ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements for the two years ended May 31, 2020 and 2019, and the related notes thereto, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under the section heading "Item 1A. Risk Factors" above and elsewhere in this annual report on Form 10-K. See section heading "Forward-Looking Statements" above.

Current Business Activities

General

NBP and MLP Project Exploration

Drilling continued during 2019-2020, with a total of 2 core drills and 1 RC drill rig. Sixty (60) boreholes were drilled at NBP during the fiscal year (June 2019 – May 2020). Target areas were Cat Hill, West Sierra Blanca, Mayflower, Spicerite, Jolly Jane North, Air Track West, Rhyolite Deep and YellowJacket. Two of the holes, NB-19-485CT and NB-19-489CT were core tails, where RC drilling and casing was used to created a platform for deepening the hole the hole by core drilling. These holes were cored from the original 300 m RC depth to a total of 700-800 m depth by coring with 1 testing the Spicerite target and testing the YellowJacket vein.

Thirty-eight (38) boreholes were completed during the fiscal year (June 2019 – May 2020) at Mother Lode under the BLM Notice for a total drilling of 19,440 m. Sixteen (16) of the holes were drilled as core-tails, RC drilled and cased to between 120-300m and then cored to total depths of 600-700 m. A total of 9,428 m of core was produced from the core-tail drilling.

The EA and Plan of Operations for exploration drilling at Mother Lode were approved by the BLM in June 2020. Right-of-Ways for use of the Fluorspar Canyon Road for access and the three Mother Lode water production wells were received as part of the permit.

Baseline characterization work continued with water quality sampling in June and December 2019. Additional water quality samples were collected from the Mother Lode water wells and from springs along the Amargosa River within 5 miles of the Mother Lode site as part of the EA. The site meteorological station continued to operate with quarterly reports submitted to NDEP.

Further metallurgical testing of Mother Lode sulfide and oxide mineralization was initiated in April 2019 at Research Development Inc., SGS Canada and McClelland Laboratories. Metallurgical testing was performed on YellowJacket vein and vein stockwork materials to characterize the recovery curve at mesh sizes between 28, 48, 65 and 100 mesh and to characterize gravity milling characteristics for the potential to blend gravity tail material into a heap leach pad. Column leaching tests were performed on 304 mm diameter x 1.8 m on blends of 15% and 25% gravity tail material with Sierra Blanca disseminated mineralization.

Financing

On June 5, 2019, the Company closed a non-brokered private placement equity financing and issued 500,000 Common Shares at a price of $1.80 per Common Share to EMX Royalty Corporation for gross proceeds of $900,000 (the "June 2019 Private Placement"). The Company also completed the sale of four non-core Alaskan royalty interests owned by the Company to EMX Royalty Corporation for a purchase price of $350,000

On August 20, 2019, we announced the closing of a non-brokered private placement equity financing and issued 500,000 Common Shares to AngloGold Ashanti (USA) Exploration Inc. at a price of $2.60 per Common Share for gross proceeds of $1,300,000 (the "August 2019 Private Placement").

On October 10, 2019, the Company announced the completion of a $23,000,000 public bought deal financing, where the Company issued 11,500,000 common shares at a price of $2.00 per common share (the "Offering"). No warrants were issued in relation to this financing. The Offering was arranged by the sole underwriter, BMO Capital Markets. AngloGold Ashanti (USA) Inc. participated in the Offering on a pro-rata basis to maintain ownership of 19.9 percent of the issued and outstanding shares of Corvus. The net proceeds to the Company from the Offering was $21,020,000 after deducting the underwriter's fee in the amount of $1,380,000, and the estimated expenses of the Offering of $600,000, which was paid out of the proceeds of the Offering. See “Item 2. Properties - Use of Proceeds” above for a discussion of the use of proceeds from the Offering.

2020 Outlook

Exploration and development studies will continue during 2020-2021.

Baseline characterization data will continue to be collected at NBP and MLP, including water quality samples, invasive weed surveys and meteorological data.

Results of Operations

Year ended May 31, 2020 Compared to Year ended May 31, 2019

For the year ended May 31, 2020, the Company had a net loss of $16,206,652 compared to a net loss of $10,858,005 in the prior year. Included in net loss was $3,389,637 (2019 - $1,633,957) in stock-based compensation charges which was a result of stock options granted during the year and previously granted stock options which vested during the year. Stock-based compensation in the current year comprised of stock options granted on July 31, 2017, November 19, 2018 and April 9, 2019 which vested during the year and stock options granted on June 13, 2019, October 11, 2019 and February 3, 2020. The prior year had stock-based compensation arising from stock options granted on September 15, 2016 and July 31, 2017 which vested during the prior year and stock options granted on November 19, 2018 and April 9, 2019. The increase in loss of $5,348,647 in the current year was due to a combination of factors discussed below.

The primary factor for the increase in net loss was the exploration expenditures of $9,766,264 incurred in the current year compared to $5,636,641 in the prior year. The exploration activities of the Company increased mainly due to an increase of $3,975,181 incurred in the exploration in the current year compared with the prior year as the Company secured additional financing throughout the year and focused its exploration efforts on the NBP-MLP and partly due to increased stock-based compensation charges of $294,760 during the current year compared to $140,318 in the prior year.

Consulting expenses increased to $1,931,197 (2019 - $1,054,967) mainly due to an increase in stock-based compensation charges of $1,591,400 during the current period compared to $728,748 in the prior year and an increase in directors’ fees due to the appointment of new chairman to the Board in March of 2019.

Insurance expenses increased to $234,846 (2019 - $213,548) mainly due to increased insurance premiums as a result of increased Director and Officer Liability coverage during the current year.

Investor relations expenses increased to $1,631,230 (2019 - $1,308,792) mainly due to an increase in stock-based compensation charges of $470,910 during the current year compared to $218,853 in the prior year, an increase in advertising and marketing, and an increase in investor relations-related travels during the current year as part of the Company’s efforts to secure additional financing and financial advisory fees. The increase was offset by a decrease in investor fees during the current year as compared to the prior year.

Regulatory expenses increased to $185,277 (2019 - $162,313) mainly due to an increase in the base and variable fee paid to the TSX in the current year which was based on the Company’s market capitalization.

Depreciation expenses increased to $61,513 (2019 - $15,069) and rent expenses decreased to $18,179 (2019 - $74,529) mainly due to the adoption of *Topic 842 – Leases*. Rent was classified as lease payment which was applied to lease liabilities and interest expenses.

Wages and benefits increased to $2,264,435 (2019 - $1,782,198) mainly due to an increase in stock-based compensation charges of $1,006,308 during the current year compared to $533,987 in the prior year, and an increase of $51,553 in wages and benefits due to foreign exchange conversion. This increase was offset by a decrease of $41,637 in employee expenses due to expenses associated with stock option exercises in the prior year.

Other expense categories that reflected only moderate change year over year were administration expenses of $429 (2019 - $430), office expenses of $139,338 (2019 - $119,687), professional fees of $374,012 (2019 - $376,322) and travel expenses of $272,674 (2019 - $275,602).

Other items amounted to an income of $672,742 compared to $162,093 in the prior year. There was an increase in foreign exchange gain of $417,332 (2019 – $85,258), which is the result of factors outside of the Company’s control and an increase in interest income of $255,410 (2019 - $76,835) as a result of more investment in cashable GIC’s during the current year.

Three months ended May 31, 2020 Compared to Three months ended May 31, 2019

For the three months ended May 31, 2020, the Company had a net loss of $6,181,351 compared to a net loss of $2,862,083 in the comparative period of the prior year. Included in net loss was $943,940 (2019 - $671,809) in stock-based compensation charges which is a result of stock options granted during the period and previously granted stock options which vested during the period. Stock-based compensation in the current period comprised of stock options granted on July 31, 2017, November 19, 2018, April 9, 2019, June 13, 2019, October 11, 2019 and February 3, 2020 which vested during the period. The prior period comparative had stock-based compensation arising from stock options granted on July 31, 2017 and November 19, 2018, and April 9, 2019 which vested during the comparative period of the prior year. The increase in loss of $3,319,268 in the three month period of the current year was due to a combination of factors discussed below.

The primary factor for the increase in the net loss was the exploration expenditures of $4,996,972 incurred in the current period compared to $1,418,450 in the comparative period of the prior year. The exploration activities of the Company increased mainly due to an increase of $3,549,218 incurred in the exploration in the current period compared with the comparative period of the prior year as the Company secured further financing in October 2019 and partly due to increased stock-based compensation charges of $84,532 during the current period compared to $55,228 in the comparative period of the prior year.

Consulting fees increased to $531,017 (2019 - $391,083) mainly due to an increase in stock-based compensation charges of $445,169 during the current period compared to $305,614 in the comparative period of the prior year.

Investor relations expenses increased to $321,424 (2019 - $305,952) mainly due to an increase in stock-based compensation charges of $134,788 during the current period compared to $88,177 in the comparative period of the prior year. The increase was offset by a decrease in investor relations fees and investor relations-related activities and travels decreased in April and May 2020 due to the global pandemic.

Regulatory expenses decreased to $11,329 (2019 - $59,932) mainly due to higher base and variable fee paid to the TSX in the comparative period of the prior year.

Depreciation expenses increased to $14,508 (2019 - $3,807) and rent expenses decreased to $567 (2019 - $19,008) mainly due to the adoption of *Topic 842 – Leases*. Rent was classified as lease payment which was applied to lease liabilities and interest expenses.

Travel expenses decreased to $48,609 (2019 - $87,263) mainly due to fewer property tours conducted during the current period due to the global pandemic as compared to the comparative period of the prior year.

Wages and benefits increased to $507,894 (2019 - $446,545) mainly due to an increase in stock-based compensation charges of $271,726 during the current period compared to $218,272 in the comparative period of the prior year.

Other expense categories that reflected only moderate change period over period were administration expenses of $107 (2019 - $107), insurance expenses of $62,406 (2019 - $55,757), office expenses of $47,198 (2019 - $33,753), and professional fees of $104,070 (2019 - $108,921).

Other items amounted to an income of $464,750 compared to $68,495 in the prior period. There was an increase in foreign exchange to a gain of $390,896 (2019 - $46,601), which was the result of factors outside of the Company's control and an increase in interest income of $73,854 (2019 - $21,894) as a result of more investment in cashable GIC's during the current period.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been financed by the sale of its equity securities by way of public offerings, private placements and the exercise of incentive stock options and share purchase warrants. The Company believes that it will be able to secure additional private placements and public financings in the future, although it cannot predict the size or pricing of any such financings. In addition, the Company can raise funds through the sale of interests in its mineral properties, although current market conditions have substantially reduced the number of potential buyers/acquirers of any such interest(s). This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects. When acquiring an interest in mineral properties through purchase or option, the Company will sometimes issue Common Shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

The Company reported cash and cash equivalents of $14,913,158 as at May 31, 2020 compared to $4,145,085 as at May 31, 2019. The change in cash position was the net result of $12,816,646 used for operating activities, $51,705 used for capitalized acquisition costs, $5,151 used on property and equipment, and $25,200,000 received from the private placements of common shares in June 2019 and August 2019 and a public bought deal equity financing in October 2019 during the year ended May 31, 2020.

As at May 31, 2020, the Company had working capital of $14,568,048 compared to working capital of $4,204,082 as at May 31, 2019. On June 5, 2019, the Company closed a non-brokered private placement equity financing and issued 500,000 common shares at a price of $1.80 per share for gross proceeds of $900,000 and sold its non-core Alaskan royalty interests for a purchase price of $350,000, before legal fees. On August 19, 2019, the Company closed a private placement equity financing and issued 500,000 common shares at a price of $2.60 per common share for gross proceeds of $1,300,000. On October 10, 2019, the Company closed a public bought deal equity financing and issued 11,500,000 common shares at a price of $2.00 per common share for gross proceeds of $23,000,000.

The Company expects that it will operate at a loss for the foreseeable future and believes the current cash and cash equivalents will be sufficient for it to maintain its currently held properties, and fund its currently anticipated general and administrative costs. In any event, the Company will be required to raise additional funds, again through public or private equity financings in the future in order to continue in business. Should such financing not be available in that time-frame, the Company will be required to reduce its activities and will not be able to carry out all of its presently planned exploration and, if warranted, development activities at the NBP and the MLP on its currently anticipated scheduling.

Despite the Company's success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets. See "Risk Factors – We will require additional financing to fund exploration and, if warranted, development and production". Failure to obtain additional financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern. The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes. Due to this uncertainty, if the Company is unable to secure additional financing, it may be required to reduce all discretionary activities at the NBP and the Mother Lode Property to preserve its working capital to fund anticipated non-discretionary expenditures in the future.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiaries for their immediate operating needs in Alaska and Nevada, all of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest, which has also lowered its potential interest income.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Environmental Regulations

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by application of technically proven and economically feasible measures.

Critical Accounting Policies

Basis of presentation

These consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP").

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries (collectively, the "Group"), Corvus Gold (USA) Inc. ("Corvus USA") (a Nevada corporation), Corvus Gold Nevada Inc. ("Corvus Nevada") (a Nevada corporation), Raven Gold Alaska Inc. ("Raven Gold") (an Alaska corporation), SoN Land and Water LLC ("SoN") (a Nevada limited liability company) and Mother Lode Mining Company LLC (a Nevada limited liability company). All intercompany transactions and balances were eliminated upon consolidation.

Significant judgments, estimates and assumptions

The preparation of these financial statements in accordance with US GAAP 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 year. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future periods if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the carrying value and the recoverability of the capitalized acquisition costs, the assumptions used to determine the fair value of stock-based compensation, and the estimated amounts of reclamation and environmental obligations.

Significant judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company made the following critical accounting judgments:

- The determination of deferred tax assets and liabilities.
- The analysis of resource calculations, drill results, laboratory work, etc., which can impact the Company's assessment of impairments, and provisions, if any, for environmental rehabilitation and restorations.
- The determination of functional currency. Using the currency of the primary economic environment in which each of the parent company and its subsidiaries operates.
- The assessment of the Company's ability to continue as a going concern.

Cash and cash equivalents

Cash equivalents include highly liquid investments in term deposits that are readily convertible to known amounts of cash with original maturities of three months or less, and term deposits with original term of maturities greater than three months but are cashable after 30 days with no penalties, and are subject to an insignificant risk of change in value.

Foreign currency translation

The presentation currency of the Company is the Canadian dollar.

The functional currency of each of the parent company and its subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The functional currency of Corvus USA, Corvus Nevada, Raven Gold, SoN, and Mother Lode Mining Company LLC is US dollars, and for the Company the functional currency is Canadian dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the Statement of Operations and Comprehensive Loss in the year in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) in the Statement of Operations and Comprehensive Loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss). Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Parent and Subsidiary Companies

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at monthly average exchange rates during the year.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's exchange difference on translating foreign operations in the Statement of Operations and Comprehensive Loss and are reported as a separate component of shareholders' equity titled "Cumulative Translation Differences". These differences are recognized in profit or loss in the year in which the operation is disposed of.

Property and equipment

Recognition and measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Major maintenance and repairs

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 of the item can be measured reliably. All other repairs and maintenance expenditures are charged to profit or loss during the financial year in which they are incurred.

Gains and losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other items in profit or loss.

Depreciation

Depreciation is recognized in profit or loss on a declining-balance basis at the following annual rates:

Computer equipment	-	30% declining balance
Vehicles	-	30% declining balance
Tent	-	20% declining balance

Additions during the year are depreciated at one-half the annual rates.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Mineral properties and exploration and evaluation expenditures

The Company's mineral projects are currently in the exploration and evaluation phase. All direct costs related to the acquisition of mineral property interests are capitalized. Mineral property exploration costs are expensed as incurred. At such time that the Company determines that a mineral property can be economically developed, subsequent mineral property expenses will be capitalized during the development of such property.

Impairment of long-lived assets

The Company assesses long-lived assets for impairment or when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Impairment analysis includes assessment of the following circumstances: a significant decrease in the market price of a long-lived asset or asset group; a significant adverse change in the extent or manner in which a long-lived asset or asset group is being used or in its physical condition; a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset or asset group, including an adverse action or assessment by a regulator; an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset or asset group; a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group; a current expectation that, more likely than not, a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The term more likely than not refers to a level of likelihood that is more than 50%.

Asset retirement obligations

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or contractually required to remediate at the time environmental disturbance occurs. The provision for closure and reclamation liabilities is estimated using expected cash flows based on engineering and environmental reports and accreted to full value over time through periodic charges to profit or loss. As at May 31, 2020, the Company recorded a provision of $373,103 (USD 270,000) (2019 - $419,286 (USD 310,000)) for environmental rehabilitation.

Income taxes

The Company accounts for income taxes under the asset and liability method. 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 bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some portion or the entire deferred tax asset will not be realized.

Share capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Commissions paid to agents, and other related share issuance costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus. Upon exercise of the warrants, the related fair value is reallocated to share capital.

Earnings (loss) per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings (loss) 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 repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. For the year ended May 31, 2020, 12,345,000 outstanding stock options (2019 – 10,000,000) were not included in the calculation of diluted earnings (loss) per share as their inclusion was anti-dilutive.

Stock-based compensation

The Company follows the provisions of Financial Accounting Standards Board Accounting Standards Codification Section 718 "Compensation - Stock Compensation", which establishes accounting for equity based compensation awards to be accounted for using the fair value method. The Company uses the Black-Scholes option pricing model to determine the grant date fair value of the awards. Compensation expense is measured at the grant date and recognized over the requisite service period, on a straight line basis, which is generally the vesting period. Upon exercise of stock options, the related fair value is reallocated to share capital.

Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance or the fair value cannot be reliably established. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction. When the fair value of a non-monetary transaction cannot be reliably measured, it is recorded at the carrying amount (after reduction, when appropriate, for impairment) of the asset given up adjusted by the fair value of any monetary consideration received or given. When the asset received or the consideration given up is shares in an actively traded market, the value of those shares will be considered fair value.

Joint venture accounting

Where the Company's exploration and development activities are conducted with others, the accounts reflect only the Company's proportionate interest in such activities. The Company currently is not a party to any joint venture arrangements.

Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, based on the initial amount of the lease liability. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically adjusted for certain remeasurements of the lease liability.

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

The ongoing lease liability is measured at amortized cost using the effective interest method. It is measured when there is a change in future lease payments, 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.

When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Recently Issued Accounting Standards Updates

Accounting Standards Update No. 2019-01 Leases (Topic 842): Codification Improvements. In March 2019, the FASB issued amendments on certain aspects of the new leasing standards. Accounting Standards Update 2019-01 addresses the following issues: Determining the fair value of the underlying asset by lessors that are not manufactures or dealers; statement of cash flows presentation for sales-type and direct financing leases by lessors within the scope of ASC 942; and clarification of interim disclosure requirements during transition. Public business entities are required to adopt the new standard for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For calendar year-end public companies, this means an adoption date of January 1, 2020. Early adoption is permitted. The adoption of the guidance has no material impact on the Company's consolidated financial statements and disclosures.

Early adoption is permitted. The adoption of the guidance will have an immaterial impact on the Company's consolidated financial statements and disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable