



Group Eleven Resources Corp.

Consolidated Financial Statements

December 31, 2019

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Group Eleven Resources Corp.

Opinion

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

In our opinion, these consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, 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 consolidated financial statements, which indicates that the Company will need to raise additional funds to maintain its current level of operations. 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 consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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



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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 Consolidated Financial Statements

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

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

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

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

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

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

April 29, 2020

GROUP ELEVEN RESOURCES CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31

	2019	2018
Assets		
Current Assets		
Cash	\$ 862,018	\$ 1,936,921
Prepaid expenses	54,651	84,911
Other receivables (Note 4)	79,181	84,816
Total Current Assets	995,850	2,106,648
Non-Current Assets		
Equipment (Note 5)	16,526	25,889
Exploration and evaluation assets (Note 6)	8,897,821	8,897,821
Total Assets	\$ 9,910,197	\$ 11,030,358
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7,12)	\$ 496,708	\$ 557,136
Exploration partner advances (Note 6(d))	435,448	-
Total Liabilities	932,156	557,136
Equity		
Share capital (Note 8)	14,307,404	13,027,584
Reserves (Note 8)	620,689	833,445
Deficit	(8,843,534)	(6,561,119)
Total Shareholders' Equity	6,084,559	7,299,910
Non-controlling interest (Note 9)	2,893,482	3,173,312
Total Equity	8,978,041	10,473,222
Total Liabilities and Equity	\$ 9,910,197	\$ 11,030,358

Nature and continuance of operations (Note 1)**Subsequent event (Note 15)**

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

GROUP ELEVEN RESOURCES CORP.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended December 31

	2019	2018
Operating expenses		
Exploration expenditures (Note 6)	\$ 1,200,629	\$ 1,502,015
Salaries and benefits (Note 12)	814,768	733,444
Management fees (Note 12)	214,818	114,153
Marketing and investor relations	199,271	574,348
General and administrative	245,219	349,984
Professional fees (Note 12)	278,946	299,110
Depreciation (Note 5)	9,363	10,317
Foreign exchange gain	58,576	(19,876)
Interest income	(162)	(38,154)
Share-based payments (Note 8 and 12)	106,464	152,776
Loss and comprehensive loss for the year	\$ (3,127,892)	\$ (3,678,117)
Loss attributable to:		
Shareholders	\$ (2,848,062)	\$ (3,358,527)
Non-controlling interest (Note 9)	(279,830)	(319,590)
	\$ (3,127,892)	\$ (3,678,117)
Basic and diluted loss per common share attributable to shareholders	\$ (0.05)	\$ (0.06)
Weighted average number of common shares outstanding	63,839,869	59,777,477

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

GROUP ELEVEN RESOURCES CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2019 and 2018

(Expressed in Canadian Dollars, unless otherwise stated)

	Share Capital		Reserves	Deficit	Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount					
Balance, December 31, 2017	59,777,477	\$ 13,027,584	\$ 680,669	\$ (3,202,592)	\$ 10,505,661	\$ 3,047,819	\$ 13,553,480
Share-based payments	–	–	152,776	–	152,776	–	152,776
Contributions from Non-controlling interest	–	–	–	–	–	445,083	445,083
Loss for the year	–	–	–	(3,358,527)	(3,358,527)	(319,590)	(3,678,117)
Balance, December 31, 2018	59,777,477	13,027,584	833,445	(6,561,119)	7,299,910	3,173,312	10,473,222
Shares issued for private placement	12,282,265	1,137,423	–	–	1,137,423	–	1,137,423
Warrants issued for private placement	–	–	336,449	–	336,449	–	336,449
Shares issued for debt	499,762	27,375	–	–	27,375	–	27,375
Expiry of warrants	–	115,022	(680,669)	565,647	–	–	–
Share-based payments	–	–	106,464	–	106,464	–	106,464
Deferred share units	–	–	25,000	–	25,000	–	25,000
Loss for the year	–	–	–	(2,848,062)	(2,848,062)	(279,830)	(3,127,892)
Balance, December 31, 2019	72,559,504	\$ 14,307,404	\$ 620,689	\$ (8,843,534)	\$ 6,084,559	\$ 2,893,482	\$ 8,978,041

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

GROUP ELEVEN RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars, unless otherwise stated)
For the years ended December 31

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (3,127,892)	\$ (3,678,117)
Items not affecting cash:		
Depreciation	9,363	10,317
Gain on debt settlement (Note 8(a))	(15,625)	-
Deferred share units	25,000	-
Share-based payments	106,464	152,776
Changes in non-cash working capital items:		
Prepaid expenses	30,260	(2,269)
Other receivables	5,635	68,397
Accounts payable and accrued liabilities	(17,428)	(84,051)
Net cash used in operating activities	(2,984,223)	(3,532,947)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(25,294)
Net cash used in investing activities	-	(25,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from shares issuances	1,473,872	-
Contributions from non-controlling interest	-	445,083
Exploration partner advances	435,447	-
Net cash provided by financing activities	1,909,320	445,083
Change in cash	(1,074,903)	(3,113,158)
Cash, beginning of the year	1,936,921	5,050,079
Cash, end of the year	\$ 862,018	\$ 1,936,921
Non-cash Transactions:		
Shares issued for settlement of debt	\$ 27,375	\$ -

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

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

1. NATURE AND CONTINUANCE OF OPERATIONS

Group Eleven Resources Corp. (the "Company" or "GERC") was incorporated under the laws of the Province of British Columbia, Canada on November 25, 2016, and its principal business activity is the exploration and evaluation of mineral properties. The Company's corporate office is located at 1050 – 400 Burrard Street, Vancouver, British Columbia. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol ZNG and on the OTCQB under the symbol GRLVF.

These consolidated financial statements are prepared on a going concern basis 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 since inception and has no source of recurring revenue. The success of the Company is dependent upon the ability of the Company to obtain necessary financing to continue their exploration and development activities, the confirmation of economically recoverable reserves, and upon establishing future profitable production, or realization of proceeds on disposal.

Management recognizes that the Company will need to raise additional funds to maintain its current level of operations and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. Factors that affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets (see Note 15), and investor perceptions and expectations of the global markets and mining and zinc sector in particular. A failure to raise capital when required could cause a deferral or delay in the current exploration projects, loss of currently held mineral properties, have a material adverse effect on the Company's business, financial condition and results of operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to the adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss, which are stated at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company has adopted IFRS 16 Leases ("IFRS 16") effective January 1, 2019. Changes to the Company's significant accounting policies are described in Note 3.

On April 29, 2020, the Board of Directors of the Company approved these consolidated financial statements for the years ended December 31, 2019 and 2018.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, Group Eleven Resources Ltd. ("GERL") and Group Eleven Mining and Exploration Inc. ("GEME"), a 60% interest in Ballinalack Resources Limited, and a 76.56% interest in TILZ Minerals Ltd., all incorporated in Dublin, Ireland. All inter-company transactions and accounts have been eliminated upon consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

(c) Foreign Currencies

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiaries is also the Canadian dollar.

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 period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

(d) Cash

Cash is comprised of cash on hand and demand deposits.

(e) Financial Instruments

The Company applies the requirements of IFRS 9 – Financial Instruments (“IFRS 9”) which utilizes a model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. The following is the Company’s accounting policy for financial instruments under IFRS 9:

Classification

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

Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Cash is measured at FVTPL.

Impairment of financial assets at amortized cost

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.

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

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.

Derecognition of financial assets

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

(f) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised 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. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

The major categories of equipment noted below are depreciated over their estimated useful life using the following annual rates and methods:

- Computer software and hardware – 3 years straight line
- Exploration equipment – 5 years straight line

Depreciation expense of assets used in exploration are recorded to exploration expenditures. Management reviews the estimated useful lives, residual values and depreciation methods at the end of each financial year and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

(g) Exploration and Evaluation Assets

All costs related to the acquisition of mineral properties are capitalized by property. All exploration and evaluation expenditures are expensed until properties are determined to have economically recoverable resources. These direct expenditures include such costs as materials used, surveying costs, geological studies, drilling costs, payments made to contractors and depreciation of equipment during the exploration phase.

Mineral property acquisition costs for each mineral property are carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped in full through successful exploration and development of the mineral property or alternatively, by sale; or
- Exploration and evaluation activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves; however; active and significant operations in relation to the mineral property are continuing or planned for the future.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged to profit or loss at the time the determination is made.

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined and the Company has made a decision to proceed with development, the property is considered to be a mine under development and is classified as "mining assets", within PP&E. Exploration and evaluation acquisition costs accumulated are also tested for impairment before they are transferred to development properties.

(h) Impairment of Tangible and Intangible Assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(i) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

(j) Share-based Payment Transactions

The cost of stock options and other equity-settled share-based payment arrangements are recorded based on the estimated fair value at the grant date and charged to earnings over the vesting period. The Company uses the fair value method for accounting for stock-based awards to employees, defined as persons classified as employees for legal or tax purposes (direct employee) or alternatively a person providing services similar to those performed by a direct employee. Under the fair value method, compensation expenses attributed to the direct award of stock options to employees are measured at fair value on the grant date for each tranche using an option pricing model and are usually recognized over the vesting period of the award. Stock options granted to non-employees are measured at the fair value of goods or services rendered or at the fair value of the instruments issued, if it is determined that the fair value of the goods or services received cannot be reliably measured.

All share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

(k) Deferred share units

The Company has established a deferred share plan under which deferred share units ("DSUs") are granted to non-executive directors of the Company as part of long-term incentive compensation. DSUs are classified as equity settled share-based payment transactions as the participants will receive either common shares of the Company or payment of cash, or any combination of the foregoing, as determined by the Company in its sole discretion, following a redemption event. As such, the Company recognizes the expense based on the quoted market price of the Company's common shares at the grant date and a corresponding increase in equity for the eventual redemption when the DSUs are issued.

(l) Restricted share units

The Company has established a restricted share plan under which restricted share units ("RSUs") are granted to eligible directors, employees and contractors of the Company. The RSUs are considered equity-settled and are measured using the quoted market price of the Company's common shares at the grant date and recognized as share-based compensation over the vesting period, with a corresponding amount recognized as equity.

(m) Non-controlling Interest

Non-controlling interest in the Company's less than wholly owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to each subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

(n) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

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

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

(o) Loss per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants and convertible loan, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the convertible loans were converted and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, the calculations proved to be anti-dilutive.

(p) Significant Accounting Estimates and Judgments

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

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii. The inputs used in calculating the fair value for share-based payment expense included in profit or loss and comprehensive loss and statement of shareholders' equity. The share-based payment expense is estimated using the Black-Scholes option-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company's principal critical accounting judgment is the determination of functional currency for the parent entity and each of its subsidiaries. Determination of functional currency involves certain judgments to determine the primary economic environment in which each entity operates. This determination is reassessed if there is a change in events and conditions which were used in the determination of the primary economic environment.

The parent and subsidiary entities have a Canadian dollar functional currency.

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

3. ADOPTION OF NEW ACCOUNTING STANDARDS

The Company adopted all of the requirements of IFRS 16 Leases as of January 1, 2019. IFRS 16 replaces IAS 17 Leases ("IAS 17"). IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and a cumulative catch up adjustment is recorded on January 1, 2019 for any differences identified, including adjustments to opening deficit.

The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 resulted in no impact to the opening retained earnings on January 1, 2019.

The following is the Company's new accounting policy for financial instruments under IFRS 16:

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.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is 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.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

4. OTHER RECEIVABLES

Other receivables consist of recoverable amounts paid for value added tax and goods and services tax charged to the Company on purchases of goods or services.

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

5. EQUIPMENT

	Computer Equipment	Computer Software	Exploration Equipment	Total
Cost				
Balance, January 1, 2018	\$ 5,410	\$ 13,190	\$ –	\$ 18,600
Additions	–	–	25,294	25,294
Balance, December 31, 2018	5,410	13,190	25,294	43,894
Balance, December 31, 2019	\$ 5,410	\$ 13,190	\$ 25,294	\$ 43,894
Accumulated Depreciation				
Balance, January 1, 2018	\$ 1,397	\$ 6,291	\$ –	\$ 7,688
Depreciation	1,804	4,397	4,116	10,317
Balance, December 31, 2018	3,201	10,688	4,116	18,005
Depreciation	1,802	2,502	5,059	9,363
Balance, December 31, 2019	\$ 5,003	\$ 13,190	\$ 9,175	\$ 27,368
Net Book Value				
Balance, December 31, 2018	\$ 2,209	\$ 2,502	\$ 21,178	\$ 25,889
Balance, December 31, 2019	\$ 407	\$ –	\$ 16,119	\$ 16,526

6. EXPLORATION AND EVALUATION ASSETS

All of the Company's exploration and evaluation assets are located in Ireland.

	Cumulative to December 31, 2017	Expenditures during the year	Cumulative to December 31, 2018	Expenditures during the year	Cumulative to December 31, 2019
Acquisition costs					
Exploration and evaluation assets acquired	\$ 8,897,821	\$ –	\$ 8,897,821	\$ –	\$ 8,897,821
Total acquisition costs	\$ 8,897,821	\$ –	\$ 8,897,821	\$ –	\$ 8,897,821

	Cumulative to December 31, 2017	Expenditures during the year	Cumulative to December 31, 2018	Expenditures during the year	Cumulative to December 31, 2019
Exploration expenditures					
Licence fees	\$ 115,718	\$ 32,250	\$ 147,968	\$ 88,815	\$ 236,783
Assays	14,004	244,326	258,330	32,687	291,017
Data compilation	206,735	164,519	371,254	229,434	600,688
Drilling	194,993	316,806	511,799	450,890	962,689
Equipment	101,414	138,884	240,298	94,357	334,655
Fieldwork	26,650	225,464	252,114	15,617	267,731
Geology consulting	43,675	51,598	95,273	56,024	151,297
Geophysical surveys	93,323	229,950	323,273	198,580	521,853
Sampling supplies	20,904	4,707	25,611	627	26,238
Technical supervision	1,340	93,511	94,851	33,598	128,449
Total exploration expenditures	\$ 818,756	\$ 1,502,015	\$ 2,320,771	\$ 1,200,629	\$ 3,521,400

a) *Tralee*

Tralee is comprised of twelve licences that were obtained by the Company on December 18, 2015 and expire December 17, 2021 whereupon they can be renewed subject to the Company achieving the spending requirements as outlined below. Eight of the licences are classified as incentive licences, defined as ground which has been unclaimed for more than four years. The remaining four are classified as standard licences, defined as ground which has remained unclaimed for less than four years. Both classifications require escalating expenditures over each successive two-year period during their six-year term in order to be eligible for renewal, increasing

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

from a minimum of €2,500 per licence up to a maximum €20,000 ("Minimum Spending Requirements").

b) *Carrickittle and PG West*

Carrickittle and PG West is comprised of thirty-five licences that were obtained by the Company over various dates. The two Gortdrum related licences were obtained on February 12, 2016, eight were obtained in September 2016, twenty-three in November 2016, and 2 were acquired in August of 2019, each expiring six years from the date obtained. Ten of the licences are classified as incentive licences and the remaining twenty-five are classified as standard licences. The licences renew subject to the Company achieving the Minimum Spending Requirements.

c) *Silvermines*

Silvermines is comprised of five licences that were obtained by the Company on September 27, 2016 and expire on September 26, 2022. Three of the licences are classified as incentive licences and the remaining two are classified as standard licences. The licences are renewable subject to the Company achieving the Minimum Spending Requirements.

An additional twenty licences for the Silvermines North section of the property were obtained in 2017 and 2019 – seven on January 18, 2017, an additional nine on March 27, 2017, and the remaining four on February 28, 2019, each expiring six years from the date obtained. One of the licences is classified as an incentive licence and the remaining fifteen are classified as standard licences. The licences are renewable subject to the Company achieving the Minimum Spending Requirements that are applicable.

d) *Ballinalack*

The Ballinalack project, originally comprised of ten licences located in Counties Westmeath and Longford, north-east Ireland, was acquired on June 30, 2017. The Company has a 60% interest in Ballinalack Resources Ltd. ("BRL"), which owns the Ballinalack project, through GERL, a wholly owned subsidiary. The Company was granted an additional licence for the Ballinalack project on July 2, 2019. The licences expire between November 29, 2021 and February 20, 2022.

On July 12, 2019, Shenzhen Zhongjin Lingnan Nonfemet Company Limited ("Nonfemet"), which has a 40% interest in BRL, advanced €298,600 (\$435,448) to fund future exploration at Ballinalack. As at December 31, 2019, the Company had advanced €150,168 (\$218,990) to fund future exploration. The Company is required to fund the remaining \$506,757 to BRL to maintain the current 60% interest or, alternatively, reduce the Company's current interest in BRL or return the excess contribution amount to Nonfemet. Once the Company has made the required advances BRL intends to issue shares to the Company and Nonfemet to recognize the advances as capital contributions.

The Company was required to spend a total of €500,000 on the property prior to October 31, 2019 to maintain eligibility for renewal. The Company assessed the existing claims and released 5 claims in the northern section of the property, not related to the existing resource, lowering the required spend to €250,000 on the remaining six licences.

e) *Stonepark*

The Stonepark project was acquired on September 8, 2017 and is comprised of six licences, expiring between April 27, 2020 and January 30, 2021, located in County Limerick, south central Ireland. The Company has a 76.56% interest in TILZ Minerals Limited, which owns the Stonepark project, through GERL, a wholly owned subsidiary.

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

December 31	2019	2018
Accounts payable	\$ 387,874	\$ 391,821
Accrued liabilities	108,834	165,315
Accounts payable and accrued liabilities	\$ 496,708	\$ 557,136

8. SHARE CAPITAL

a) Share capital

Authorized: an unlimited number of common shares with no par value.

Issued: 72,559,504 common shares.

The Company did not issue any shares during the year ended December 31, 2018.

From April 3 to April 30, 2019, the Company issued 3,882,265 units ("Units") at a subscription price of \$0.12 per Unit, for total proceeds of \$465,872. Each Unit consists of one common share and one half non-transferrable common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at \$0.24 per share for two years from the date of issue. The warrants issued were valued at \$42,449 based on the residual value method. The Company also issued 116,620 broker warrants on the same terms. The fair value of the broker warrants was nominal.

On May 10, and August 14, 2019, pursuant to a marketing services agreement with VRIFY Technology Inc., the Company issued 171,429 shares at a price of \$0.07 per share for \$12,000 and 120,000 shares at a price of \$0.05 per share for \$6,000, respectively, for services rendered.

On June 17, 2019, pursuant to an advisory agreement with Canaccord Genuity Corp, the Company issued 208,333 shares at a value of \$0.045 per share for \$9,375 in exchange for services of \$25,000 resulting in a gain on debt settlement of \$15,625, which is included in general and administrative expense on the consolidated statements of loss and comprehensive loss.

On October 11, 2019, the Company issued 8,400,000 units ("Units 2") at a subscription price of \$0.12 per Unit 2, for total proceeds of \$1,008,000. Each Unit 2 consists of one common share and one half non-transferrable common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at \$0.24 per share for three years from the date of issue. The warrants issued were valued at \$294,000 based on the residual value method. The proceeds from this private placement are to be used, in part, towards funding certain specified exploration activities.

b) Escrowed Shares

As at December 31, 2019, 6,047,823 common shares were held in escrow, 3,023,912 to be released on June 13, 2020 and the remaining 3,23,911 to be released on December 13, 2020.

c) Stock options

The Company has a stock option plan (the "Plan") that authorizes the Board of Directors to grant options to directors, officers, employees and consultants. The maximum number of common shares issuable pursuant to the exercise of outstanding options granted under the plan is 10% of the issued shares of the Company at the time of granting the options. The maximum number of stock options granted to any one individual in a 12-month period may not exceed 5% of the outstanding common shares of the Company. The maximum number of stock options granted to any one consultant or an individual providing investor relations services in a 12-month period may not exceed 2% of the outstanding common shares of the Company. Options granted to consultants or individuals providing investor relations services will vest over at least 12 months with no more than one-quarter of the options

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

vesting in any three month period. The exercise price of each option will be determined by the Board, subject to the approval of the TSX-V if necessary. Options granted will have a term not to exceed five years and, except for where previously noted, are subject to vesting provisions as determined by the Board.

Total stock options granted during the year ended December 31, 2019 was 830,000 (2018 – 3,505,000). Total share-based payments expense recognized for options granted and vested during the year was \$106,464 (2018 - \$152,776). Stock option transactions are summarized as follows.

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2017	–	\$ –
Granted	3,505,000	0.22
Balance, December 31, 2018	3,505,000	0.22
Granted	830,000	0.08
Expired	(115,000)	0.23
Balance, December 31, 2019	4,220,000	\$ 0.19

Number of Options Outstanding	Weighted Average Remaining Life (Years)	Exercise Price (\$)	Number of Options Currently Exercisable	Expiration Date
285,000	3.14	0.40	190,000	February 19, 2023
30,000	3.20	0.40	20,000	March 13, 2023
2,525,000	3.68	0.20	1,683,333	September 6, 2023
350,000	3.68	0.20	–	September 6, 2023
200,000	3.68	0.20	200,000	September 6, 2023
830,000	2.80	0.08	276,667	October 17, 2022

The fair value of stock options granted were estimated using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2019	December 31, 2018
Risk free interest rate	0%	0%
Expected life of options	3 Years	5 Years
Expected dividend yield	Nil	Nil
Expected stock price volatility	54%	80%
Weighted average fair value per option granted	\$ 0.03	\$ 0.09

d) Restricted Share Units (RSU)

On July 2, 2019, the Company adopted an RSU plan for directors, officers, employees and consultants of the Company. Under the terms of the plan, each vested RSU awarded entitles the RSU holder to receive, subject to adjustment as provided for in the RSU Plan, either one common share in the Company or, at the Company's option, an equivalent cash payment. The RSUs are considered equity settled. RSUs will vest over a period of up to three years from the date of grant. The Company has reserved 2,000,000 common shares for issuance under the RSU Plan, subject to the total RSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company. The Company did not grant any RSU's for the year ended December 31, 2019.

RSUs are measured at fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant and are recognized as share-based compensation expense on a straight-line basis over the vesting period. The corresponding amount is recorded to the share-based payment reserve. Upon the exercise of RSUs, the related share-based payment reserve is transferred

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

to share capital.

e) *Deferred Share Units (DSU)*

On July 2, 2019, the Board amended the terms of the DSU Plan. Under the terms of the amended DSU Plan, each vested DSU awarded entitles the DSU holder to receive, subject to adjustment as provided for in the DSU Plan, either one common share in the Company or, at the option of the Company, an equivalent cash payment. Shares eligible for issuance under the DSU Plan will be subject to the total DSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company.

For the purposes of the DSU Plan, the value of the DSU on the grant date is the market price, being the five-day volume weighted average price of the common shares immediately preceding the grant date. If the common shares are not trading on the TSX-V, then the Market Value shall be determined in the same manner based on the trading price on such stock exchange or over-the-counter market on which the common shares are listed and posted for trading as may be selected for such purpose by the Board.

The DSU Plan was originally considered a cash-settled plan. The 500,000 DSUs granted were valued at \$60,000 with a charge to salaries and benefits and DSU liability recorded. The DSU liability was then adjusted for changes in market price with a corresponding charge to profit or loss. The DSU liability was valued at \$25,000 when the plan was amended and was transferred to reserves.

	December 31, 2019	December 31, 2018
DSU's outstanding, beginning of period	–	–
Granted	500,000	–
DSU's outstanding, end of period	500,000	–

f) *Warrants*

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2017	17,882,950	\$ 0.50
Expired	(12,500,000)	0.50
Balance, December 31, 2018	5,382,950	\$ 0.28
Issued – Private Placement	6,141,133	0.24
Issued – Broker	116,620	0.24
Expired	(5,382,950)	0.28
Balance, December 31, 2019	6,257,753	\$ 0.24

As at December 31, 2019, the following warrants were outstanding:

Number of Warrants	Exercise Price (\$)	Expiry Date
1,764,853	0.24	April 3, 2021
292,900	0.24	April 29, 2021
4,200,000	0.24	October 11, 2022

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

9. NON-CONTROLLING INTEREST

Set out below is the summary financial information for Ballinalack and TILZ, the subsidiaries for which the Company is subject to a material non-controlling interest.

	Ballinalack Resources Limited	TILZ Minerals Limited	Total
Non-controlling interest, December 31, 2017	\$ 2,396,297	\$ 651,522	\$ 3,047,819
Share of loss	(212,397)	(107,193)	(319,590)
Contribution from non- controlling interest	249,808	195,275	445,083
Non-controlling interest, December 31, 2018	2,433,708	739,604	3,173,312
Share of loss	(200,245)	(79,585)	(279,830)
Non-controlling interest, December 31, 2019	\$ 2,233,463	\$ 660,019	\$ 2,893,482

The following table presents the non-controlling interest as at December 31, 2018 and 2019. The information below is before inter-company eliminations.

As at December 31, 2018	Ballinalack Resources Limited	TILZ Minerals Limited	Total
Non-controlling interest percentage	40%	23.44%	
Assets			
Current	\$ 76,419	\$ 559,639	\$ 636,058
Non-current	6,086,296	2,811,525	8,897,821
	6,162,715	3,371,164	9,533,879
Liabilities			
Current	95,483	227,273	322,756
	95,483	227,273	322,756
Net Assets	\$ 6,067,232	\$ 3,143,891	\$ 9,211,123
Non-controlling interest	\$ 2,433,708	\$ 739,604	\$ 3,173,312

As at December 31, 2019	Ballinalack Resources Limited	TILZ Minerals Limited	Total
Non-controlling interest percentage	40%	23.44%	
Assets			
Current	\$ 337,259	\$ 24,199	\$ 361,458
Non-current	6,086,296	2,811,525	8,897,821
	6,423,555	2,835,724	9,259,279
Liabilities			
Current	848,337	48,309	896,646
	848,337	48,309	896,646
Net Assets	\$ 5,575,218	\$ 2,787,415	\$ 8,362,633
Non-controlling interest	\$ 2,233,463	\$ 660,019	\$ 2,893,482

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

The following table presents the loss and comprehensive loss attributable to non-controlling interest for the year ended December 31, 2019:

Year Ended December 31	2019	2018
Loss and comprehensive loss for the year	\$ 3,579,636	\$ 3,678,117
Loss attributable to non-controlling interest		
Ballinalack Resources Limited	200,245	212,397
TILZ Minerals Ltd.	79,585	107,193
	\$ 279,830	\$ 319,590

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The Company monitors its adjusted capital which comprises all components of equity. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. No changes were made to the Company's capital management practices during the year ended December 31, 2019.

11. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at December 31, 2019 the Company had working capital of \$63,694. The Company is exposed to liquidity risk.

Foreign exchange risk

The Company's functional currency is the Canadian dollar. There is a foreign exchange risk to the Company as its exploration and evaluation property interests and resulting future commitments are in Ireland. The Euro translation rate has experienced volatility over the last several years as a result of monetary policies adopted by the European Central Bank. Management monitors its foreign currency balances and adjusts based on anticipated need for currencies. The Company has a policy of not engaging in hedging activities to address this foreign currency risk. At December 31, 2019, the Company had Euro denominated current assets of €553,698 and Euro denominated current liabilities of €520,360. Accordingly, a 10% change in the foreign exchange rate would result in a \$4,862 credit or charge to operations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is currently not exposed to any interest rate risk as cash is held in a non-interest bearing account and the Company does not hold any interest bearing liabilities.

Commodity price risk

While the value of the Company's exploration and evaluation assets is related to the price of zinc and other minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks with respect to its operational activities. Zinc and other mineral prices have historically fluctuated widely and are affected by numerous factors outside of the

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

Company's control, including, but not limited to, the perception of market participants about the price and future price prospects for zinc, changes in manufacturing and construction activity as well as other industrial demands, levels of worldwide production, and forward sales by producers and speculators.

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The fair value of the Company's other receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of the financial instruments. The Company's cash is measured at fair value using Level 1 inputs.

12. RELATED PARTY BALANCES AND TRANSACTIONS

Key Management Compensation

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Their remuneration includes the following:

Year Ended December 31	2019	2018
Salaries and benefits	\$ 646,546	\$ 644,493
Management fees	214,818	114,153
Professional fees	19,750	21,100
Share-based payments	66,258	86,117
Total	\$ 947,372	\$ 865,863

For the year ended December 31, 2019, \$24,752 (2018 - \$115,151) of salaries and benefits were recorded in exploration and evaluation expense. At December 31, 2019, accounts payable and accrued liabilities include \$60,000 (December 31, 2018 - \$60,000) payable to directors of the Company.

13. INCOME TAXES

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

For the year ended December 31,	2019	2018
Loss before income taxes	(\$3,127,892)	(\$3,678,117)
Statutory tax rate	27%	27%
Income tax recovery	(788,000)	(993,000)
Change in statutory, foreign tax, foreign exchange rates and other	160,000	(172,000)
Permanent differences	(104,000)	114,000
Adjustment to prior years provision versus statutory tax returns	188,000	103,000
Change in unrecognized deductible temporary differences	544,000	948,000
Total income tax expense (recovery)	\$ -	\$ -

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

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

As at December 31,	2019	2018
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ 300,000	\$ 172,000
Equipment	7,000	4,000
Share issuance costs	63,000	95,000
Non-capital losses	1,899,000	1,454,000
	2,269,000	1,725,000
Unrecognized deferred tax assets	(2,269,000)	(1,725,000)
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 consolidated statement of financial position are as follows:

	2019	Expiry Dates	2018	Expiry Dates
Temporary Differences				
Exploration and evaluation assets	\$ 1,201,000	No expiry	\$ 687,000	No expiry
Equipment	27,000	No expiry	17,000	No expiry
Share issuance costs	234,000	2022	351,000	2022
Non-capital losses				
Ireland	\$ 4,764,000	No expiry	\$ 3,386,000	No expiry
Canada	\$ 2,621,000	2036 – 2039	\$ 1,772,000	2036 – 2038

14. SEGMENT INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief executive officer, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company undertakes administrative activities in Canada, and is engaged in the acquisition, exploration, and evaluation of certain mineral property interests in Ireland. Accordingly, the Company's operations are in one commercial and two geographic segments. The Company's Equipment (Note 5) and Exploration and Evaluation Assets (Note 6) are held by the Company in Ireland. The remaining assets, including cash and cash equivalents, prepaids and receivables, reside in both of the Company's two geographic locations. The Company is not exposed to significant operating risks as a consequence of the concentration of its assets in Ireland.

15. SUBSEQUENT EVENT

Novel Coronavirus

The Company's business could be adversely affected by the effects of the recent outbreak of respiratory illness caused by the novel coronavirus ("COVID 19"). Since early March 2020, several significant measures have been implemented in Canada and the rest of the world by authorities in response to the increased impact from COVID-19. While the impact to the Company's exploration program and daily operations is expected to be minimal in the near term, the Company cannot accurately predict the impact COVID 19 will have on future permitting of exploration activities.

In particular, the continued spread of the COVID-19 globally could materially and adversely impact the Company's business including, without limitation, employee health, limitations on travel, the availability

GROUP ELEVEN RESOURCES CORP.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at December 31, 2019

of industry experts and personnel, restrictions on planned drill programs and other factors that depend on future developments beyond the Company's control. In addition, the significant outbreak of a contagious disease has resulted in a widespread health crisis that has adversely affected the economies and financial markets of many countries (including Canada), resulting in a potential economic downturn that may negatively impact the Company's financial position, financial performance, cash flows, and its ability to raise capital, in 2020.