GOWEST GOLD LTD.

Unaudited

Financial Statements

Nine Months Ended July 31, 2019 and 2018

Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Gowest Gold Ltd. ("Gowest" or the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that: (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

GOWEST GOLD LTD.
Condensed Interim Statements of Financial Position
Unaudited
In Canadian dollars

ASSETS		**July 31, 2019**		October 31, 2018
Current assets				
Cash and cash equivalents	**$**	**5,098,636**	$	153,174
Amounts receivable and other assets (Note 6)		**215,415**		118,533
Total current assets		**5,314,051**		271,707
Deferred financing costs (Note 11)		**465,052**		465,052
Long term investment (Note 8)		**6,750**		6,750
Equipment (Note 7)		**2,005,857**		2,109,445
Long term deposits (Note 9)		**854,298**		854,298
Exploration and evaluation properties (Note 9)		**52,909,858**		49,785,749
Total assets	**$**	**61,555,866**	$	53,493,001
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Notes 9,11 & 14)	**$**	**9,162,677**	$	9,738,923
Current portion of long term debt (Note 11 & 16)		**13,982,532**		4,696,815
Total current liabilities		**23,145,209**		14,435,738
Reclamation and closure cost obligation (Note 10)		**863,135**		851,720
Long term debt (Note 11 & 16)		**-**		7,862,935
Deferred income taxes		**2,837,000**		2,901,000
Total liabilities		**26,845,344**		26,051,393
SHAREHOLDERS' EQUITY				
Share capital (Note 12)		**49,252,621**		38,778,878
Shares to be issued (Note 17)		**-**		500,000
Reserves (Notes 11 & 12 (c)(d)(e))		**2,100,188**		2,904,982
		51,352,809		42,183,860
Accumulated deficit		**(16,644,912)**		(14,744,877)
Accumulated other comprehensive income (Note 8)		**2,625**		2,625
		(16,642,287)		(14,742,252)
Total shareholders' equity		**34,710,522**		27,441,608
Total liabilities and shareholders' equity	**$**	**61,555,866**	$	53,493,001

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 9, 10, 11 and 15)
Subsequent events (Note 16)

APPROVED ON BEHALF OF THE BOARD

"Peter Quintiliani" Director

"C. Fraser Elliott" Director

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

GOWEST GOLD LTD.
Condensed Interim Statements of Loss and Comprehensive Loss
Unaudited
In Canadian dollars

		Three Months Ended July 31, 2019		Three Months Ended July 31, 2018		Nine Months Ended July 31, 2019		Nine Months Ended July 31, 2018
Operating Expenses								
General and administrative (Note 13)	**$**	**638,952**	$	461,143	**$**	**1,481,113**	$	1,613,178
Accretion (Notes 10 & 11)		**530,675**		422,012		**1,483,489**		1,173,783
		(1,169,627)		(883,155)		**(2,964,602)**		(2,786,961)
Foreign exchange gain / (loss)		**131,319**		(224,171)		**44,388**		(267,898)
Interest and other (expense)		**(187)**		16		**(2,914)**		(12,798)
Loss before tax		**(1,038,495)**		(1,123,310)		**(2,923,128)**		(3,067,657)
Deferred tax recovery / (expense) (Note 16)		**26,000**		16,000		**64,000**		(41,000)
Flow through premium recovery		**-**		-		**-**		1,112,142
Net comprehensive loss for the period		**(1,012,495)**		(1,107,310)		**(2,859,128)**		(1,996,515)
Basic and diluted (loss) per share *	**$**	**(0.019)**	$	(0.031)	**$**	**(0.066)**	$	(0.058)
Weighted average number of common shares outstanding *		**52,538,283**		35,738,571		**43,096,315**		34,295,549

* On June 17, 2019, the Company consolidated its outstanding common shares on a ten-for-one basis. All share and per share figures in these interim financial statements have been presented on a retroactive basis showing the effect of the share-consolidation.

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

GOWEST GOLD LTD.
Condensed Interim Statements of Changes in Equity
Unaudited
In Canadian dollars

Equity attributable to shareholders

		Reserves						
	Share Capital	Warrants	Stock options	Shares to be issued	Convertible Feature of long-term debt	Accumulated other comprehensive income / loss	Accumulated deficit	Total equity
Balance at October 31, 2018	**$ 38,778,878**	**$ 1,002,592**	**$ 1,120,390**	**$ 500,000**	**$ 782,000**	**$ 2,625**	**$ (14,744,877)**	**$ 27,441,608**
Issued on private placement	**10,839,500**	**154,299**	**-**	**(500,000)**	**-**	**-**	**-**	**10,493,799**
Share issue costs	**(365,757)**	**-**	**-**	**-**	**-**	**-**	**-**	**(365,757)**
Value of warrants expired		**(20,293)**	**-**	**-**	**-**	**-**	**20,293**	**-**
Value of options/warrants exercised	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Value of stock options expired	**-**	**-**	**(156,800)**	**-**	**-**	**-**	**156,800**	**-**
Net loss and comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(2,859,128)**	**(2,859,128)**
Balance at July 31, 2019	**$ 49,252,621**	**$ 1,136,598**	**$ 963,590**	**$ -**	**$ 782,000**	**$ 2,625**	**$ (17,426,912)**	**$ 34,710,522**
Balance at October 31, 2017	$ 35,000,298	$ 498,511	$ 1,302,680	$ -	$ 782,000	$ 4,125	$ (10,146,705)	$ 27,440,909
Issued on private placement	3,930,301	618,000	-	-	-	-	-	4,548,301
Issued on exercise of options	272,056	-	-	-	-	-	-	272,056
Share issue costs	(292,470)	46,883	-	-	-	-	-	(245,587)
Flow-through premium on private placement	(425,855)	-	-	-	-	-	-	(425,855)
Value of warrants expired	-	(2,254)	-	-	-	-	2,254	-
Value of options exercised	72,548	(72,548)	-	-	-	-	-	-
Value of stock options expired	-	-	(182,289)	-	-	-	182,289	-
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(1,996,515)	(1,996,515)
Balance as at July 31, 2018	$ 38,556,878	$ 1,088,592	$ 1,120,391	$ -	$ 782,000	$ 4,125	$ (11,958,677)	$ 29,593,309

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

GOWEST GOLD LTD.
Condensed Interim Statements of Cash Flows
Unaudited
In Canadian dollars

	Nine Months Ended	
	July 31, 2019	July 31, 2018
Operating activities		
Net (loss) for the period	**$ (2,859,128)**	$ (1,996,515)
Items not affecting cash:		
Amortization	**103,588**	102,323
Flow through premium recovery	-	686,286
Unrealized foreign exchange (gain)	**(49,279)**	267,898
Accretion	**1,479,684**	1,173,783
Deferred tax (recovery)	**(38,000)**	41,000
	(1,363,135)	(1,179,797)
Changes in non-cash working capital items:		
Amounts receivable and other assets	**(96,882)**	1,052,724
Accounts payable and accrued liabilities	**(576,259)**	1,591,552
Cash flows from operating activities	**(2,036,277)**	1,464,478
Investing activities		
Exploration and evaluation expenditures	**(3,124,109)**	(11,844,009)
Purchase of equipment	-	(4,380)
Cash flows from investing activities	**(3,124,109)**	(11,848,389)
Financing activities		
Proceeds from issue of capital stock and exercise of options and warrants	**10,493,800**	4,394,502
Transaction costs on private placements	**(365,757)**	(245,587)
Proceeds from Prepayment of Gold Concentrate	-	3,764,700
Cash flows from financing activities	**10,128,043**	7,913,,615
Increase / (decrease) in cash and cash equivalents during the period	**4,967,657**	(2,470,296)
Cash and cash equivalents, beginning of period	**153,174**	2,590,753
Cash and cash equivalents, end of period	**$ 5,098,636**	$ 120,457
CASH AND CASH EQUIVALENTS ARE COMPOSED OF:		
Cash	**$ 5,083,598**	$ 89,987
Cash equivalents	**15,038**	30,470
	$ 5,098,636	$ 120,457
SUPPLEMENTAL INFORMATION		
Change in non-cash working capital related to Exploration and evaluation expenditures	**$ (666,358)**	$ 4,910,714

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Gowest Gold Ltd. ("Gowest" or the "Company") is in the business of exploring and evaluating properties that it believes contain mineralization that is, or will, in the future, be economically recoverable. To date, the Company has not earned significant revenues from its activities. The address and registered office of the Company is 80 Richmond Street West, Suite 1400, Toronto, Ontario, Canada, M5H 2A4.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and evaluation programs will result in profitable mining operations. The recoverability of the amounts capitalized for exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from dispositions of such properties. Changes in future conditions could require material write-downs of the carrying amounts of exploration and evaluation properties.

Although the Company has taken steps to verify title to its property interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social discretionary requirements, unregistered prior agreements, aboriginal claims, and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

The accompanying unaudited condensed interim financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Due to continuing operating losses and working capital deficiency, the Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of property. The Company incurred a loss of $2,859,128 for the nine month period ended July 31, 2019 (October 31, 2018 – $3,073,940) and as of July 31, 2019, the Company had a working capital deficiency of $17,831,158 (October 31, 2018 – $14,164,031), and had a cumulative deficit of $16,644,912 (October 31, 2018 - $14,744,877). These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Included in the working capital deficiency is $4,864,799 of current portion of long term debt which may be converted into common shares.

Accordingly, readers are cautioned that these financial statements do not reflect adjustments that would be necessary if the "going concern" basis were not appropriate. Changes in future conditions could require material write downs of the carrying value of certain assets.

These financial statements of the Company were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on September 30, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard 34 (“IAS 34”) Interim Financial Reporting. These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended October 31, 2018.

These interim financial statements follow the same accounting policies and methods of application as the Company’s most recent audited financial statements, except as disclosed below. Accordingly, they should be read in conjunction with the Company’s most recent annual financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency translation

The functional currency of Gowest is the Canadian dollar. For the purpose of the financial statements, the results and financial position are expressed in Canadian dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognised in the statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Financial instruments

The Company's financial instruments consist of the following:

Financial assets:	**Classification:**
Cash and financial instruments included in	
Long-term deposits	Loans and receivables
Cash equivalents	Fair value through profit or loss ("FVTPL")
Long-term investments	Available for sale

Financial liabilities:	**Classification:**
Accounts payable and accrued liabilities	Other financial liabilities
Long-term debt	Other financial liabilities

Compound financial instruments

Compound financial instruments comprise convertible debentures that can be converted into common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at an amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

FVTPL

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Available for sale

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classed in any other categories. Available-for-sale investments are carried at fair value at initial recognition. Changes to the fair value of available-for-sale investments are recognized in other comprehensive income. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognized in accumulated other comprehensive income are included in the statement of comprehensive loss.

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted.

Financial instruments recorded at fair value

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

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of July 31, 2019 and October 31, 2018, other than cash equivalents and the available-for-sale investment, none of the Company's financial instruments are recorded at fair value on the statement of financial position based on their classification. See Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

(e) Exploration and evaluation expenditures

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

The recoverability of amounts shown for interest in exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in profit and loss, costs recovered on exploration and evaluation properties when amounts received or receivable are in excess of the carrying amount.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation expenditures are not expected to be recovered, it is charged to profit and loss. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned. Any cash consideration received directly from a farmee is credited against costs expensed in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

(f) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks, and guaranteed investment certificates with an original maturity of three months or less, and which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and guaranteed investment certificates that are available on demand by the Company for its programs. The Company does not invest in any asset-backed deposits/investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Vehicles	30%	Declining balance
Furniture	20%	Straight line
Computer equipment	30%	Declining balance
Software	30%	Declining balance
Equipment	10%	Straight line

An asset's residual value, useful life, and amortization method are reviewed and adjusted, if appropriate, on an annual basis.

(h) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(i) Share based payment transactions

The fair value of share based payments to employees and non-employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value of employee share based payments is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest based on an estimate of the forfeiture rate.

Share-based payments granted to non-employees are measured at the fair value of goods received unless that cannot be reasonably estimated in which case the fair value of the share-based payments are used. The measurement date is generally the date the goods or services are received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income taxes

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

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

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements unless such differences arise from goodwill or the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the taxable profit nor the accounting profit or loss. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset when there is a legally enforceable right to do so, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(k) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration and evaluation of a property interest. Such costs are discounted to their net present value using a risk-free rate and are provided for and expensed as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation.

See Note 10 for details of the asset retirement obligation as at July 31, 2019.

(l) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options, warrants, and convertible debt as they are anti-dilutive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Significant accounting judgments and estimates

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Capitalization of exploration and evaluation expenditures

Management has determined that exploration and evaluation expenditures incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Impairment of exploration and evaluation properties and equipment

While assessing whether any indications of impairment exist for exploration and evaluation properties and equipment, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation properties and equipment. Internal sources of information include the manner in which exploration and evaluation properties and equipment are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration and evaluation properties and equipment, costs to sell the properties and equipment and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation properties and equipment.

Estimation of reclamation and closure cost provision

The reclamation and closure cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Reclamation costs, including 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 reclamation, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Refer to Note 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Significant account judgments and estimates (continued)

Long term debt

The classification of the Company's long term debt required management to analyze the terms and conditions of the long term debt and use judgment to assess whether the instrument is a liability, equity or a combination of the two. IAS 32 provides the criteria for management to assess these complicated financial instruments to determine their appropriate classification(s). Factors considered include, but are not limited to, whether the Company has a future obligation to settle the instrument in cash or exchange other assets or liabilities, and if the settlement is already known to be equity, the amount will not vary based on the Company's future share price, future foreign exchange rates or some other factor that results in a variable number of equity instruments being issued.

The Company was required to make certain estimates when determining the value of the liability and equity components of the long term debt. The discount rate used to measure the liability component on initial recognition is subject to management estimation and has a significant impact on the allocation of the debt and equity components of the facility.

Share-based payments

Management determines costs for share-based payments 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 include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

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.

Contingencies – Refer to Note 15
Going concern – Refer to Note 1

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Flow-through shares

The Company periodically finances a portion of its exploration and evaluation activities through the issue of flow through shares, which transfers the tax deductibility of exploration expenditures to the investor (referred to as renunciation). Proceeds received on the issuance of such shares up to the value of similar non-flow through shares are credited to share capital and any difference between that amount and the issue price is recognized as a flow through share premium and recognized as a liability in the statement of financial position. Upon renunciation to the investor of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the liability previously recorded is reversed with any difference being recorded as a deferred tax recovery (expense). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a recovery on the statement of loss. The related exploration costs are charged to exploration and evaluation properties.

(o) New accounting standards and interpretations effective in future period

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after November 1, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine the impact on the Company.

(i) IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

(ii) 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. Earlier adoption is permitted.

(iii) 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. Earlier adoption is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) New accounting standards and interpretations effective in future period

(iv) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(v) 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.

(vi) IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

During the period ended July 31, 2019, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

3. CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and evaluation of its properties. 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 team to sustain the future development of the business. The Company considers its capital to be shareholders' equity, which comprises share capital, shares to be issued, reserves, accumulated deficit and accumulated other comprehensive income, which at July 31, 2019, totalled $34,710,522 (October 31, 2018 - $27,441,608).

The properties in which the Company currently has an interest are in the exploration and evaluation stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

3. CAPITAL MANAGEMENT (CONTINUED)

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

(i) minimizing discretionary disbursements;
(ii) reducing or eliminating exploration expenditures that are of limited strategic value; and
(iii) exploring alternative sources of liquidity.

In light of the above, the Company will attempt to explore and evaluate its properties, assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the periods ended July 31, 2019 and October 31, 2018,

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than by the TSX Venture Exchange ("TSXV") who requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of July 31, 2019 and October 31, 2018, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the direction of the TSXV.

4. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). Financial risk management is carried out by the Company's management team with guidance from the Board of Directors.

(i) Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, amounts receivable and long-term deposits. Cash and cash equivalents consist of cash, high interest savings accounts and certificates of deposit at select Canadian financial institutions, from which management believes the risk of loss to be remote. The long-term deposits are held by the Ontario Ministry of Energy, Northern Development and Mines. Management believes that the credit risk concentration with respect to these financial instruments is remote.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at July 31, 2019, the Company had cash, cash equivalents, amounts receivable and other current assets of $5,314,051 (October 31, 2018 - $271,707) to settle current accounts payable and accrued liabilities of $9,162,677 and current portion of long term debt of $13,982,532 (October 31, 2018 - $9,738,923 and $4,696,815). All of the Company's accounts payable and certain liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at July 31, 2019, included in accrued liabilities are liabilities of approximately $2,400,000 for contractor internal equipment rentals that are subject to extended payment terms. (See Note 11 for details of the long-term debt repayment terms.) The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations and carry out its planned exploration and evaluation activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

4. FINANCIAL RISK FACTORS (CONTINUED)

(ii) Liquidity risk (continued)

In addition to the commitments disclosed in Note 15, the Company is obligated to the following contractual maturities as at July 31, 2019:

	Carrying amount	Contractual cash flows	Year 1	Year 2-3	Year 4-5
	$	$	$	$	$
Accounts payable and accrued liabilities	9,162,677	9,162,677	9,162,677	-	-
Current Portion Long term debt (Note 11)	13,982,532	13,982,532	13,982,532	-	-
Total	23,145,209	23,145,209	23,145,209	-	-

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Company has cash and cash equivalents. The Company's current policy is to invest excess cash in high interest savings accounts and investment-grade certificates of deposit issued by its Canadian financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its Canadian financial institutions. The Company's long-term debt effectively bears interest at a fixed rate. Currently, the Company does not hedge against interest rate risk.

(b) Foreign currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company's foreign currency risk arises primarily with respect to the U.S. Dollar as its long-term debt is denominated in U.S. Dollars. Fluctuations in the exchange rates between the U.S. Dollar and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not currently engage in any hedging activity to mitigate this risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. As the Company's mineral properties are in the exploration stage, the Company does not hedge against commodity price risk. The Company's long-term investment in Crown Mining Corp. ("Crown") is subject to fair value fluctuations arising from changes in the equity and commodity markets.

4. FINANCIAL RISK FACTORS (CONTINUED)

(iii) Market risk (continued)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) Cash equivalents are subject to floating interest rates. As at July 31, 2019, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the nine month period ended July 31, 2019 would have not had been significantly impacted.

(ii) The Company's available-for-sale investment in the common shares of Crown is subject to fair value fluctuations. As at July 31, 2019, if the bid price of the common shares of Crown had changed by 10% with all other variables held constant, the other comprehensive income for the nine month period ended July 31, 2019, before tax, would not have been significantly impacted.

(iii) The Company's long-term debt is denominated in U.S. Dollars. As at July 31, 2019, if the exchange rate had decreased/increased by 10% with all other variables held constant, the loss for the nine month period ended July 31, 2019 would increase/decrease by approximately $1,100,000.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at July 31, 2019 and October 31, 2018:

July 31, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash equivalents	**$ -**	**$ 15,038**	**$ -**	**$ 15,038**
Long-term investments:				
- Investment in a public company	**6,750**	**-**	**-**	**6,750**
	$ 6,750	**$ 15,038**	**$ -**	**$ 21,788**

October 31, 2018	Level 1	Level 2	Level 3	Total
Cash equivalents	$ -	$ 15,000	$ -	$ 15,000
Long-term investments:				
- Investment in a public company	6,750	-	-	6,750
	$ 6,750	$ 15,000	$ -	$ 21,750

5. CATEGORIES OF FINANCIAL INSTRUMENTS

	July 31, 2019	October 31, 2018
Financial assets:		
FVTPL		
Cash equivalents	**$ 15,038**	$ 15,000
Loans and receivables		
Cash	**5,083,598**	138,174
Total Cash and cash equivalents	**5,098,636**	153,174
Available for sale financial asset	**6,750**	6,750
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	**$ 9,162,677**	$ 9,738,923
Current portion long-term debt	**$ 13,982,532**	$ 4,696,815
Long-term debt	**$ -**	$ 7,862,935

5. CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

As at July 31, 2019 and October 31, 2018, the fair value of the Company's loans and receivables, accounts payable and accrued liabilities and current portion of long-term debt approximate their estimated carrying values, due to their short-term nature. The fair value of the long-term debt approximates its carrying value. This estimate is based on discounted future principal and interest payments using estimated interest rates which are Level 3 inputs.

6. AMOUNTS RECEIVABLE AND OTHER ASSETS

	As at July 31, 2019	As at October 31, 2018
HST receivable	**$ 152,126**	$ 81,506
Prepaid expense	**63,289**	37,027
	$ 215,415	$ 118,533

7. EQUIPMENT

Cost	Computer Equipment $	Furniture $	Vehicles $	Software $	Equipment $	Total $
Balance, October 31, 2017	12,307	49,241	125,490	63,174	2,173,472	2,423,684
Additions	1,051	-	-	3,329	-	4,380
Balance, October 31, 2018	13,358	49,241	125,490	66,503	2,173,472	2,428,064
Additions	**-**	**-**	**-**	**-**	**-**	**-**
Balance, July 31, 2019	**13,358**	**49,241**	**125,490**	**66,503**	**2,173,472**	**2,428,064**
Accumulated amortization						
Balance, October 31, 2017	7,454	28,078	90,199	56,938	-	182,669
Additions	1,582	4,563	9,454	1,671	118,681	135,950
Balance, October 31, 2018	9,035	32,641	99,653	58,609	118,681	318,619
Additions	**1,128**	**3,419**	**8,383**	**1,647**	**89,011**	**103,588**
Balance, July 31, 2019	**10,164**	**36,060**	**108,036**	**60,256**	**207,692**	**422,207**
Carrying value						
Balance, October 31, 2017	4,853	21,163	35,291	6,236	-	2,241,015
Balance, October 31, 2018	4,323	16,600	25,837	7,894	2,054,791	2,109,445
Balance, July 31, 2019	**3,195**	**13,181**	**17,454**	**6,247**	**1,965,780**	**2,005,857**

8. LONG-TERM INVESTMENT

Long term Investment	**Cost**	**Impairment**	**Accumulated other comprehensive income adjustment**	**July 31, 2019 estimated fair value**	October 31, 2018 estimated fair value
Crown Mining Corp - common shares	$ 115,500	$(111,375)[(i)]	$ 2,625	**$ 6,750**	$ 6,750

(i) During the year ended October 31, 2014, the Company recorded an impairment charge as the drop in value of the investment was estimated to be other than temporary.

9. EXPLORATION AND EVALUATION PROPERTIES

July 31, 2019	Acquisition Cost	Exploration and Evaluation	Option Payments Received	Net Book Value
Frankfield Property (i)	**$ 1,263,575**	**$ 48,688,740**	**$ -**	**$ 49,952,315**
Pipestone Property(ii)	**201,500**	**1,729,143**	**-**	**1,930,643**
Tully Property (iii)	**69,458**	**842,967**	**-**	**912,425**
Whitney Property (iv)	**126,059**	**65,984**	**(77,568)**	**114,475**
	$ 1,660,592	**$ 51,326,834**	**$ (77,568)**	**$ 52,909,858**
October 31, 2018				
Frankfield Property (i)	$ 1,263,575	$ 45,576,881	$ -	$ 46,840,458
Pipestone Property(ii)	201,500	1,722,943	-	1,924,443
Tully Property (iii)	69,458	836,917	-	906,375
Whitney Property (iv)	126,059	65,984	(77,568)	114,475
	$ 1,660,592	$ 48,202,725	$ (77,568)	$ 49,785,749

(i) Frankfield Property

The Bradshaw Project is located in the Frankfield Property.

In March 2009, Gowest acquired a 100% interest in the Frankfield project in Ontario. In consideration for New Texmont Exploration Ltd's ("New Texmont") 50% interest in the Frankfield project, the Company issued 15,000,000 common shares to New Texmont and also granted New Texmont a sliding scale net smelter royalty (the "NSR").

In February, 2010, the Company completed an agreement with Goldcorp Canada Ltd. and Goldcorp Inc. (collectively "Goldcorp"), for the purchase of Goldcorp's properties in Tully Township adjacent to the Company's 100% owned Frankfield Project. Consideration for this acquisition included a 2% NSR derived from future production specifically from the Goldcorp leased claims, a 1% NSR derived from future production specifically from the Goldcorp unpatented claims and $100,000 in cash (paid). The Company will maintain an NSR buyout option for both the Goldcorp leased claims and Goldcorp unpatented claims valued at $500,000 for each 0.5% of the desired NSR. Goldcorp may elect not to sell the final 0.5% portion of its NSR.

In December, 2010, the Company completed its acquisition of a 100% interest of the Dowe property in Tully Township, Ontario adjacent to the Company's 100% owned Frankfield Gold Property. In consideration for this acquisition, the Company paid $16,000 in cash, issued 70,000 common shares (estimated grant date fair value of $18,200 based on the quoted market price of the Company's shares) of the Company and agreed to a 0.5% NSR at gold prices of less than US$950 per ounce or 0.75% NSR at gold prices equal to or greater than US$950 per ounce. The Company maintains an NSR buyout option valued at $125,000 for each 0.25% of the NSR.

In December 2015, the Company purchased the NSR from New Texmont with a one-time payment of the issuance of 10,000,000 common shares (estimated grant date fair value of $800,000 based on the quoted market price of the Company's shares) at a deemed price of $0.10.

9. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

(i) Frankfield Property (continued)

The Company entered into an advanced exploration bulk sample program on the Bradshaw project during the year ended October 31, 2017. During the year ended October 31, 2017, the Company increased its previously placed financial assurance bond by $773,877 for a total of $854,298 with the Ministry of Northern Development and Mines for the Bradshaw project advanced exploration closure plan, which is refundable once certain conditions are met. The bond is included in long term deposits as at July 31, 2019 and October 31, 2018. In April 2018, the Company announced that due to the cancellation of the agreement with Northern Sun for toll milling the Company suspended current exploration operations. On October 31, 2018, the Company announced that it had entered into a definitive Custom Milling Agreement with QMX Gold Corporation (“QMX”) to process material from the Bradshaw project. The Company will be obligated to fund for certain upgrade permits and capital expenditures necessary to process the Bradshaw material. See Note 15.

The following costs have been capitalized during the nine month period ended July 31, 2019 and the year ended October 31, 2018 to exploration and evaluation expenditures in respect of the Frankfield Property:

		Nine Months Ended July 31, 2019		Year Ended October 31, 2018
Opening Balance	**$**	**46,840,456**	$	34,427,226
Additions during the year:				
Asset retirement provision		**-**		-
Engineering, permitting and overhead		**2,849,867**		1,705,055
Site access and development		**-**		3,618,657
Bulk sample development		**-**		6,870,508
Exploration, geophysics, drilling and assays		**261,992**		219,010
Total additions	**$**	**3,111,859**	$	12,413,230
Closing Balance	**$**	**49,952,315**	$	46,840,456

(ii) Pipestone Property

On April 26, 2011, the Company entered into an option and joint venture agreement (the "Option Agreement") with Transition Metals Corp. ("TMC") to explore and earn an interest in certain claims in the Porcupine mining district in Ontario (the "Pipestone Property"). The Company completed its earn in option for a 60% interest in the properties on April 26, 2016. Upon earning the 60% interest, as applicable, a joint venture automatically formed between Gowest and TMC, pursuant to which the companies will continue to explore and develop the Pipestone Property as warranted. Should either party’s joint venture interest be diluted below 10%, its interest will be converted to a 2% NSR. As of April, 2018, the Company’s interest had increased to 67.7% by spending $400,000 on the property.

(iii) Tully Property

The Company owns 100% of certain claim blocks in Tully Township.

(iv) Whitney Property

The Company has a 100% interest in certain claims in Whitney Township, Ontario.

10. RECLAMATION AND CLOSURE COST OBLIGATIONS

Pursuant to the Bradshaw Project Closure Plan, the Company is obligated to rehabilitate the Bradshaw site. Each period the Company reviews cost estimates and other assumptions used in the valuation of the obligations at each of its mining properties and development properties to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the fair value of the obligation. The fair values of the obligations are measured by discounting the expected cash flows using a discount factor that reflects the risk-free rate of interest. The Company prepares estimates of the timing and amount of expected cash flows when an obligation is incurred. Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; obligations realized through additional ore bodies mined; changes in the quantities of material in reserves and a corresponding change in the life of mine; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. The present value of the future estimated obligation is recorded when it is incurred. Assumptions, including an inflation rate of 1.9% (2018 – 2.4%) and a discount rate of 1.84% (2018 – 2.71%), and an expected time to completion of 7 years (2018 – 7 years) have been made which management believes are a reasonable basis upon which to estimate the future liability.

During the nine month period ended July 31, 2019, accretion expense was recorded of $11,415 (October 31, 2018 - $15,220). The present value of the future rehabilitation liability was estimated at $863,135 as at July 31, 2019 (October 31, 2018 - $851,720).

11. LONG TERM DEBT

(i) Pre-Paid Forward Gold Purchase Agreement

On December 16, 2016, the Company entered into a definitive Pre-Paid Forward Gold Purchase Agreement (the “PPF Agreement”) with PGB Timmins Holdings LP (“PGB“), an investment vehicle controlled by Pandion Mine Finance, LP (the "Agreement") finance the development of its Bradshaw project.

Pursuant to the Agreement, the Company may be advanced up to an aggregate of US$17,600,000 (the "Gold Prepayment Amount"), in four tranches over a period of approximately 12 months, as partial consideration for the purchase of up to an aggregate of 65,805 ounces of gold to be produced from Bradshaw. The full funding of the Gold Prepayment Amount was subject to the satisfaction of certain conditions precedent applicable in respect of each tranche, as specified in the Agreement.

Over a period of 60 months following the date of each tranche of the Gold Prepayment Amount, Gowest was obligated to deliver a specified number of ounces of gold in respect of each such tranche; provided, however, no gold shall be deliverable by the Company during the first 27 months following the initial tranche payment date. The Company, on each delivery of gold, would have received an amount per ounce of gold equal to the market price at the time, less a specified discount. During the term of the Agreement, the lender would also participate in the upside of any increase in the price of gold.

The obligations of the Company under the Agreement will be secured by a first lien (subject to permitted liens) over all of the Company's properties and assets, other than certain excluded properties or assets specified in the Agreement.

On February 1, 2017, the Company received payment of only the initial tranche in the amount of US$5,600,000 less the costs of issuance of the debt. The Company has recognized $771,440 as deferred financing cost and allocated $259,388 of these costs against the initial tranche and $47,000 of costs allocated to the conversion feature as at October 31, 2018 and 2017. As at July 31, 2019, the Company has recorded the debt of $10,089,223 as current.

11. LONG TERM DEBT (CONTINUED)

(i) Pre-Paid Forward Gold Purchase Agreement (Continued)

On August 9, 2019, the Company received from PGB a Notice of Events of Default and Termination (the "Default Notice") and a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA Notice").

Pursuant to the Default Notice, PGB alleges certain defaults by Gowest of its obligations under the PPF Agreement. And have demanded an early termination fee under the PPF Agreement in the amount of US$25,542,789. PGB is not permitted to take any actions to enforce on its security for at least 10-days from the date hereof.

On August 19, 2019, the Company announced that it has entered into minutes of settlement (the "Settlement Agreement") with PGB with respect to certain alleged defaults by Gowest of its obligations under the PPF Agreement, Pursuant the terms of the Settlement Agreement PGB has withdrawn with prejudice both Notices on an irrevocable basis, with the right to reissue the Notices if Gowest does not satisfy its obligation to pay the Cash Settlement Amount.

Gowest is obligated to pay to PGB an aggregate of US$9 million in cash as follows (i) US$1,500,000, as a non-refundable deposit, on or prior to 4:30 p.m. (Toronto time) on August 20, 2019 *(paid)*, and (ii) US$7.5 million on or before October 16, 2019 (collectively, the "Cash Settlement Amount"); assuming the satisfaction of the Cash Settlement Amount, Gowest shall be further obligated to pay an aggregate of 3,500 ounces of gold produced from Bradshaw, at a rate of 15% of gold as produced, and the parties will be fully and finally released in respect of any and all claims and other matters arising in respect of the PPF Agreement; and PGB has agreed that, if requested by Gowest, it will assign all of its right, title and interest in and under the PPF Agreement and all related security documents to a designee determined by Gowest in its sole discretion.

In connection with the entering into of the Settlement Agreement, Gowest has entered into a Memorandum of Understanding with a third-party investor that has agreed, subject to certain conditions, to acquire all of PGB's right, title and interest in and under the PPF Agreement and all related security documents for consideration sufficient for Gowest to satisfy its obligation to fund the full Cash Settlement Amount. Under the Memorandum of Understanding, the parties have further agreed in principle to certain fundamental amendments to the PPF Agreement favourable to Gowest. These amendments will be documented pursuant to an amended and restated PPF Agreement or a replacement agreement to be entered into immediately following the assignment of the PPF Agreement as contemplated under the Settlement Agreement.

Balance of long term debt as at July 31, 2019:

	Nine Months Ended July 31, 2019	Year Ended October 31, 2018
	$	$
Balance, as at beginning of year	8,617,150	6,830,227
Total proceeds tranche 1	-	-
Cost of issuance	-	-
Deferred financing related to remaining tranches	-	-
Conversion feature - equity	-	-
Cost of issuance - equity	-	-
Accretion	1,420,943	1,602,996
Foreign exchange adjustment	51,130	183,927
Balance as at end of year	10,089,223	8,617,150
Less: Current Portion	10,089,223	754,215
Long term balance as at end of year	-	7,862,935

11. LONG TERM DEBT (CONTINUED)

(ii) Prepayment for Gold Concentrate

On February 14, 2018, the Company received from Shandong Humon Smelting ("Humon") an arm's length party CDN$3,764,700 (October 31, 2018 – US$3,000,000) in connection with entering into an agreement to sell gold concentrate produced from its wholly-owned Bradshaw Gold Deposit ("Bradshaw"). Humon has advanced the funds as pre-payment for the planned delivery and sale of gold concentrate to be produced as part of Gowest's ongoing bulk sample program. The Company promises to complete the repayment to Humon of the amount on or prior to June 30, 2019. Subject to the prior approval of the TSX Venture Exchange, the amount that remains outstanding, from time to time, shall be convertible prior to June 30, 2019, at the option of the Company, into common shares of the Company (which common shares will be listed and posted for trading on the TSX Venture Exchange). The conversion price per common share shall be equal to the "market price" of the Company's common shares on the TSX Venture Exchange determined as of the date that the conversion of option is exercised by the Company. Humon will be paid a monthly arrangement fee in respect of the pre-payment. As at July 31, 2019, $3,944,439 (October 31, 2018 - $3,942,600) is recorded in current portion of long term debt. The balance increased due to the fluctuation in the foreign exchange rate. Included in accounts payable and accrued liabilities is $920,360 of accrued monthly fees associated with the arrangement of the prepaid amount. All amounts are convertible into common shares up to June 30, 2019. The Company and Humon are in discussions on the renewal terms of the agreement which is expected to be finalized in the coming months.

12. SHARE CAPITAL

(a) Authorized capital

Unlimited number of common shares, and 2,000,000 special shares, redeemable, voting, non-participating.

(b) Issued common shares

	No. of shares*	Amount
Balance, October 31, 2017	33,321,275	$ 35,000,298
Private placement and warrant exercise (i)(ii)(iii)(iv)(v)	3,548,249	4,288,357
Share issue costs, net of tax	-	(227,470)
Value of warrants exercised	-	72,548
Flow-through premium on private placement (i)(iii)(iv)(v)	-	(354,855)
Balance, October 31, 2018	36,869,524	$ 38,778,878
Private placement and warrant exercise (vi)(vii)	23,765,377	10,839,500
Share issue costs, net of tax	-	(365,757)
Balance, July 31, 2019	**60,634,901**	**$ 49,252,621**

* On June 17, 2019, the Company consolidated its outstanding common shares on a ten-for-one basis. All share and per share figures in these interim financial statements have been presented on a retroactive basis showing the effect of the share-consolidation.

(i) On November 15, 2017, the Company closed the second tranche of a private placement for aggregate proceeds of $1,428,151. Pursuant to the offering, the Company issued and sold 793,417 flow-through units of the Company at a price of $1.80 per unit for gross proceeds of $1,428,151. Each unit is comprised of one common share and one-half of one common share purchase warrant with each warrant exercisable at a price of $2.50 per warrant until November 15, 2019. In connection with the offering, the Company paid cost of issuance including finder's fees of $89,289 and issued 33,167 non-transferable compensation warrants exercisable at $2.50 for 2 years. The flow-through premium was calculated to be $87,088.

The grant date fair value of $191,000 was assigned to 396,708 warrants and value of $17,348 was assigned to the 33,167 compensation warrants issued as part of the offering was estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 87%; risk-free rate of return 1.44% and an expected life of 2 years.

12. SHARE CAPITAL (CONTINUED)

(b) Issued common shares (Continued)

(ii) On December 11, 2017, 168,871 common shares were issued upon exercise of warrants at an exercise price of $1.50 per warrant for gross proceeds of $253,306.

(iii) On December 18, 2017, the Company closed the final tranche of a private placement for aggregate proceeds of $1,383,140. Pursuant to the offering, the Company issued and sold 737,300 flow-through units of the Company at a price of $1.80 per unit for gross proceeds of $1,327,140 and 35,000 common share units of the Company at a price of $1.60 per unit for gross proceeds of $56,000. Each unit is comprised of one common share and one-half of one common share purchase warrant with each warrant exercisable at a price of $2.50 per warrant until December 18, 2019. In connection with the offering, the Company paid cost of issuance finder's fees of $71,552 and issued 39,818 non-transferable compensation warrants exercisable at $2.50 for 2 years. The flow-through premium was calculated to be $147,460.

The grant date fair value of $160,000 was assigned to 386,150 warrants and value of $18,642 was assigned to the 39,818 compensation warrants issued as part of the offering was estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 87%; risk-free rate of return 1.57% and an expected life of 2 years.

(iv) On December 22, 2017, 12,500 common shares were issued upon exercise of warrants at an exercise price of $1.50 per warrant for gross proceeds of $18,750.

(v) On December 29, 2017, the Company closed a private placement for aggregate proceeds of $707,400. Pursuant to the offering, the Company issued and sold 376,111 flow-through units of the Company at a price of $1.80 per unit for gross proceeds of $677,000 and 19,000 common share units of the Company at a price of $1.60 per unit for gross proceeds of $30,400. Each unit is comprised of one common share and one-half of one common share purchase warrant with each warrant exercisable at a price of $2.50 per warrant until December 29, 2019. In connection with the offering, the Company paid cost of issuance finder's fees of $37,380 and issued 20,767 non-transferable compensation warrants exercisable at $2.50 for 2 years. The flow-through premium was calculated to be $75,222.

The grant date fair value of $82,000 was assigned to 197,556 warrants and value of $10,893 was assigned to the 20,767 compensation warrants issued as part of the offering was estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 87%; risk-free rate of return 1.68% and an expected life of 2 years.

(vi) On July 13, 2018, the Company closed a private placement for aggregate proceeds of $1,029,610. Pursuant to the offering, the Company issued and sold 453,750 flow-through units of the Company at a price of $0.80 per unit for gross proceeds of $363,000 and 952,300 common share units of the Company at a price of $0.70 per unit for gross proceeds of $666,610. Each unit is comprised of one common share and one-half of one common share purchase warrant with each warrant exercisable at a price of $1.50 per warrant until July 13, 2020. In connection with the offering, the Company paid cost of issuance finder's fees of $18,099. The flow-through premium was calculated to be $45,085.

The grant date fair value of $99,000 was assigned to 703,025 warrants issued as part of the offering was estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 82.20%; risk-free rate of return 1.92% and an expected life of 2 years.

The estimated volatility used in the Black-Scholes valuation model is based on the historical volatility of the Company's shares.

12. SHARE CAPITAL (CONTINUED)

(b) Issued common shares (Continued)

(vii) On December 21, 2018, the Company closed a private placement for aggregate proceeds of $993,800. Pursuant to the offering, the Company issued and sold 819,999 flow-through units of the Company at a price of $0.50 per unit for gross proceeds of $410,000 and 1,167,600 common share units of the Company at a price of $0.50 per unit for gross proceeds of $583,800. Each unit is comprised of one common share and one-half of one common share purchase warrant with each warrant exercisable at a price of $0.70 per warrant until December 21, 2020.

The grant date fair value of $154,300 was assigned to 993,800 warrants issued as part of the offering was estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility 92%; risk-free rate of return 1.94% and an expected life of 2 years.

(vii) On March 25, 2019, the Company closed a private placement for aggregate proceeds of $2,000,000. Pursuant to the offering the Company issued and sold 4,000,000 common share, of the Company at a price of $0.50 per share for gross proceeds of $2,000,000.

(c) Stock options

The Company has an incentive stock option plan that allows it to grant options to its employees, directors and consultants. The plan received shareholder re-approval on May 25, 2016. The plan allows the Company to grant options to acquire up to 10% of the issued and outstanding common shares. The plan provides that the exercise price of an option granted under the plan shall not be less than the market price at the time of granting the option. Options have a maximum term of 5 years, vest immediately upon issue, unless otherwise stated and terminate on the 90th day after the optionee ceases to be any of: an employee, director or consultant of the Company.

The following table reflects the continuity of options as of July 31, 2019:

	Number of Options	Weighted average exercise price ($)
Balance, October 31, 2017	1,507,500	1.10
Expired	(250,000)	1.20
Balance, October 31, 2018	1,257,500	1.10
Expired	(245,000)	0.80
Balance, July 31, 2019	**1,012,500**	**1.20**

* On June 17, 2019, the Company consolidated its outstanding common shares on a ten-for-one basis. All share and per share figures in these interim financial statements have been presented on a retroactive basis showing the effect of the share-consolidation.

During the nine month period ended July 31, 2019, $Nil (July 31, 2018 - $Nil) was recorded as share-based payment in the statement of loss. The weighted average remaining contractual life of the options outstanding at July 31, 2019 was 1.84 years (October 31, 2018 – 2.14 years).

The estimated volatility used in the Black-Scholes valuation model is based on the historical volatility of the Company's shares.

12. SHARE CAPITAL (CONTINUED)

(c) Stock options (Continued)

The following table reflects the options issued and outstanding as of July 31, 2019:

Expiry Date	Exercise price ($)	Number of Options Outstanding	Number of Options Exercisable
September 30, 2019	0.85	40,000	40,000
November 7, 2019	0.85	40,000	40,000
June 22, 2020	0.80	260,000	260,000
June 21, 2021	0.95	282,500	282,500
March 28, 2022	1.60	325,000	325,000
September 24, 2022	1.60	25,000	25,000
October 31, 2022	1.60	40,000	40,000
		1,012,500	**1,012,500**

(d) Warrants

The following table reflects the continuity of warrants as of July 31, 2019:

	Number of Warrants	Weighted Average Exercise Price
Balance, October 31, 2017	1,158,290	2.30
Issued	1,772,973	2.10
Expired	(27,500)	1.50
Exercised	(181,371)	1.50
Balance, October 31, 2018	2,722,391	2.20
Issued	993,800	0.70
Expired	(19,044)	2.00
Balance, July 31, 2019	**3,697,148**	**1.80**

* On June 17, 2019, the Company consolidated its outstanding common shares on a ten-for-one basis. All share and per share figures in these interimW financial statements have been presented on a retroactive basis showing the effect of the share-consolidation.

The following table reflects the warrants issued and outstanding as of July 31, 2019:

Number of Warrants	Exercise Price ($)	Grant Date Fair Value ($)	Expiry Date
920,950	2.50	398,609	October 31, 2019
9,425	2.50	4,807	October 31, 2019
396,709	2.50	191,000	November 15, 2019
33,167	2.50	17,348	November 15, 2019
386,150	2.50	160,000	December 18, 2019
35,600	2.50	18,642	December 18, 2019
197,556	2.50	82,000	December 29, 2019
20,767	2.50	10,893	December 29, 2019
703,025	1.50	99,000	July 13, 2020
993,800	0.70	154,300	December 21, 2020
3,697,148		**1,136,599**	

12. SHARE CAPITAL (CONTINUED)

(e) CONVERTIBLE DEBT

Pursuant to the Agreement (See Note 11), during the 27 month period following the payment of the initial tranche of the Gold Prepayment Amount (the "Conversion Period"), the lender may elect to reduce the amount of gold deliverable by the Company by up to 10,000 ounces in exchange for up to 43,054,838 common shares of the Company (the "Conversion") having an aggregate value equal to US$5,000,000 (or CDN$6,673,500, based on an exchange rate of US$1.00 = CDN$1.3347, being the closing rate of exchange on the date prior to the execution of the Agreement as published by the Bank of Canada). For the purposes of the Conversion, the price per common share has been fixed at CDN$0.155, being the closing price of the common shares on the TSX Venture Exchange on the date prior to the execution of the Agreement.

The Conversion may be exercised during the Conversion Period, in whole or in part, in increments of US$1,000,000 and in exchange for 8,610,967 common shares (corresponding to a reduction in the total quantity of gold deliverable under the Agreement by 2,000 ounces). Following the Conversion, if applicable, the scheduled monthly quantities of gold to be delivered will be reduced on a pro rata basis. Further, if at any time during the term of the Agreement the common shares of the Company trade at a price greater than CDN$0.465 per share (being a trading price three (3) times the Conversion price) for a period of twenty (20) consecutive trading days, the lender shall be obligated to consummate the Conversion.

As of July 31, 2019 the conversion period had expired and as a result the Company recorded the conversion component recognized in equity to retained earnings.

13. GENERAL AND ADMINISTRATIVE

	Three Months Ended July 31, 2019	Three Months Ended July 31, 2018	**Nine Months Ended July 31, 2019**	Nine Months Ended July 31, 2018
General and administrative	**$ 410,177**	$ 243,051	**$ 780,225**	$ 1,053,194
Professional fees	**161,148**	171,322	**531,654**	353,030
Investor relations	**5,000**	1,511	**20,000**	22,949
Shareholder communications	**26,418**	7,500	**27,617**	28,750
Transfer agent and exchange fees	**1,460**	3,990	**18,029**	52,933
Amortization	**34,748**	33,769	**103,588**	102,322
	$ 638,952	$ 461,143	**$ 1,481,113**	$ 1,613,178

14. RELATED PARTY TRANSACTIONS

The remuneration accrued for directors and key management of the Company for the nine month period ended July 31, is as follows:

	2019	2018
	$	$
Aggregate cash compensation	436,500	346,500

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.

During the nine month period ended July 31, 2019, officers, directors and insiders subscribed for 12,500,000 units in the private placement for proceeds of $625,000 (October 31, 2018 – 10,422,921 units for proceeds of $1,077,410).

14. RELATED PARTY TRANSACTIONS (CONTINUED)

During the nine month period ended July 31, 2019, $9,200 was paid to Mr. Wu, a director who provided geological services to the Company (October 31, 2018 - $26,652), $50,400 was paid to Mr. Yuanhui, a director who provided Corporate Development services to the Company (October 31, 2018 - $25,200) and $Nil was paid to Mr. Huang, a director for professional services (October 31, 2018 - $5,000).

Included in accounts payable and accrued liabilities as at July 31, 2019 is $321,343 (October 31, 2018 - $323,037) owing to management, directors and officers of the Companyof which the amounts payable is unsecured, non-interest bearing with no fixed terms of repayment and $250,000 owing to a director through a promissory note due January 31, 2020, bearing interest at a rate of 12% per annum payable in arrears.

15. COMMITMENTS AND CONTINGENCIES

The Company is party to a management and consulting contract. The contract contains clauses requiring additional payments of $617,000 to be made upon the occurrence of certain events such as a change of control or termination. As a triggering event has not yet taken place, the contingent payment has not been reflected in these financial statements.

On December 21, 2018, the Company issued $410,000 in flow-through shares. As at July 31, 2019, the Company had expended $410,000 of the related commitments to these flow-through funds. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

The Company is committed to minimum amounts under one operating lease agreement for premises, which expires on November 30, 2023. Minimum commitments remaining under this lease are approximately $277,000, of which approximately $65,000 are due within a one year period.

Minimum payments due under operating leases in respect of office space are set out below:

2019 - $ 16,000
2020 - $ 65,000
2021 - $ 67,000
2022 - $ 67,000
2023 - $ 62,000

The Company's exploration and evaluation 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 has made, and expects to make in the future, expenditures to comply with such laws and regulations.

In connection with the Custom Milling Agreement with QMX, the Company will be required to provide certain minimum tonnages to QMX for processing once deliveries of ore commence. The Company is also responsible for the costs to upgrade the QMX mill.

16. SUBSEQUENT EVENTS

On August 9, 2019, the Company received from PGB a Notice of Events of Default and Termination (the "Default Notice") and a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA Notice").

Pursuant to the Default Notice, PGB alleges certain defaults by Gowest of its obligations under the PPF Agreement. And have demanded an early termination fee under the PPF Agreement in the amount of US$25,542,789. PGB is not permitted to take any actions to enforce on its security for at least 10-days from the date hereof.

See Note 11.