



MARITIME RESOURCES

MARITIME RESOURCES CORP.

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Maritime Resources Corp.

Opinion

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

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

Basis for Opinion

We conducted our audits 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company has incurred ongoing losses. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Guy Thomas.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

April 28, 2020

STATEMENTS OF FINANCIAL POSITION

As at (in Canadian dollars)	Note	December 31 2019 \$	December 31 2018 \$
ASSETS			
Current			
Cash	4	1,827,157	2,359,066
Receivables	5	161,546	40,953
Prepaid expenses and deposits	6	120,199	46,159
		2,108,902	2,446,178
Property and equipment	7	41,159	-
Exploration and evaluation assets	8	11,926,382	7,740,844
Total Assets		14,076,443	10,187,022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	9,13	453,070	121,441
Lease liability	10	10,362	-
Flow-through premium liability	12	47,599	128,738
Total Liabilities		511,031	250,179
Shareholders' equity			
Share capital	12	20,568,204	15,063,535
Reserves	12	2,306,044	2,278,901
Royalty reserve	12	210,700	210,700
Deficit		(9,519,536)	(7,616,293)
Total Shareholders' Equity		13,565,412	9,936,843
Total Liabilities and Shareholders' Equity		14,076,443	10,187,022

Nature of operations and going concern (Note 1) and Subsequent event (Note 17).

Approved and authorized on behalf of the Board of Directors:

"John P. Hayes"

 Chairman

"Mark N.J. Ashcroft"

 Director

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

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31		2019	2018
(in Canadian dollars)	Note	\$	\$
EXPENSES			
Salaries and benefits	13	516,376	-
Severance	13	992,497	-
Administration	13	243,713	351,465
Consulting	13	28,000	449,270
Professional fees		101,912	68,360
Professional fees - hostile takeover	12	-	619,758
Directors' fees	13	77,555	18,000
Investor relations and promotion		194,780	747,205
Share-based payment	12	330,348	309,664
Depreciation	7	63,976	-
Interest expense on lease liability	10	3,178	-
Financing expense, accretion and interest on loans payable	11	-	66,675
		(2,552,335)	(2,630,397)
Interest income		62,829	-
Recognition of flow-through premium liability	12	483,972	164,937
		546,801	164,937
Loss and comprehensive loss for the year		(2,005,534)	(2,465,460)
Basic and diluted loss per common share		(0.01)	(0.03)
Weighted average number of common shares outstanding		173,255,283	94,492,858

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Shares	Share capital	Share subscriptions receivable	Share subscriptions received in advance	Treasury shares	Reserves	Royalty reserve	Deficit	Total
(in Canadian dollars)	#	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2017	73,103,629	10,202,819	(100,000)	96,920	(245,000)	1,222,944	210,700	(5,107,389)	6,280,994
Issued for private placements (Note 12)	54,793,907	5,216,819	-	(96,920)	-	800,895	-	-	5,920,794
Share issuance costs (Note 12)	-	(319,870)	-	-	-	-	-	-	(319,870)
Finders' shares (Note 12)	2,641,271	237,714	-	-	-	-	-	-	237,714
Finders' warrants (Note 12)	-	(132,341)	-	-	-	132,341	-	-	-
Flow-through premium liability (Note 12)	-	(229,693)	-	-	-	-	-	-	(229,693)
Issued for mineral properties (Note 8,12)	915,000	82,700	-	-	-	-	-	-	82,700
Sale of treasury shares	1,500,000	-	-	-	245,000	-	-	(125,000)	120,000
Return to treasury	(1,000,000)	(100,000)	100,000	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	309,664	-	-	309,664
Warrant expiry (Note 12)	-	105,387	-	-	-	(105,387)	-	-	-
Reserves transferred on expired options (Note 12)	-	-	-	-	-	(81,556)	-	81,556	-
Loss for the year	-	-	-	-	-	-	-	(2,465,460)	(2,465,460)
Balance, December 31, 2018	131,953,807	15,063,535	-	-	-	2,278,901	210,700	(7,616,293)	9,936,843
Issued for private placements (Note 12)	56,896,662	6,092,499	-	-	-	-	-	-	6,092,499
Share issuance costs (Note 12)	-	(468,161)	-	-	-	-	-	-	(468,161)
Finders' warrants (Note 12)	-	(126,562)	-	-	-	126,562	-	-	-
Flow-through premium liability (Note 12)	-	(402,833)	-	-	-	-	-	-	(402,833)
Issued for mineral properties (Note 8,12)	975,000	82,250	-	-	-	-	-	-	82,250
Warrant expiry (Note 12)	-	327,476	-	-	-	(327,476)	-	-	-
Share-based payments (Note 12)	-	-	-	-	-	330,348	-	-	330,348
Reserves transferred on expired options (Note 12)	-	-	-	-	-	(102,291)	-	102,291	-
Loss for the year	-	-	-	-	-	-	-	(2,005,534)	(2,005,534)
Balance, December 31, 2019	189,825,469	20,568,204	-	-	-	2,306,044	210,700	(9,519,536)	13,565,412

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

STATEMENTS OF CASH FLOWS

For the years ended December 31	2019	2018
(in Canadian dollars)	\$	\$
Cash flows from operating activities		
Loss for the year	(2,005,534)	(2,465,460)
Items not involving cash:		
Share-based payment	330,348	309,664
Depreciation	63,976	-
Financing expense and interest accrued on loan	-	66,675
Flow-through premium recovery	(483,972)	(164,937)
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(96,498)	(5,164)
(Increase) decrease in accrued interest receivable	(24,095)	27,397
(Increase) decrease in prepaid expenses	(74,040)	(611)
Increase (decrease) in accounts payable and accrued liabilities	10,809	(29,001)
Net cash provided by (used in) operating activities	(2,279,006)	(2,261,437)
Cash flows from investing activities		
Exploration and evaluation expenditures	(3,847,718)	(1,198,593)
Recoveries and grant	65,250	10,053
Property and equipment expenditures	(30,451)	-
Net cash provided by (used in) investing activities	(3,812,919)	(1,188,540)
Cash flows from financing activities		
Proceeds from private placements	6,092,499	5,920,794
Share issue costs	(468,161)	(82,156)
Sale of treasury shares	-	120,000
Repayment of lease liability	(64,322)	-
Repayment of loan	-	(500,000)
Loan interest paid	-	(36,712)
Net cash provided by (used in) financing activities	5,560,016	5,421,926
Change in cash during the year	(531,909)	1,971,949
Cash, beginning of the year	2,359,066	387,117
Cash, end of the year	1,827,157	2,359,066
Supplemental disclosure		
Cash paid for interest	3,178	36,712
Supplemental disclosure of non-cash financial and investing activities		
Recognition of right of use asset and lease liability	74,684	-
Fair value of broker warrants and units	126,562	370,055
Expiry of stock options	102,291	81,556
Expiry of warrants	327,476	105,387
Exploration and evaluation assets included in accounts payable	382,513	61,693
Flow-through share premium	402,833	229,693
Shares issued for property	82,250	82,700
Shares issued for subscriptions received in advance	-	96,920

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



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 *(expressed in Canadian dollars)*

1. NATURE OF OPERATIONS AND GOING CONCERN

Maritime Resources Corp. (the “Company” or “Maritime”) was incorporated under the Business Corporations Act (British Columbia) on May 14, 2007. Maritime is an exploration stage company focused on re-starting the past producing Hammerdown Gold Mine located near the Baie Verte mining district in Newfoundland and Labrador, Canada as well as exploration on its other properties in the region.

The Company’s registered and records office is 3200 - 650 West Georgia Street, Vancouver, BC, Canada, V6B 4P7. The Company also has an office in Toronto at 1900 - 110 Yonge Street, Toronto, ON, Canada, M5C 1T4. The shares of the Company are traded on the TSX Venture Exchange (“TSX-V”) under the symbol MAE.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn or recessionary conditions. This outbreak could decrease access to capital market financing, negatively impact our business and financial position. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or financial position at this time.

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due, although it has been successful in raising financing in the past, there is no assurance it will be able to do so in the future. These material uncertainties may raise significant doubt about the Company’s ability to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared using the historical cost basis, except for financial instruments which are stated at fair value and have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified. The accounting policies have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

These financial statements were authorized for issue by the Board of Directors on April 28, 2020.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in the financial statements are as follows:

Economic recoverability and profitability of future economic benefits of exploration and evaluation assets – Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits, including geological and other technical information, a history of conversion of mineral deposits with similar characteristics to its properties, evaluation of permitting and environmental issues and other such factors.

Royalty reserve - Royalty reserve includes proceeds received from royalty units, repayable from future production. As future production is not determinable, the royalty units have been classified as capital in nature.

Going concern - The Company assesses its ability to continue as a going concern at each period end. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least twelve months from the end of the reporting period and include a detailed analysis of the Company's projected estimated capital and operating expenses and estimated financing requirements and abilities (see Note 1).

The most significant accounts that require estimates as the basis for determining the stated amounts include the following:

Valuation of share-based payments, broker compensation and finders' warrants – The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments, agent compensation and finders' warrants, which requires the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves. The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable.

Income taxes – In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax position 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.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 *(expressed in Canadian dollars)*

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar.

(b) Segmented information

The Company has one operating segment, mineral exploration and evaluation, and operates in one geographical segment, being Canada.

(c) Cash

Cash includes cash and highly liquid investments in the form of term deposits, Government of Canada treasury bills, and Guaranteed Investment Certificates ("GICs"), denominated in US dollars and Canadian dollars, with investment terms that are less than 90 days at the time of acquisition. These investments are stated at cost plus accrued interest, which approximate their fair value.

(d) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization and any impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Property and equipment will be depreciated using the straight-line method over their estimated useful lives.

The assets' residual values, method of depreciation and useful lives, are reviewed annually and modified if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in profit or loss.

(e) Exploration and evaluation assets ("E&E")

Once the legal right to explore a property has been obtained, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, geology, geophysics and drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

Upon completion of a feasibility study and when commercial viability is demonstrated and an impairment test is performed, capitalized exploration and evaluation assets are transferred to and classified as mineral property development costs. Costs associated with the commissioning of new assets incurred in the period before they are



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

operating in the way intended by management, are capitalized. Development costs are net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. Accordingly, E&E costs, in excess of estimated recoveries, are written off to profit or loss.

Impairment

The Company assesses E&E assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of E&E assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Title to mineral properties

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

(f) Provision for environmental rehabilitation

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and evaluation on the resource properties, the potential for production on the properties may be diminished or negated.

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates, using a pre-tax rate, that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

The increase in the provision due to the passage of time is recognized as interest expense. The Company does not have any significant environmental rehabilitation provision.

(g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

(h) Financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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 (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairment recognized in profit or loss. Cash is classified as FVTPL.

Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, and loans are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

As at December 31, 2019, the Company does not have any derivative financial liabilities.

(i) Leases

On January 1, 2019, the Company adopted IFRS 16 which replaced IAS 17 – *Leases* and IFRIC 4 – *Determining Whether an Arrangement Contains a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases, leases of low-value assets and certain leases with variable lease payments.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods.

New accounting policy for leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if 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 and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are allocated between the lease liability and interest expense. Interest expense is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected 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. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

Impact of adoption of IFRS 16

The Company applied IFRS 16 using the modified retrospective approach which requires the cumulative effect of initial application to be recognized in retained earnings at January 1, 2019. On adoption of IFRS 16, the Company recognized a lease liability for an office lease previously classified as an operating lease under IAS 17. The liability was measured at the present value of the remaining lease payments, discounted using the Company's applicable incremental borrowing rate as of January 1, 2019 of 8% and assumes Maritime will not renew the lease upon termination.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application relating to an office lease, and lease liabilities recognized in the statement of financial position at the date of initial application. On transition, the associated right-of-use asset was measured at \$106,720 being the amount equal to the lease liability.

	\$
Operating lease commitment as at December 31, 2018	112,500
Discounted using the incremental borrowing rate as of January 1, 2019	(5,780)
	106,720

The Company has elected not to recognize a right of use asset and lease liability for a month to month sub lease that it has for its Toronto office. This lease can be terminated without permission with no significant penalty and does not meet the definition of an enforceable contract under IFRS 16. The lease payments associated with this lease are charged directly to the statement of loss and comprehensive loss.

(j) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

consultants. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period during which the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. The fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(l) Flow-through shares, private placement units, royalty units and treasury shares

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the “flow-through share premium”) as follows:

- Share capital – the market value of the share.
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature based on the residual value method.
- Warrants – recorded as reserves based on the residual value method.

Thereafter, as qualifying resource expenditures are incurred, these costs are expensed and the flow-through share premium is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period).

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the quoted market price of the common shares at the time the units are priced, then to the flow-through tax premium, if any and thereafter to warrants.

Royalty units are recorded as reserves based on their fair value (amounts received).

Treasury shares (repurchased shares) are valued at the cost paid to repurchase until sold or returned to treasury. As they are no longer considered outstanding, they are excluded from the weighted average number of shares outstanding in calculating the loss per share.

(m) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants as they would be anti-dilutive.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

4. CASH

	December 31, 2019	December 31, 2018
	\$	\$
Cash	82,157	2,359,066
Guaranteed Investment Certificate – Fully redeemable	1,745,000	-
	1,827,157	2,359,066

5. RECEIVABLES

	December 31, 2019	December 31, 2018
	\$	\$
Input sales tax recoverable	137,208	40,736
Interest receivable	24,095	-
Other receivables	243	217
	161,546	40,953

Subsequent to December 31, 2019, the Company received an input sales tax refund of \$123,275.

6. PREPAID EXPENSES AND DEPOSITS

	December 31, 2019	December 31, 2018
	\$	\$
Prepaid expenses	15,454	13,223
Deposits	104,745	32,936
	120,199	46,159

7. PROPERTY AND EQUIPMENT

	Right of use asset	Vehicles	Total
	\$	\$	\$
Net book value – December 31, 2017 and 2018	-	-	-
Additions	106,720	30,451	137,171
Less: Reduction in value due to reduced lease payments	(32,036)	-	(32,036)
Depreciation	(59,747)	(4,229)	(63,976)
Net book value – December 31, 2019	14,937	26,222	41,159

During the year ended December 31, 2019, there was a reduction in the monthly lease payments relating to the Company's ROU asset and related lease liability. As a result, the ROU asset value was reduced by \$32,036.

During the year ended December 31, 2019, the Company purchased two vehicles for use at its exploration properties.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

Green Bay

Maritime Resources' Green Bay property, located in Newfoundland and Labrador, Canada hosts the past producing Hammerdown gold mine, as well as the Orion deposit and the Lochinvar deposits. The property is subject to a 2% net smelter return ("NSR") royalty on future production from the property with the exception of production from the Orion deposit.

On May 16, 2018, the Company entered into an option agreement with Inomin Mines to acquire certain mineral claims that extend the Hammerdown, Green Bay property. Pursuant to the terms of the agreement Maritime will earn 100% interest in the Inomin property over a 3-year period under the following schedule:

	Cash \$	Common shares #
Upon approval	25,000 (paid)	500,000 (issued)
September 17, 2019	50,000 (paid)	500,000 (issued)
September 17, 2020	100,000	500,000
September 17, 2021	125,000	500,000
	300,000	2,000,000

The project is subject to a 1.0 % NSR of which 100% can be purchased for \$500,000. The project also has an underlying NSR of 2.5% of which 1.5% can be purchased for \$1,000,000.

Subsequent to December 31, 2019, the Company entered into an option agreement to earn a 100% interest in the Spruce Pond property, which is contiguous to the Hammerdown project, under the following terms:

	Cash \$	Common shares #
Upon approval ¹⁾	10,000	250,000
March 10, 2021	20,000	250,000
March 10, 2022	30,000	250,000
	60,000	750,000

¹⁾ Subsequent to the end of the period, on or before March 10, 2020, the Company made the first payment in cash and shares as per the Spruce Pond Option agreement.

The Spruce Pond project is subject to a 1.0 % NSR of which 50% can be purchased for \$500,000.

Whisker Valley

On February 27, 2017, the Company entered into an agreement to acquire a 100% interest in the Whisker Valley property in the Baie Verte mining district of Newfoundland and Labrador, Canada, under the following terms:

	Cash \$	Common shares #
Upon approval	25,000 (paid)	100,000 (issued)
March 22, 2018	20,000 (paid)	150,000 (issued)
March 22, 2019	30,000 (paid)	200,000 (issued)
March 22, 2020 ¹⁾	50,000	250,000
March 22, 2021	75,000	300,000
March 22, 2022	100,000	500,000
	300,000	1,500,000

¹⁾ Subsequent to the end of the period, on or before March 22, 2020, the Company made the third anniversary payment in cash and shares as per the Whisker Valley Option agreement.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

The Company is required to make an additional payment to the optionors of \$50,000 on each of the first, second and third anniversary upon full exercise of its option having issued all of the payments and shares and incurred all of the expenditures. The property is subject to a 2.5 % NSR, of which 1% can be purchased for \$1,000,000 on or before the end of the second anniversary of commencement of commercial production.

On December 1, 2017, the Company also added to the Whisker Valley project by entering into an option agreement to acquire 100% interest in the Strugglers Pond property in Newfoundland and Labrador, Canada (contiguous to Whisker Valley), under the following terms:

	Cash \$	Common shares #
Upon approval	2,000 (paid)	10,000 (issued)
December 27, 2018	3,000 (paid)	15,000 (issued)
December 27, 2019	10,000 (paid)	25,000 (issued)
December 27, 2020	15,000	50,000
	30,000	100,000

During the fourth quarter of 2019, the Company exercised its option to acquire 100% interest in the El Strato property in Newfoundland and Labrador, Canada (contiguous to Whisker Valley) under the following terms:

	Cash \$	Common shares #
Upon approval	5,000 (paid)	250,000 (issued)
November 23, 2018	10,000 (paid)	250,000 (issued)
November 23, 2019	25,000 (paid)	250,000 (issued)
	40,000	750,000

The Strugglers Pond and El Strato properties are subject to separate 2% NSR royalties, of which 1% can be purchased for \$1,000,000 on or before the end of the second anniversary of commercial production.

Gull Ridge

In January 2019, the Company acquired the new Gull Ridge property claims by staking.

Expenditures incurred on the Company's Green Bay, Whisker Valley and Gull Ridge properties, follow:

	Green Bay \$	Whisker Valley \$	Gull Ridge \$	Total \$
Balance, December 31, 2017	6,250,856	218,748	-	6,469,604
Acquisition costs – cash	25,000	48,000	-	73,000
Acquisition costs – shares	45,000	37,700	-	82,700
Exploration expenses:				
Drilling and assaying	289,772	77,842	-	367,614
Geology and engineering	473,476	146,442	-	619,918
Property	55,991	585	-	56,576
Geophysics	11,208	47,500	-	58,708
Other	13,266	9,611	-	22,877
	913,713	367,680	-	1,281,393
Less: Recoveries and grants	(10,153)	-	-	(10,153)
Net additions	903,560	367,680	-	1,271,240
Balance, December 31, 2018	7,154,416	586,428	-	7,740,844



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

	Green Bay \$	Whisker Valley \$	Gull Ridge \$	Total \$
Acquisition costs – cash	50,765	80,320	3,870	134,955
Acquisition costs – shares	42,500	39,750	-	82,250
Exploration expenses:				
Drilling and assaying	851,326	141,910	7,329	1,000,565
Geology	710,573	773,197	32,570	1,516,340
Property	52,257	-	-	52,257
Geophysics	217,863	65,765	25,238	308,866
Pre-feasibility study update	1,155,555	-	-	1,155,555
	3,080,839	1,100,942	69,007	4,250,788
Less: Recoveries and grants	(65,250)	-	-	(65,250)
Net additions	3,015,589	1,100,942	69,007	4,185,538
Balance, December 31, 2019	10,170,005	1,687,370	69,007	11,926,382

During the year ended December 31, 2019, the Company received \$65,250 (2018 – \$10,153) pursuant to an application made with the Government of Newfoundland and Labrador in respect of the Newfoundland and Labrador Mineral Incentive Junior Exploration Assistance Program (JEAP) grant for exploration conducted during 2018 and 2017, respectively.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2019 \$	December 31, 2018 \$
Accounts payable	364,396	83,530
Accrued liabilities	71,174	32,500
Due to related parties (Note 13)	17,500	5,411
	453,070	121,441

10. LEASE LIABILITY

	Lease liability \$
Balance – December 31, 2018	-
Lease liability recognized as of January 1, 2019	106,720
Reduced lease liability due to reduction in lease payments	(32,036)
Lease payments during the period	(67,500)
Interest expense on lease liability	3,178
Balance – December 31, 2019	10,362

During the year ended December 31, 2019, there was a reduction in monthly lease payments and accordingly the lease liability was reduced by \$32,036.

As at December 31, 2019, the Company is required to pay \$10,500 in undiscounted lease payments. These payments are due within one year.

During the year ended December 31, 2019, the Company incurred operating lease costs of \$53,863 for an office lease not included in lease liabilities.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

11. LOAN

On April 25, 2017, the Company entered into a loan arrangement (“Bridge Financing Agreement”) pursuant to which it received \$500,000 and provided for a maturity date of one year (the “Maturity Date”), interest of 8% per annum and was repayable upon earliest of: the maturity date, raising \$2,000,000 or more in equity or debt financing, or committing an event of default. In connection with the Bridge Financing Agreement, the lender received a bonus of 333,333 common shares of the Company valued at \$46,667, non-transferable warrants valued at \$105,387 allowing for the purchase of up to, in the aggregate, 1,666,666 additional common shares of the Company at \$0.15 per share, which expired unexercised on April 26, 2018, and cash finders’ fees of \$30,000. The effective interest rate, including bonus shares and warrants was 44%. During the period ended March 31, 2018, the Company recorded accrued interest of \$9,315 and accretion expense of \$57,360 in profit or loss and the loan balance accreted to \$500,000. On March 26, 2018, the loan of \$500,000 and related interest of \$36,712 was repaid.

12. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Issued

During the year ended December 31, 2019

Private Placements

- Pursuant to a non-brokered private placement on April 24, 2019, the Company issued 36,755,000 units (“Units”) at a price of \$0.10 per Unit and 20,141,662 flow-through units (“FT Units”) at a price of \$0.12 per FT Unit for gross proceeds of \$6,092,500.

Each Unit consisted of one common share and one-half of one transferable common share purchase warrant (“Warrant”). Each whole Warrant entitles the holder to acquire one common share of the Company at a price of \$0.15 per common share for a period of 24 months following the closing date of the Offering (the “NFT Warrants”). Each FT Unit consisted of one common flow-through share and one half of one transferable common share purchase warrant (“FT Warrant”). Each whole FT Warrant entitles the holder to acquire one non flow-through common share of the Company at a price of \$0.15 per common share for a period of 24 months following the closing date of the Offering (the “FT Warrants”).

The flow-through shares were issued at a premium of \$402,833. Pursuant to the Company incurring eligible flow-through expenditures during the year ended December 31, 2019, \$355,234 was recognized into income.

In connection with this private placement, the Company paid aggregate finders’ and advisory fees of \$412,909 and 3,863,294 finders’ warrants valued at \$126,562.

The fair value attributed to the finders’ warrants was determined using the Black-Scholes valuation model using the following assumptions: Risk free interest rate of 1.63%, expected life of two years, and volatility rate of 80.56%. Each finders’ warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per finders’ warrant share for a period of 24 months following the closing date of the Offering.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

Exploration and evaluation assets (Note 8)

- The Company issued 200,000 common shares valued at \$19,000 in connection with the Whisker Valley property.
- The Company issued 500,000 common shares valued at \$42,500 in connection with the Inomin property.
- The Company issued 250,000 common shares, valued at \$18,750, in connection with the El Strato property.
- The Company issued 25,000 common shares, valued at \$2,000, in connection with the Strugglers Pond property.

During the year ended December 31, 2018

Private Placements

- Pursuant to a private placement on November 7, 2018, the Company issued 25,460,900 non flow-through units ("November 2018 NFT Units") at \$0.11 per unit and 5,402,000 flow-through units ("November 2018 FT Units") at \$0.13 per unit, for gross proceeds of \$3,502,959.

Each FT Unit consisted of one flow-through common share of the Company and one-half of one common share purchase warrant (the "November 2018 FT Warrant"). Each whole November 2018 FT Warrant entitles the holder to purchase one common share of the Company (the "November 2018 FT Warrant Share") at a price of \$0.15 per November 2018 FT Warrant Share expiring November 7, 2020. Each November 2018 NFT Unit consisted of one non flow-through common share of the Company and one-half of one common share purchase warrant (the "November 2018 NFT Warrant"). Each whole November 2018 NFT Warrant will entitle the holder thereof to purchase one common share of the Company (the "November 2018 NFT Warrant Share") at a price of \$0.15 per November 2018 NFT Warrant Share for expiring November 7, 2020.

The flow-through shares were issued at a premium of \$108,040. During the year ended December 31, 2019, \$108,040 of flow-through premium was recognized into income.

In connection with this private placement, the Company issued 2,152,791 finders' units ("November 2018 Finders' Units"), valued at \$193,751. Each November 2018 Finders' Unit is comprised of one common share and one-half (1/2) of one non-transferable warrant ("November 2018 Finders' Unit Warrant"). Each whole November 2018 Finders' Unit Warrant is exercisable to purchase one common share of the Company at a price of \$0.15 per common share for a period of 24 months expiring November 7, 2020. Also in connection with this private placement, finders' fees of 2,152,791 November 2018 NFT Finders' Warrants were issued. Each November 2018 NFT Finders' Warrant entitles the holder to purchase one common share of the Company at a price of \$0.11 per November 2018 NFT Finders' Warrant Share for a period of 24 months expiring November 7, 2020.

The November 2018 Finders' Unit Warrants and the November 2018 NFT Finders' Warrants were valued at \$22,344 and \$60,365, respectively, using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.90%, expected life of 1.5 years, expected volatility of 72.74% and dividend yield of 0% and recorded to share issuance costs.

- Pursuant to a private placement on July 6, 2018, the Company issued 7,600,000 non flow-through units ("July 2018 NFT Units") at \$0.10 per unit and 5,166,667 flow-through units ("July 2018 FT Units") at \$0.12 per unit, for gross proceeds of \$1,380,000, of which \$16,000 was receivable at September 30, 2018. Each July 2018 FT Unit consisted of one flow-through common share of the Company and one-half of one common share purchase warrant (the "July 2018 FT Warrant"). Each whole July 2018 FT Warrant entitled the holder to purchase one common share of the Company (the "July 2018 FT Warrant Share") at a price of \$0.20 per July 2018 FT Warrant Share and expired unexercised on January 6, 2020.

The flow-through shares were issued at a premium of \$103,333. The Company recognized the remaining \$20,698



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

into income during the year ended December 31, 2019, following the recognition of \$82,635 in income during the year ended December 31, 2018 pursuant to the Company incurring eligible flow-through expenditures.

Each July 2018 NFT Unit consisted of one non flow-through common share of the Company and one-half of one common share purchase warrant (the "July 2018 NFT Warrant"). Each whole July 2018 NFT Warrant entitled the holder thereof to purchase one common share of the Company (the "July 2018 NFT Warrant Share") at a price of \$0.20 per July 2018 NFT Warrant Share and expired unexercised on January 6, 2020.

In connection with this private placement, finders' fees of \$30,000 were paid and 480,000 July 2018 NFT Finders' Warrants were issued. Each July 2018 NFT Finders' Warrant entitled the holder to purchase one common share of the Company at a price of \$0.20 per share and expired unexercised on January 6, 2020. The July 2018 NFT Finders' Warrants were valued at \$17,319 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.90%, expected life of 1.5 years, expected volatility of 98.47% and dividend yield of 0% and recorded to share issuance costs.

- On December 15, 2017, the Company announced a non-brokered private placement of up to \$2,000,000 through the issuance of a combination of non flow-through units ("December 2017 NFT Units") at \$0.10 per Unit and flow-through units ("December 2017 FT Units") at a price of \$0.12 per December 2017 FT Unit. Each Unit consists of one common share and one-half of one common share purchase warrant ("December 2017 Warrant"). Each whole December 2017 Warrant entitled the holder to acquire one common share of the Company at a price of \$0.20 per common share for 18 months following the closing date of the private placement and expired unexercised.

The December 2017 private placement closed in 4 tranches and raised gross proceeds of \$608,000 in the first tranche during the year ended December 31, 2017 and \$1,134,754 in 3 tranches in each of the January, February and March months of 2018 as follows:

Closing Date	January 11	February 15	March 21	Total
Gross Proceeds	\$326,920	\$277,834	\$530,000	\$1,134,754
FT Shares Issued	666,000	250,000	-	916,000
NFT Shares Issued	2,470,000	2,478,340	5,300,000	10,248,340
Warrants Issued	1,568,000	1,364,170	2,650,000	5,582,170
Warrant Exercise Price	\$0.20	\$0.20	\$0.20	
Warrant Expiry Date	July 11, 2019	August 15, 2019	September 21, 2019	
Finders' Fees				
Cash	-	\$8,400	\$15,000	\$23,400
NFT Shares Issued	-	488,480	-	488,480
Warrants Issued	-	824,886	350,000	1,174,886
Exercise Price	-	\$0.20	\$0.20	
Expiry Date	-	August 15, 2019	September 21, 2019	

The flow-through shares, issued in the January 11 and February 15 tranches, were issued at premiums of \$13,320 and \$5,000, respectively and were fully recognized into income during the year ended December 31, 2018.

Flow-through premium liability	\$
Balance – December 31, 2017	63,982
Flow-through premium liability additions	229,693
Settlement of flow-through premium to income	(164,937)
Balance – December 31, 2018	128,738
Flow-through premium liability additions	402,833
Settlement of flow-through premium to income	(483,972)
Balance – December 31, 2019	47,599



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

Treasury shares

On June 26, 2018, the Company received cash proceeds of \$120,000 for the sale of 1,500,000 treasury shares at \$0.08 with original cost of \$245,000, which resulted in a reversal of \$125,000 from treasury shares to deficit.

Exploration and evaluation assets (Note 8)

- The Company issued 150,000 common shares valued at \$16,500 in connection with the Whisker Valley property.
- The Company issued 500,000 common shares valued at \$45,000 in connection with the Inomin property.
- The Company issued 250,000 common shares, valued at \$20,000, in connection with the El Strato property.
- The Company issued 15,000 common shares, valued at \$1,200, in connection with the Strugglers Pond property.

Royalty units

During fiscal 2016 the Company issued Royalty Units with a price of \$0.01 per Royalty Unit, and, subject to written consent of the Company, may be assigned or transferred in their entirety only. The proceeds of \$210,700 received in relation to the Royalty Units has been recorded as a Royalty Reserve within Equity.

Royalty Units will return 100% of the original investment made by the purchasers and is to be paid out of production from the Company's Green Bay project ("Project"). The likelihood of the Project going into production cannot be determined at this time. Total royalties payable from the Royalty Units ("Royalty Payment") are capped at \$3,440,500 being the price for which the Equity Units (comprised of common shares and common share warrants) and Royalty Units were purchased. Royalty Payments will be made annually beginning on the first anniversary of the date of commencement of commercial production for the Project. Royalty Payments will be funded solely from 10% of annual net cash flow from the Project, with net cash flow representing net production revenues realized from the Project after deduction of all Project operating and debt servicing costs. At the option of the Company, Royalty Payments will be paid either in cash or in gold.

Hostile takeover bid

On April 13, 2018, Anaconda Mining Inc. ("Anaconda") made a formal unsolicited offer to the Company and its shareholders to acquire all of the issued and outstanding shares of the Company. The offer contemplated the exchange of one common share of the Company for consideration of 0.39 of a common share in Anaconda. The Company engaged legal counsel, financial advisors and strategic advisors to evaluate Anaconda's offer and incurred expenditures of \$619,758 during fiscal 2018, relating to this offer. On July 12, 2018, Anaconda withdrew their offer.

Stock options

The Company has a "rolling" stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options, subject to receipt of annual shareholder approval. The exercise price of each option shall not be less than the minimum price permitted by the policies of the TSX-V, and the options may be granted for a maximum term of ten years from the date of grant. The Company records the fair value of all options granted using the Black-Scholes model as share-based payment expense over the vesting period of the options. Vesting terms are determined by the Board of Directors.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

A summary of the Company's stock options as at and during the years ended December 31, 2019 and 2018 follows:

	December 31, 2019		December 31, 2018	
	Options Outstanding #	Weighted Average Exercise Price \$	Options Outstanding #	Weighted Average Exercise Price \$
Balance, beginning of year	12,485,000	0.15	8,205,000	0.17
Granted	4,850,000	0.10	4,805,000	0.11
Expired/cancelled	(495,000)	0.25	(525,000)	0.19
Balance, end of year	16,840,000	0.13	12,485,000	0.15

During the year ended December 31, 2019, the Company granted 4,850,000 stock options to directors, officers, consultants and employees of the Company, of which 4,800,000 have vested and the remaining 50,000 will vest during fiscal 2020. The fair value of the stock options granted as determined by the Black-Scholes pricing model was \$332,743 or \$0.07 per option. Share based payments recognized during the year ended December 31, 2019 of \$330,348 (2018 – \$309,664). The total fair value of unvested options that will be recognized in profit or loss in future periods amounts to \$2,395 at December 31, 2019 (December 31, 2018 – \$nil). 495,000 stock-options expired during the year ended December 31, 2019 resulting in a reversal of \$102,291 from reserves to deficit.

During the year ended December 31, 2018, the Company granted 4,805,000 stock options to consultants, officers and employees of the Company and vested immediately. The fair value of the stock options granted as determined by the Black-Scholes pricing model was \$309,664 or \$0.06 per option and was recorded as share based payment in the statement of loss and comprehensive loss. 525,000 stock-options expired during the year ended December 31, 2018 resulting in a reversal of \$81,556 from reserves to deficit.

The Company has estimated the forfeiture rate to be nil%. Expected volatility was determined based on the historical movements in the closing price of the Company's shares for a length of time to the expected life of each option. The weighted-average assumptions used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2019 were risk-free interest rate of 1.33%; expected life of options of 5 years and annualized volatility of 106.96% and during the year ended December 31, 2018 were risk-free interest rate of 2.00%; expected life of options of 5 years and annualized volatility of 90.02%.

As at December 31, 2019, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Options Outstanding #	Options Exercisable #	Exercise Price \$	Remaining Contractual Life years	Expiry
1,685,000	1,685,000	0.15	0.87	13-Nov-20
2,300,000	2,300,000	0.25	1.58	29-Jul-21
200,000	200,000	0.15	2.32	26-Apr-22
500,000	500,000	0.10	2.93	04-Dec-22
2,500,000	2,500,000	0.10	2.96	15-Dec-22
4,805,000	4,805,000	0.11	3.93	6-Dec-23
4,850,000	4,800,000	0.10	4.47	18-Jun-24
16,840,000	16,790,000	0.13	3.26	



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

Warrants

As at December 31, 2019, the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	Exercise Price	Expiry Date
6,863,333	\$0.20	January 6, 2020
16,507,845	\$0.15	November 7, 2020
2,152,791	\$0.11	November 7, 2020
32,311,627	\$0.15	April 12-24, 2021
57,835,596		

Share purchase warrant transactions were as follows:

	December 31, 2019		December 31, 2018	
	Weighted Average Warrants Outstanding #	Exercise Price \$	Warrants Outstanding #	Weighted Average Exercise Price \$
Balance, beginning of year	53,192,432	0.18	23,078,073	0.20
Granted	32,311,627	0.15	32,281,025	0.17
Expired/cancelled	(27,668,463)	0.20	(2,166,666)	0.15
Balance, end of year	57,835,596	0.15	53,192,432	0.18

During the year ended December 31, 2019, 27,668,463 warrants expired unexercised, including the reversal of 3,722,544 finder warrants resulting in the reversal of \$327,476 to share capital.

Subsequent to the year ended December 31, 2019, 6,863,333 warrants expired unexercised.

13. RELATED PARTY TRANSACTIONS

(a) Services

Effective February 1, 2019, the Company entered into a sublease for office space in Toronto, with a corporation that is related by virtue of having directors, as well as the Chief Financial Officer and Corporate Secretary in common.

Effective July 1, 2014, the Company entered into arrangement with an administration and exploration services contractor ("AESC") in which a director is a shareholder, pursuant to which it receives office, administrative and exploration services. The AESC ceased to be a related party of the Company effective February 1, 2019.

For the years ended December 31, the Company was charged the following:

	2019 \$	2018 \$
Rent	53,863	-
Office administration	4,174	-
Rent - AESC	-	99,438
Office administration - AESC	-	19,489
	58,037	118,927

At December 31, 2019, the Company has included in prepaids \$nil (2018 – \$10,384) to AESC.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

(b) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. Compensation to key management personnel for services rendered were as follows for the years ended December 31:

	2019	2018
	\$	\$
Salaries	502,413	-
Consulting	28,000	373,000
Contract wages ⁽¹⁾	26,000	78,000
Directors' fees	70,000	18,000
Geological consulting ⁽²⁾	64,467	292,404
Share based payments	230,233	303,210
Severance and retirement payments	992,497	-
	1,913,610	1,064,624

⁽¹⁾ Included in Administration in the Statement of Loss and Comprehensive Loss

⁽²⁾ Included in Exploration and Evaluation Assets in the Statement of Financial Position

At December 31, 2019, the Company included in accounts payable and accrued liabilities \$17,500 of directors' fees payable to the members of board of directors of the Company (Note 9).

At December 31, 2018, included in accounts payable and accrued liabilities is \$5,411, owing to a director, CEO and Director and the COO of the Company, at that time.

During the year ended December 31, 2019, the Company made management changes resulting in the Company paying severances totalling \$884,497 to the former Chief Executive Officer (\$391,496), Chief Financial Officer (\$117,000), Chief Operating Officer (\$328,001) and Corporate Secretary (\$48,000) of the Company.

During the year ended December 31, 2019, the Company paid Mr. Bernard Kahlert, P.Geo., who served as Vice President of Exploration for the Company, a sum of \$108,000 upon his retirement.

14. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2019	2018
	\$	\$
Loss for the year	(2,005,534)	(2,465,460)
Expected income tax (recovery)	(541,000)	(666,000)
Change in statutory, foreign tax, foreign exchange rates and other	16,000	47,000
Permanent differences	(32,000)	50,000
Impact of flow-through shares	791,000	267,000
Share issue costs	(126,000)	(22,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(32,000)	39,000
Change in unrecognized deductible temporary	(76,000)	285,000
Total income tax expense (recovery)	-	-



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

The significant components of the Company's deferred tax assets that have not been included on the statements of financial position are as follows:

	2019	2018
	\$	\$
Deferred tax assets (liabilities)		
Exploration and evaluation assets	(1,420,000)	(633,000)
Property and equipment	1,000	-
Share issue costs	142,000	68,000
Non-capital losses available for future periods	2,586,000	1,950,000
	1,309,000	1,385,000
Unrecognized deferred tax assets	(1,309,000)	(1,385,000)
Net deferred tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	2019	Expiry Date	2018	Expiry Date
	\$	Range	\$	Range
Temporary Differences				
Exploration and evaluation assets	(5,297,000)	No expiry date	(2,381,000)	No expiry date
Investment tax credit	14,000	2018 to 2037	14,000	2019 to 2033
Property and equipment	5,000	No expiry date	-	No expiry date
Share issue costs	527,000	2019 to 2023	253,000	2018 to 2022
Non-capital losses available for future periods	9,576,000	2028 to 2040	7,223,000	2028 to 2039

Tax attributes are subject to review, and potential adjustment, by tax authorities. As at December 31, 2019, the Company is obligated to incur approximately \$285,600 in flow-through expenditures pursuant to private placements of flow-through shares.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. Cash is measured at fair value based on Level 1 of the fair value hierarchy. The fair values of receivables and accounts payable and accrued liabilities approximate their book carrying values because of the short-term nature of these instruments.

- (a) *Credit risk* - Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and receivables. The maximum exposure to loss arising from receivables is equal to their carrying amounts. The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution. Receivables are due from a government agency.
- (b) *Liquidity risk* - Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk.
- (c) *Market risk* - Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.



MARITIME RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018 (expressed in Canadian dollars)

- (d) *Interest rate risk* - Interest rate risk consists of two components:
- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
 - ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

- (e) *Foreign currency risk* - Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk as its monetary assets and liabilities are denominated in Canadian dollars.
- (f) *Other price risk* - Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company monitors metal prices in determining its long-term business plans.

There were no changes in the Company's approach to managing the above risks.

16. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral 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 to sustain future development of the business. The Company defines capital that it manages as equity, consisting of common shares, stock options and warrants.

The Company is dependent upon external financings to fund activities. In order to carry out any exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There were no changes in the Company's capital management strategy during the year ended December 31, 2019 compared to the previous period. The Company is not subject to externally imposed capital requirements.

17. SUBSEQUENT EVENT

On March 12, 2020, the Company entered into a non-binding letter of intent (the "LOI") with Rambler Metals and Mining Canada Ltd., a wholly-owned subsidiary of Rambler Metals and Mining Limited ("Rambler"). The LOI includes an exclusivity period of twelve months to evaluate Rambler's Nugget Pond Gold Plant for the purpose of processing feed from the Hammerdown gold project and to complete a feasibility study with the option to negotiate a purchase agreement during that time. In consideration Maritime advanced a deposit of \$200,000 to Rambler subsequent to December 31, 2019.