138
Total expenses before other items		19,959,040	23,774,363
Other (income)/expenses			
Interest income		(124,568)	(230,918)
Interest on lease liabilities	9	195,197	40,559
Flow-through share premium	10	(1,771,358)	(4,117,630)
Accretion of reclamation provision	7	33,786	58,503
Other expenses	16	121,282	123,861
Net loss and comprehensive loss for the year		$ 18,413,379	$ 19,648,738
Net loss per share			
Basic and diluted		$ 0.23	$ 0.37
Weighted average common shares outstanding			
Basic and diluted		79,364,190	53,395,462

Certain comparative figures have been reclassified to conform to the presentation in the current period.

-- See accompanying notes to the Consolidated Financial Statements --

TROILUS GOLD CORP.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Years ended July 31, 2020	2019
CASH FLOWS FROM:			
Operating activities			
Net loss for the year		$ (18,413,379)	$ (19,648,738)
Items not involving cash			
Share-based payments	12	1,737,221	1,559,138
Shares issued for property acquisition	10,14	2,199,000	2,268,750
Depreciation	3,8	874,919	219,071
Flow-through share premium	10	(1,771,358)	(4,117,630)
Reclamation estimate adjustment	7	295,889	351,660
Reclamation costs incurred	7	(125,714)	(179,129)
Accretion of reclamation estimate	7	33,786	58,503
		(15,169,636)	(19,488,375)
Net change in non-cash working capital items:			
Amounts receivable and prepaid expenses		873,270	(352,631)
Tax credit receivable		(1,034,549)	212,815
Accounts payable and accrued liabilities		929,523	(1,084,864)
		768,244	(1,224,680)
Cash flows used in operating activities		(14,401,392)	(20,713,055)
Financing activities			
Financing proceeds	10	44,413,137	7,000,600
Share issue costs	10	(2,949,146)	(983,738)
Proceeds from exercise of stock options		-	40,000
Lease payments	3,9	(1,198,549)	(509,110)
Cash flows from/(used in) financing activities		40,265,442	5,547,752
Investing activities			
Property and equipment	8	(2,068,323)	(1,067,424)
Investment	6	(250,000)	-
Refund of reclamation deposit	7	-	3,972,976
Payment of reclamation bond deposit	7	-	(1,639,190)
Cash flows used in investing activities		(2,318,323)	1,266,362
Net change in cash and cash equivalents		23,545,727	(13,898,941)
Cash and cash equivalents, beginning of the year		6,337,689	20,236,630
Cash and cash equivalents, end of the year		$ 29,883,416	$ 6,337,689
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash		$ 1,805,474	$ 5,539,544
Cash equivalents		28,077,942	798,145
		$ 29,883,416	$ 6,337,689
SUPPLEMENTARY INFORMATION			
Equipment purchased through leases	8,9	$ 665,356	$ 673,297

-- See accompanying notes to the Consolidated Financial Statements --

TROILUS GOLD CORP.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Note	Number of Shares		Share Capital		Share purchase warrant reserve		Share-based payment reserve		Accumulated Deficit		Total Shareholders' equity
Balance as at July 31, 2019		62,060,578	$	47,709,419	$	6,764,206	$	195,576	$	(47,262,156)	$	7,407,045
Adjustment on initial application of IFRS 16	3	-		-		-		-		(38,258)		(38,258)
Balance as at August 1, 2019		62,060,578		47,709,419		6,764,206		195,576		(47,300,414)		7,368,787
Private placement financings	10	24,753,755		19,055,637		-		-		-		19,055,637
Cost of issue on private placement financings	10	-		(898,586)		-		-		-		(898,586)
Flow-through share premium	10	-		(2,015,793)		-		-		-		(2,015,793)
Bought deal financing - units	10	24,150,000		25,357,500		-		-		-		25,357,500
Valuation of warrants on units	10	-		(2,998,864)		2,998,864		-		-		-
Cost of issue on bought deal financing	10	-		(2,050,560)		-		-		-		(2,050,560)
Shares issued for property acquisition	14	2,500,000		2,199,000		-		-		-		2,199,000
Share-based payments	12	1,475,006		885,004		-		852,217		-		1,737,221
Net loss for the year		-		-		-		-		(18,413,379)		(18,413,379)
Balance as at July 31, 2020		**114,939,339**	**$**	**87,242,757**	**$**	**9,763,070**	**$**	**1,047,793**	**$**	**(65,713,793)**	**$**	**32,339,827**
Balance as at July 31, 2018		48,737,222	$	38,325,859	$	6,764,206	$	3,331,632	$	(31,250,664)	$	17,171,033
Bought-deal financing	10	8,236,000		7,000,600		-		-		-		7,000,600
Cost of issue	10	-		(983,738)		-		-		-		(983,738)
Shares issued for property acquisition	14	3,750,000		2,268,750		-		-		-		2,268,750
Share-based payments	12	1,237,356		965,138		-		594,000		-		1,559,138
Exercise of stock options		100,000		40,000		-		-		-		40,000
Valuation allocation on exercise of stock options		-		92,810		-		(92,810)		-		-
Expiry of stock options		-		-		-		(3,637,246)		3,637,246		-
Net loss for the year		-		-		-		-		(19,648,738)		(19,648,738)
Balance as at July 31, 2019		**62,060,578**	**$**	**47,709,419**	**$**	**6,764,206**	**$**	**195,576**	**$**	**(47,262,156)**	**$**	**7,407,045**

-- See accompanying notes to the Consolidated Financial Statements --

1. NATURE OF OPERATIONS

Troilus Gold Corp. (the "Company") was continued under the laws of Ontario, Canada. The Company owns a 100% interest in a past-producing gold mine located approximately 450 km northeast of Val-d'Or, Quebec (the "Troilus project"). The Company has acquired additional mineral claims adjacent to the Troilus project through various transactions. Collectively, these properties are referred to as the "Troilus Gold property". The principal business of the Company is the exploration and future development of the Troilus Gold property. The Company's registered office is located at 36 Lombard Street, 4th Floor, Toronto, Ontario, M5C 2X3. The Company's shares trade on the Toronto Stock Exchange ("TSX") under the symbol "TLG". All dollar amounts are Canadian dollars unless otherwise noted.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory, environmental and social requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

These consolidated financial statements of the Company for the year ended July 31, 2020 were approved and authorized for issue by the Board of Directors on October 15, 2020.

2. BASIS OF PRESENTATION AND COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The preparation of financial statements in accordance with International Accounting Standards ("IAS") 1, Preparation of Financial Statements, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

2. BASIS OF PRESENTATION AND COMPLIANCE (continued)

Following the declaration on March 11, 2020 of a global pandemic related to COVID-19 by the World Health Organization, the restrictions imposed by governments around the world have had a significant impact on the global economy and commodity prices. Financial, oil and certain other commodity markets have declined significantly and remain highly volatile. Precious metals, while volatile, have generally demonstrated an upward trend. In response to an order by the Government of Quebec, the Company's exploration activities at site were temporarily suspended, but resumed in June 2020. While travel restrictions have lifted somewhat, challenges continue in particular with air travel to site. The Company implemented various measures to protect its employees, contractors and the communities in which it operates, including screening, physical distancing protocols, isolation protocols and increased cleaning and sanitization. These measures are expected to remain in place for the foreseeable future. Corporate activities continue with personnel working remotely, and conference participation has gone virtual. The impacts to the Company to date have not been material, however going forward, they may result in changes to the timing and nature of the Company's operating plans.

These consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, and using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

<u>New accounting policies</u>

The Company has adopted the following new standards and amendments, effective August 1, 2019.

a) IFRS 16 – Leases ('IFRS 16") replaces IAS 17, Leases ("IAS 17"). IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and may be applied retrospectively to each prior period presented (full retrospective approach) or with the cumulative effect of adoption recognized at initial application (modified retrospective approach). The Company has adopted this policy effective August 1, 2019 and has used the modified retrospective approach.

The Company's accounting policy for leases under IFRS 16 is as follows:
At inception of a contract, the Company assesses whether the contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset ("ROU" asset) and a lease liability at the commencement date. The ROU asset is initially measured at cost, based on the initial measurement of the lease liability and includes any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The assets are depreciated to the earlier of the end of the useful life of the ROU asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. The ROU asset is periodically adjusted for certain remeasurements of the lease liability. The Company has elected to separate non-lease components. ROU assets are included in property and equipment in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments, if there is a change in the Company's estimate of the amount to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset.

The Company does not recognize ROU assets and lease liabilities for leases of low-value assets, leases with terms that are less than 12 months and arrangements for the use of land that grant the Company the right to explore, develop, produce or otherwise use the mineral resource contained in that land. Payments for these leases are recognized on a straight-line basis as an expense in the consolidated statement of operations.

Impact of transition to IFRS 16:
Effective August 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for the comparative period has not been restated and remain as previously reported under IAS 17. The cumulative effect of initial application is recognized in deficit at August 1, 2019.

The Company leases various assets including office space, vehicles and equipment. On initial application, the Company recorded ROU assets based on the corresponding lease liabilities, which have been measured by discounting future lease payments at either the implicit rate or the incremental borrowing rate at August 1, 2019. The incremental borrowing rate applied was 15% per annum and represents the Company's best estimate of the rate of interest it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment.

The Company has elected to use the following practical expedients permitted by the standard:
- the accounting for leases with a remaining lease term of less than 12 months as at August 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU asset at the date of initial application.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The impact to the financial statements on transition is summarized below:

	Balance at July 31, 2019 *(as reported)*	IFRS 16 Adjustments	Balance at August 1, 2019 *(post adoption)*
Assets			
Property and equipment	$ 2,549,975	$ 1,036,996	$ 3,586,971
Liabilities			
Current portion of equipment financing arrangements	532,133	(532,133)	-
Long-term portion of equipment financing arrangements	15,060	(15,060)	-
Current portion of lease liabilities	-	762,000	762,000
Long-term portion of lease liabilities	-	860,447	860,447
Equity			
Accumulated deficit	(47,262,156)	(38,258)	(47,300,414)

A reconciliation of operating lease commitments previously reported and the amount of the lease liability recognized on transition is as follows:

Operating lease obligations at July 31, 2019	$ 2,000,509
Non-lease components of obligations	(790,343)
Estimated extension options on leases	195,876
Equipment financing arrangements reassessed as leases under IFRS 16	547,193
Effect from discounting using the incremental borrowing rate	(330,788)
Lease liabilities recognized as IFRS 16 adjustment at August 1, 2019	$ 1,622,447

In the comparative period, the Company classified leases that transfer substantially all of the risks and rewards of ownership as financing arrangements. Assets held under other leases were classified as operating leases and were not recognized in the Company's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Effective August 1, 2019, the Company has adopted this interpretation and there was no material impact to the financial statements upon the adoption.

Existing accounting policies

These consolidated financial statements for the year ended July 31, 2020 and 2019 have been prepared using the following accounting policies:

Principles of consolidation
These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Signet Minerals Inc. All significant intercompany transactions and balances have been eliminated upon consolidation.

Cash and cash equivalents
Cash and cash equivalents consist of cash in banks, short-term money market instruments, call deposits and other highly liquid investments with initial maturities of three months or less. Investments in securities, investments with initial maturities greater than three months without an early redemption feature and bank accounts subject to restrictions are not presented as cash equivalents.

Financial assets
Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either Fair Value through Profit and Loss ("FVPL") or Fair Value through Other Comprehensive Income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statements of operations.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations when the right to receive payments is established.

Investments in privately-held companies are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, management estimates the fair value of these investments by considering the following: third party equity financings of the investee; significant corporate, political or operating events affecting the investee that, in management's opinion, have an impact on the value of the shares of the investee; and general market conditions. The absence of the occurrence of and/change in any of these events indicates generally that the fair value of the investment has not materially changed. The resulting values may differ from values that would be realized had a ready market existed. The amounts which the Company's privately-held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

The Company's financial assets include cash and cash equivalents, amounts receivables, investment and reclamation deposits**.**

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets
The Company's financial assets subject to impairment are amounts receivable, which are measured at amortized cost, and investment, which is measured at FVPL. The Company has elected to apply the simplified approach to impairment of amounts receivable as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities
Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and lease liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

Provisions
General:
Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of operations, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclamation provision:
The Company records the net present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. A liability is initially recognized as the present value of the estimated cost. A liability related to exploration and evaluation activities is expensed as incurred. A liability related to property and equipment is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations as a finance cost.

Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in profit or loss.

Property and equipment
Property and equipment are measured at cost less accumulated depreciation and accumulated impairment charges. The cost of property and equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated decommissioning and restoration costs associated with the asset.

On initial acquisition, equipment is measured at cost. In subsequent periods, equipment is stated at cost less accumulated depreciation and any impairment charges. Depreciation is provided so as to write off the costs, less estimated residual values of equipment using the straight-line method over their remaining useful lives, or the remaining life of the mine if shorter:

Computer equipment	2 years
Equipment and vehicles	5 - 10 years
Exploration camp	10 - 15 years
Leasehold improvements and furniture	5 years

When significant parts of an asset have different useful lives, depreciation is calculated on each separate component. Each asset or component's estimated useful life has due regard to both its own physical life limitations. Estimates of remaining useful lives and residual values are reviewed at least annually. Changes in estimates are accounted for prospectively.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Impairment of non-financial assets
Impairment testing compares the carrying values of the cash-generating units being tested with their recoverable amounts (recoverable amounts being the greater of the cash-generating units' value in use or their fair values less costs of disposal). Impairment charges are immediately recognized in profit or loss to the extent the cash-generating unit carrying values exceed their recoverable amounts. Should the recoverable amounts for previously impaired cash-generating units subsequently increase, the impairment charges previously recognized may be reversed in profit or loss to the extent the reversal is not a result of accretion and that the resulting carrying value does not exceed the carrying value that would have been the result if no impairment charges had been previously recognized.

Property and equipment is assessed for indications of impairment at the end of each reporting period or when events and changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated in order to determine the extent of the impairment, if any. The best evidence of fair value less costs of disposal is the value obtained from an active market or binding sales agreement. Where neither exists, fair value less costs of disposal is estimated at the discounted future pre-tax cash flows expected to be derived from the cash generating unit, less an amount for costs of disposal. When discounting estimated future cash flows, an pre-tax discount rate that would approximate what market participants would assign is used.

Exploration and evaluation expenditures
The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral property rights, property option payments and exploration and evaluation activities.

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board of Directors, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

Interest income
Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which share-based payments vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For those options and warrants that expire after vesting, the recorded value is transferred to deficit.

Loss per share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All stock options and warrants outstanding during July 31, 2020 and 2019 were excluded from the diluted loss per share calculation as they were anti-dilutive.

Government assistance

The Company expects to be entitled to a refundable tax credit on qualified mining exploration expenses incurred in the province of Quebec and to a mining duties credit, which are estimated and recorded against the exploration and evaluation expenses to which they relate.

Flow-through shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. When the common shares are offered, the difference ("premium") between the quoted price of the common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the consolidated statement of operations when the eligible expenditures are incurred. The Company indemnifies the subscribers of flow-through shares for additional taxes payable by the subscribers if the Company does not meet its expenditure requirements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Current tax:

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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, on a prospective basis. The revision may affect current or both current and future periods.

Information about critical judgments and estimates in applying accounting policies, and areas where assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following areas:

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Mineral resource estimates

The figures for mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Estimation of decommissioning and reclamation costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Cost estimates are updated annually to reflect known developments and are subject to review at regular intervals.

Fair value of investment in securities not quoted in an active market or private company investments

Where the fair values of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. See Notes 6 and 13.

Share-based payments and warrants

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Valuation of the refundable mining duties credit and the refundable tax credit for resources
The refundable mining duties credit and the refundable tax credit for resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including the mining duties credit and the tax credit for resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Company's mining duties credit and tax credit for resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessments and payments has been received from the relevant taxation authority. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the mining duties credit and tax credit for resources and the exploration and evaluation expenses in future periods.

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Leases under IFRS 16
Critical judgements are required in the application of IFRS 16, including identifying whether a contract (or part of a contract) includes a lease and determining whether it is reasonably certain that an extension or termination option will be exercised. Sources of estimation uncertainty include estimation of the lease term, determination of an appropriate discount rate and assessment of whether a ROU asset is impaired. Such judgments, estimates and assumptions are inherently uncertain, and changes in these assumptions affect the fair value estimates.

Contingencies
Refer to Note 19.

The amounts recognized in the consolidated financial statements are derived from the Company's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position and its financial performance and cash flows.

5. AMOUNTS RECEIVABLE

	July 31, 2020	July 31, 2019
Input tax credits receivable	$ 438,949	$ 1,089,053
Camp rental receivable	-	69,316
Other miscellaneous receivables	-	117,266
	$ 438,949	$ 1,275,635

The Company rents available rooms at its exploration camp to third parties periodically. This income is applied against site and camp costs within exploration and evaluation expenses.

6. INVESTMENT

In March 2020, the Company acquired 500,000 shares of Kenorland Minerals Ltd. ("Kenorland"), a privately-held company, for $250,000, as a strategic investment. These shares were classified and measured at Fair Value through Profit and Loss ("FVPL") at acquisition. As the Company intends to hold these shares, they have been classified as a long-term asset. The Company does not own a significant interest in Kenorland. As the value of these shares is not quoted on an exchange, as at July 31, 2020, the Company estimated the fair value of these shares to be $250,000 based on Kenorland's most recent financing in March 2020, and the lack of significant events or objective evidence to suggest a material change in the value as at July 31, 2020 since acquisition. Use of this valuation approach involves uncertainties and determinations based on management's judgment and any value estimated may not be realized or realizable. See Note 13.

(Expressed in Canadian dollars)

7. RECLAMATION DEPOSITS AND PROVISION

Deposits:
In February 2019, the Company purchased an underwritten bond from an insurance company in order to recover a reclamation deposit of $3,972,976 with the government of Quebec. The reclamation deposit served as security against current and future estimated reclamation obligations at the Troilus site from historical mining activity. To purchase this insurance, the Company gave a $1,589,190 deposit to the insurance company and pays an annual fee of 2.5% of the insured amount. The Company also paid an additional $50,000 deposit as security against current and future estimated reclamation obligations on the landfill site on the Troilus Gold property.

Provision:
The Company recognized a provision for future estimated reclamation and water treatment costs of the former Troilus mine. As at July 31, 2020, the estimated future liability of approximately $3,544,000 (July 31, 2019: $3,560,000), was adjusted for inflation at an average rate of 1.74% (July 31, 2019: 2.00%), discounted at a rate of 0.92% (July 31, 2019: 1.70%) and recorded as $3,876,356, $147,674 as a current liability and $3,728,682 as a long-term liability (July 31, 2019: $3,672,395, $91,654 as a current liability and $3,580,741 as a long-term liability). This estimate assumes that future mining operations would never resume. As the Company continues its exploration program, works towards a future mining scenario, and carries out reclamation work, the underlying assumptions to the reclamation provision will be adjusted accordingly. As a result of this remeasurement, $295,889 was recorded as an adjustment to the reclamation estimate to the consolidated statements of operations for the year ended July 31, 2020 (July 31, 2019: $351,660). Accretion of $33,786 was recognized for the year ended July 31, 2020 on the consolidated statements of operations (July 31, 2019: $58,503).

Balance as at July 31, 2018	**$**	3,441,361
Accretion of discount		58,503
Adjustments resulting from remeasurement		351,660
Incurred costs applied against liability		(179,129)
Balance as at July 31, 2019	$	3,672,395
Accretion of discount		33,786
Adjustments resulting from remeasurement		295,889
Incurred costs applied against liability		(125,714)
Balance as at July 31, 2020	$	3,876,356

		July 31, 2020		July 31, 2019
Current portion of liability	$	147,674	$	91,654
Long-term portion of liability		3,728,682		3,580,741
	$	3,876,356	$	3,672,395

(Expressed in Canadian dollars)

8. PROPERTY AND EQUIPMENT

		Computer equipment		Leaseholds, improvements and furniture		Vehicles		Equipment		Exploration Camp	TOTAL
Cost											
Balance, July 31, 2018	$	15,242	$	-	$	-	$	87,350	$	959,423	1,062,015
Additions		60,223		360,374		75,750		224,920		1,019,454	1,740,721
Balance, July 31, 2019	**$**	**75,465**	**$**	**360,374**	**$**	**75,750**	**$**	**312,270**	**$**	**1,978,877 $**	**2,802,736**
Initial application of IFRS 16 (Note 3)		-		822,310		143,868		-		186,270	1,152,448
Additions		44,459		93,773		36,300		123,867		2,435,280	2,733,679
Balance, July 31, 2020	**$**	**119,924**	**$**	**1,276,457**	**$**	**255,918**	**$**	**436,137**	**$**	**4,600,427 $**	**6,688,863**
Depreciation											
Balance, July 31, 2018	$	(2,395)	$	-	$	-	$	(1,619)	$	(29,676)	(33,690)
Depreciation for the period		(16,016)		(197)		(7,118)		(21,153)		(174,587)	(219,071)
Balance, July 31, 2019	**$**	**(18,411)**	**$**	**(197)**	**$**	**(7,118)**	**$**	**(22,772)**	**$**	**(204,263) $**	**(252,761)**
Initial application of IFRS 16 (Note 3)		-		(79,893)		(16,797)		-		(18,762)	(115,452)
Depreciation for the period		(30,998)		(269,576)		(130,116)		(39,245)		(404,984)	(874,919)
Balance, July 31, 2020	**$**	**(49,409)**	**$**	**(349,666)**	**$**	**(154,031)**	**$**	**(62,017)**	**$**	**(628,009) $**	**(1,243,132)**
Net book value, July 31, 2019	$	57,054	$	360,177	$	68,632	$	289,498	$	1,774,614 $	2,549,975
Net book value, July 31, 2020	**$**	**70,515**	**$**	**926,791**	**$**	**101,887**	**$**	**374,120**	**$**	**3,972,418 $**	**5,445,731**

An amount of $874,919 was expensed in depreciation for the year ended July 31, 2020, where $677,295 was recorded as exploration and evaluation expenses and $197,624 was recorded as general and administrative expenses for the year ended July 31, 2020 (July 31, 2019: $219,071, where $213,056 was allocated to exploration and evaluation expenses and $6,015 was allocated to general and administrative expenses).

In addition to the ROU assets recorded on initial application of IFRS 16 at August 1, 2019, the Company acquired $665,356 in assets through leases and financing arrangements (Note 9) during the year ended July 31, 2020 (July 31, 2019: $673,297). As well, the Company acquired $1,039,760 in assets through a short-term payment plan, with the liability recorded through accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

9. LEASE LIABILITIES

Balance as at July 31, 2018	$	383,006
Assets acquired from leases and financing arrangements		673,297
Payments made during the period		(509,110)
Balance as at July 31, 2019	**$**	**547,193**
Initial application of IFRS 16 (Note 3)		1,075,254
Assets acquired from leases and financing arrangements		665,356
Payments made during the period		(1,198,549)
Balance as at July 31, 2020	$	1,089,254

		July 31, 2020		July 31, 2019
Current portion of lease liabilities	$	501,472	$	532,133
Long-term portion of lease liabilities		587,782		15,060
	$	1,089,254	$	547,193

During the year ended July 31, 2020, the Company entered into financing arrangements to acquire $665,356 of vehicles, equipment and camp infrastructure, with monthly payments to be made within one year. The Company's right-of-use leases include office leases, vehicle leases, and leases for certain infrastructure, with terms of up to 4 years. Interest expense recognized on these leases for the year ended July 31, 2020 was $195,197 (July 31, 2019: $40,559).

During the year ended July 31, 2020, the Company incurred $302,094 for short-term rental equipment (July 31, 2019: $213,070) which was recorded to exploration and evaluation expenses on the consolidated statement of operations.

For the year ended July 31, 2019, $205,848 in lease payments were included in exploration and evaluation expenses and general and administrative expenses on the statement of operations which, in the current period, fall under the IFRS 16 treatment for right-of-use leases (Note 3).

(Expressed in Canadian dollars)

10. SHARE CAPITAL

	No. of Shares		Balance
Balance as at July 31, 2018	48,737,222	$	38,325,859
Bought deal financing (iv)	8,236,000		7,000,600
Cost of issue (iv)	-		(983,738)
Shares issued for property acquisition (Note 14)	3,750,000		2,268,750
Share-based compensation (Note 12)	1,237,356		965,138
Exercise of stock options	100,000		40,000
Valuation allocation on exercise of stock options	-		92,810
Balance as at July 31, 2019	62,060,578	$	47,709,419
October 2019 Private placement financing (i)			
Flow-through shares issued	7,036,900		6,222,954
Cost of issue	-		(205,581)
Flow-through share premium	-		(1,086,017)
February 2020 Private placement financing (ii)			
Shares issued	11,267,667		7,323,984
Flow-through shares issued	6,449,188		5,508,699
Cost of issue	-		(693,005)
Flow-through share premium	-		(929,776)
June 2020 Bought deal financing (iii)			
Units issued	24,150,000		25,357,500
Value of warrants (Note 11)	-		(2,998,864)
Cost of issue	-		(2,050,560)
Property acquisitions (Note 14)	2,500,000		2,199,000
Share-based payments (Note 12)	1,475,006		885,004
Balance as at July 31, 2020	114,939,339	$	87,242,757

(i) In October 2019, the Company closed a private placement financing raising gross proceeds of $6,222,954 from the issuance of 7,036,900 common shares of the Company that qualify as flow-through shares. The shares were issued in tranches, whereby the first tranche included 5,813,900 flow through shares priced at $0.86 per share issued to investors resident outside of the province of Quebec, and the second tranche included 1,223,000 flow-through shares priced at $1.00 issued to investors resident in Quebec. The Company paid issue costs of $205,581 related to this financing, which includes advisory and finder's fees as well as legal costs. The Company recorded a flow-through liability of $1,086,017 based on a calculated premium at an average of $0.17 per dollar raised, calculated based on the excess issue price over the quoted market price at the date of issuance. As the Company incurs eligible expenditures against this liability, the Company reduces the liability at the same premium rate and records this as a flow-through premium recovery on the statement of operations. The flow-through liability associated with this financing has been extinguished as at July 31, 2020.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

(ii) In February 2020, the Company closed a non-brokered private placement raising $12,832,683 in gross proceeds from the issuance of 11,267,667 common shares of the Company at a price of $0.65, 2,000,000 flow-through shares at a price of $1.00, 2,070,617 flow-through shares at a price of $0.81 and 2,378,571 flow-through shares at a price of $0.77. The Company paid issue costs of $693,005 related to this financing, which includes advisory fees, finder's fees and legal costs. The Company recorded a flow-through liability of $929,776 in connection with this financing based on a calculated premium at an average of $0.17 per dollar raised, calculated based on the excess issue price over the quoted market price at the date of issuance. The liability was reduced as the Company incurred eligible expenditures, and a balance of $244,435 remains on the statement of financial position related to this flow-through financing as at July 31, 2020.

The gross proceeds from the issuance of the flow-through shares is being used to incur qualifying eligible expenditures. In January 2020, in relation to the October 2019 financing, the Company renounced the qualifying expenditures with an effective date of December 31, 2019. The Company intends to renounce the qualifying expenditures in connection with the February 2020 financing in January of 2021.

A total flow-through premium recovery of $1,771,358 was recorded to the statement of operations from expenditures against both financings for the year ended July 31, 2020 (July 31, 2019: $4,117,630).

(iii) In June 2020, the Company closed a bought-deal prospectus offering raising $25,357,500 in gross proceeds from the issuance of 24,150,000 units of the Company at a price of $1.05 per unit. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of $1.50 until June 23, 2022. The Company paid issue costs of $2,050,560, which included commissions, underwriter costs, translation costs and legal fees.

(iv) In May 2019, the Company closed a bought-deal prospectus offering with the issuance of 8,236,000 common shares of the Company at a price of $0.85 per share for gross proceeds of $7,000,600. The offering was completed through a syndicate of underwriters at a commission rate of 6%. Additional cost of issue included legal fees and translation costs.

11. SHARE PURCHASE WARRANT RESERVE

	Number of Warrants	Weighted Average Exercise Price	Value
Balance as at July 31, 2018 and 2019	14,030,000	$2.50	$ 6,764,206
Issuance from bought deal financing	12,075,000	$1.50	2,998,864
Balance as at July 31, 2020	26,105,000	$2.04	$ 9,763,070

(Expressed in Canadian dollars)

11. SHARE PURCHASE WARRANT RESERVE (continued)

Pursuant to the bought-deal offering in June 2020, the Company issued 12,075,000 warrants that expire on June 23, 2022 (Note 10). The value of these warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%; expected volatility of 80.27%; risk-free interest rate of 0.3% and expected average life of two years.

The following table summarizes the warrants outstanding as at July 31, 2020:

						Assumptions			
Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Value	Weighted Average Remaining Contractual Life	Expected Dividend Yield	Expected Volatility	Risk-free Interest rate	Expected Average Life (years)
$2.50	November 21, 2020	14,030,000	14,030,000	$6,764,206	0.31	0%	100.00%	1.51%	3.00
$1.50	June 23, 2022	12,075,000	12,075,000	2,998,864	1.90	0%	80.27%	0.30%	2.00
		26,105,000	26,105,000	$9,763,070	1.04				

12. SHARE-BASED PAYMENT RESERVE

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants of the Company options to purchase shares of the Company. Options granted under the plan will be for a term not to exceed five years.

The Company also has a Restricted Share Unit Incentive Plan “RSU Plan” whereby the Company is authorized to grant Restricted Share Units (“RSU’s”) under the plan to directors, officers and employees until October 2020. An RSU represents the right to receive one common share of the Company or, at the discretion of the Board of Directors, cash equal to the market price of the common share on the vesting date. As the intent is to settle any RSU’s in common shares, the value of outstanding RSU’s is included in share-based payment reserve within equity.

The number of common shares reserved for issuance pursuant to the stock-option plan and the RSU Plan and all other security-based compensation arrangements shall, in aggregate, not exceed 10% of the Company’s issued and outstanding capital.

(Expressed in Canadian dollars)

12. SHARE-BASED PAYMENT RESERVE (continued)

	Stock option Value	RSU Value	TOTAL
Balance as at July 31, 2018	$ 3,331,632	$ -	$ 3,331,632
Options granted	594,000	-	594,000
Options exercised	(92,810)	-	(92,810)
Options expired	(3,637,246)	-	(3,637,246)
Value of RSUs vested	-	965,138	965,138
Value of RSUs settled	-	(965,138)	(965,138)
Balance as at July 31, 2019	$ 195,576	$ -	$ 195,576
RSU expense accrued	-	1,737,221	1,737,221
Value of RSUs settled	-	(885,004)	(885,004)
Balance as at July 31, 2020	$ 195,576	$ 852,217	$ 1,047,793

Outstanding Stock Options:

						Assumptions			
Exercise Price	**Expiry Date**	**Number Outstanding**	**Number Exercisable**	**Value**	**Weighted Average Remaining Contractual Life**	**Expected Dividend Yield**	**Expected Volatility**	**Risk-free Interest rate**	**Expected Average Life (years)**
$ 1.64	January 3, 2023	250,000	250,000	$195,576	2.43	0%	100%	2.26%	5.00
	Total	250,000	250,000	$195,576	2.43				

The Company did not grant stock options during the year ended July 31, 2020 and no corresponding expense was incurred on the statement of operations (July 31, 2019: 660,000 stock options granted with an expense of $594,000). Going forward, the Company does not intend to issue any new options under the Company's stock option plan in favour of granting RSU's.

Outstanding unvested RSU's:

	Number of RSU's
Balance as at July 31, 2018 and 2019	-
Granted	4,631,666
Vested, settled in common shares	(1,475,006)
Forfeited	(20,000)
Balance as at July 31, 2020	3,136,660

(Expressed in Canadian dollars)

12. SHARE-BASED PAYMENTS RESERVE (continued)

On November 29, 2019, the Company granted 4,425,000 RSU's to directors, officers and employees of the Company. These RSU's vest in tranches, where 1/3rd vested on January 15, 2020, 1/3rd will vest on January 15, 2021 and 1/3rd will vest on January 17, 2022. The fair value of these RSU's was estimated to be $0.60 per unit based on the quoted market price of the Company's shares on the date of grant.

On March 5, 2020, the Company granted 206,666 RSU's to directors of the Company. These RSU's vest in tranches, one half on January 15, 2021 and the balance on January 17, 2022. The fair value of these RSU's was estimated to be $0.77 per unit based on the quoted market price of the Company's shares on the date of grant.

In June 2019, the Company granted 1,237,356 RSU's to directors, officers and employees of the Company. The RSU's vested immediately and as a result 1,237,356 common shares of the Company were issued to the RSU holders. The value of each share was $0.78, which represented the quoted market value of the Company's commons shares on the date of vesting.

Stock-based payments of $1,737,221 was recognized for the year ended July 31, 2020 related to these RSU's, which includes the value for those vested and an accrual for unvested RSU's (July 31, 2019: $965,138).

Subsequent to July 31, 2020, 7,840,000 RSU's were granted to directors, officers and employees and 58,333 were forfeited. See Note 21.

13. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities were classified as follows:

	Assets at amortized cost	Assets at fair value through profit or loss	Liabilities at amortized cost	Total
As at July 31, 2020				
Cash and cash equivalents	$ 1,805,474	$ 28,077,942	$ -	$ 29,883,416
Investment	-	250,000	-	250,000
Reclamation deposit	1,639,190	-	-	1,639,190
Accounts payable and accrued liabilities	-	-	2,429,961	2,429,961
Lease liabilities	-	-	1,089,254	1,089,254
As at July 31, 2019				
Cash and cash equivalents	$ 5,539,544	$ 798,145	$ -	$ 6,337,689
Amounts receivable	186,582	-	-	186,582
Reclamation deposit	1,639,190	-		1,639,190
Accounts payable and accrued liabilities	-	-	1,500,438	1,500,438
Lease liabilities			547,193	547,193

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS (continued)

The carrying values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate fair value due to the short-term nature of the financial instruments. The carrying value of investment is recorded at an estimated fair value based on a valuation technique using unobservable inputs. The carrying value of reclamation deposit approximates fair value as it is represented by a cash deposit. Management believes the carrying value of lease liabilities approximates fair value.

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the statement of financial position. These have been prioritized into three levels.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Inputs for the asset or liability that are not based on observable market data.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at July 31, 2020 and 2019:

	Level 1	Level 2	Level 3	TOTAL
As at July 31, 2020				
Cash equivalents	$28,077,942	$ -	$ -	$28,077,942
Investment	-	-	250,000	250,000
As at July 31, 2019				
Cash equivalents	798,145	-	-	798,145

The investment in Level 3 represents the investment in Kenorland, a privately-held company, that is not quoted on an exchange. This investment was acquired during the year ended July 31, 2020. The key assumption used in the valuation of this investment is the value at which a recent financing was completed by the investee. As valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. As at July 31, 2020, a 10% change in the fair value of Kenorland would result in a corresponding $25,000 change in income/loss.

There were no transfers among Levels 1, 2 and 3 during the year ended July 31, 2020.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS (continued)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the years ended July 31, 2020 and 2019.

Credit risk
The Company's credit risk is primarily attributable to cash and cash equivalents, and reclamation deposit. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits and guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Amounts receivable primarily represent input tax credit refunds from government bodies. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk
The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at July 31, 2020, the Company had current assets of $32,664,912 (July 31, 2019: $8,937,906) to settle current liabilities of $3,079,107 (July 31, 2019: $2,124,225). Approximately $1,920,000 of the Company's financial liabilities as at July 31, 2020 have contractual maturities of less than 30 days and are subject to normal trade terms.

		Payments due by period			
Liability	Total	< 1 year	1 - 3 years	4 - 5 years	> 5 years
Accounts payable and accrued liabilities	$ 2,429,961	$ 2,429,961	$ -	$ -	$ -
Lease liabilities	1,089,254	501,472	421,162	166,620	-
Reclamation provision	3,876,356	147,674	315,134	427,285	2,986,263

Market risk - Interest rate risk
The Company’s interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. Based on cash and cash equivalent balances on hand at July 31, 2020, a 0.1% change in interest rates could result in a corresponding change in net loss of approximately $30,000.

14. EXPLORATION AND EVALUATION EXPENSES

The Company owns the Troilus Gold property, consisting of mineral claims and a past-producing mine property located approximately 450 km northeast of Val d'or, Quebec, Canada. In November 2019, the Company acquired claims from O3 Mining Inc. ("O3") with the issuance of 300,000 common shares of the Company, valued at $201,000, which was the quoted market value of the shares on the date of issuance. In April 2020, the Company acquired additional claims from O3 with the issuance of 1,700,000 common shares of the Company, valued at $1,428,000, which was the quoted market value of the shares on the date of issuance. In July 2020, the Company acquired claims from Globex Mining Enterprises Inc. ("Globex") with the issuance of 350,000 common shares of the Company valued at $399,000, which was the quoted market value of the shares on the date of issuance. The Company also staked additional claims during the year ended July 31, 2020. As well, in July 2020, the Company acquired claims from Canadian Mining House ("CMH") for a cash payment of $69,000.

During the year ended July 31, 2019, the Company acquired claims from Emgold Mining Corporation ("Emgold") with the issuance of 3,750,000 common shares of the Company, valued at $2,268,750, which was the quoted market value of the shares on the date of issuance, as well as a cash payment of $250,000.

Of the claims initially acquired from First Quantum Minerals Inc. ("First Quantum"), certain claims are subject to a variable Net Smelter Royalty ("NSR") of 1.5% (if the gold price is less than US$1,250/ounce during the reference period) or 2.5% (if the gold price is more than US$1,250/ounce during the reference period) payable to First Quantum, plus an additional 1% royalty on these claims is held by Nomad Royalty Company Ltd. The claims acquired from Emgold in December 2018 are subject to underlying NSR royalties of 1% to Emgold, that the Company has the right to repurchase for $1,000,000. The Emgold claims were also subject to a 1.5% NSR to three individuals. During the year ended July 31, 2020, the Company repurchased and thereby terminated this NSR for consideration of 150,000 common shares of the Company valued at $171,000, which was the quoted market value of the shares on the date of issuance. The claims acquired from O3 in November 2019 are subject to royalties of 2% NSR to O3, half of which can be repurchased for $1,000,000, and 2% NSR to an individual, half of which can be repurchased for $1,000,000. The claims acquired from O3 in April 2020 are subject to royalties of 2% NSR to O3, of which half can be repurchased at any time for $1,000,000. Certain of the O3 claims acquired in April 2020 are subject to underlying royalties of 1% to Glencore plc, and certain claims are subject to underlying royalties of 2% to Vale. One-half of the royalty to Vale S.A. can be repurchased. The claims acquired from Globex are subject to a 2% Gross Metal Sales royalty ("GMR") to Globex, of which half can be repurchased at any time for $1,000,000. The claims acquired from CMH are subject to a 1% NSR, of which half can be repurchased for $500,000 and half can be repurchased for $1,500,000.

(Expressed in Canadian dollars)

14. EXPLORATION AND EVALUATION EXPENSES (continued)

	Years ended July 31, 2020	Years ended July 31, 2019
Exploration and evaluation expenses:		
Drilling, assaying and geology	$ 3,348,614	$ 7,167,199
Salaries, payroll costs and consultants	4,461,051	5,057,869
Site and camp costs	1,178,635	781,967
Support and other costs	445,363	803,894
Studies	1,929,114	693,015
Government and community relations	69,098	101,638
Travel	148,205	233,013
Depreciation	677,295	213,056
Tax credits	(1,580,900)	(913,838)
Property acquisition costs	2,335,162	2,518,750
	$ 13,011,637	$ 16,656,563

During the year ended July 31, 2020, the Company received $593,926 in tax credits from the Quebec government in relation to qualifying exploration expenditure. The Company expensed $112,100 in rejected tax credits during the year ended July 31, 2020, and has recorded $1,693,000 in expected tax credits against exploration activity for the year ended July 31, 2020. As at July 31, 2020, the Company is carrying a tax credit receivable balance of $1,866,713 related to both the balance of amounts claimed but not yet paid and amounts accrued (July 31, 2019: $832,164).

15. GENERAL AND ADMINISTRATIVE EXPENSES

	Years ended July 31, 2020	Years ended July 31, 2019
General and administrative expenses :		
Salaries, payroll costs and consultants	$ 2,924,463	$ 2,957,487
Professional costs	299,898	224,831
Shareholder communications	1,046,182	1,094,907
Office and general	350,135	857,238
Travel	93,741	51,824
Mining claim costs, non-core properties	2,250	14,700
Depreciation	197,624	6,015
	$ 4,914,293	$ 5,207,002

(Expressed in Canadian dollars)

16. OTHER EXPENSES

	Years ended July 31, 2020	Years ended July 31, 2019
Other expenses:		
Part XII.6 tax accrual on flow-through expenditures	$ 14,970	$ 60,856
Fee for reclamation bond	99,324	49,662
Miscellaneous	6,988	13,343
	$ 121,282	$ 123,861

17. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the exploration and development of its mineral properties. The capital of the Company consists of share capital, share purchase warrants, RSU's and stock options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's properties are in the exploration stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned drilling and engineering work, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the years ended July 31, 2020 and 2019.

18. RELATED PARTY DISCLOSURES

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Related party balances

During the year ended July 31, 2020, the Company paid $86,075 to a private company from which it rents its office space in Chibougamau. The Company's VP of Operations, Mr. Daniel Bergeron, owns 50% of this private company.

Approximately $14,000 is payable to directors and officers of the Company at July 31, 2020 (July 31, 2019: $20,000) and included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

(Expressed in Canadian dollars)

18. RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel were as follows:

	Years ended July 31, 2020	Years ended July 31, 2019
Management salaries and fees	$ 2,380,590	$ 2,331,400
Directors fees	261,291	176,875
Share-based payments	1,489,124	1,314,590
	$ 4,131,005	$ 3,822,865

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

19. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. As at the date of this report, these contracts contain minimum commitments of approximately $1,760,000 and additional contingent payments of approximately $5,400,000 upon the occurrence of a change of control. As well, the Company has 10,918,327 RSU's outstanding, including those issued and forfeited subsequent to July 31, 2020, to directors, officers and employees of the Company of which 1,589,173 will vest in January 2021, 1,589,154 will vest in January 2022 and 7,740,000 will vest in August 2023. Upon a change of control, unvested RSU's would vest immediately. As a triggering effect for a change of control has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company is obligated to make lease payments over the next 4 years. See Notes 9 and 13.

Underlying royalties on the Troilus Gold property are described in Note 14.

As a result of the Company's flow-through financings in October 2019, the Company was committed to incur qualifying resource expenditures. The Company has filed its renunciation forms in January 2020. As at July 31, 2020, the Company has incurred all required expenditures.

As a result of the Company's flow-through financings in February 2020, the Company is committed to incur qualifying resource expenditures. The Company will file its renunciation forms in January 2021. As at July 31, 2020, the Company is committed to incur approximately $4,200,000 in qualifying expenditures before December 31, 2021.

(Expressed in Canadian dollars)

19. COMMITMENTS AND CONTINGENCIES (continued)

In connection with the flow-through financings, the Company indemnifies the subscribers against certain tax related amounts that may become payable by the subscribers should the Company not meet its flow-through expenditure commitments.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

20. INCOME TAX

Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2019 - 26.5%) were as follows:

	July 31, 2020 $	July 31, 2019 $
(Loss) before income taxes	(18,413,379)	(19,648,738)
Expected income tax recovery based on statutory rate	(4,880,000)	(5,207,000)
Adjustment to expected income tax benefit:		
Share-based payments	-	413,000
Other	443,000	86,000
Change in benefit of tax assets not recognized	4,437,000	4,708,000
Deferred income tax provision (recovery)	-	-

Deferred income tax balances

Deferred tax assets have not been recognized in respect of the following items:

	July 31, 2020 $	July 31, 2019 $
Non-capital loss carry-forwards	25,557,000	17,751,000
Share issue costs	4,054,000	2,444,000
Unused exploration and evalution expenses	32,307,000	24,305,000
Other temporary differences	4,497,000	2,355,000
	66,415,000	46,855,000

(Expressed in Canadian dollars)

20. INCOME TAX (continued)

Deferred tax asset pools have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

Tax losses

The Company has non-capital losses in Canada, which under certain circumstances may be used to reduce the taxable income of future years. The non-capital losses expire as follows:

Year of Expiry	Amount ($)
2028	556,000
2029	612,000
2030	849,000
2031	36,000
2033	2,822,000
2034	1,294,000
2036	523,000
2037	1,235,000
2038	3,884,000
2039	4,850,000
2040	8,896,000
	25,557,000

All other timing differences can be carried forward indefinitely.

21. SUBSEQUENT EVENTS

In August 2020, the Company granted 7,765,000 RSU’s to directors, officers and employees of the Company. These RSU’s vest into common shares of the Company on August 4, 2023. In September 2020, the Company granted 75,000 RSU’s to an employee of the Company, half of which will vest in January 2021 and the other half in January 2022. Also in September, 58,333 RSU’s were forfeited.