

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Dated: March 18, 2020

Management's Responsibility for Financial Reporting:

The accompanying financial report for the year ended December 31, 2019 has been prepared by management using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Other information contained in this document has also been prepared by management and is consistent with the data contained in the annual financial report.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the financial report and MD&A (together the "filings") do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings.

The Board of Directors approves the financial report together with the other financial information included in the filings and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all corporate filings prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding both the Company's plans and operations included in the "Description of Business" with respect to management's planned exploration and other activities, and in "Liquidity", and "Corporate Summary" regarding management's estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company's common shares, are plans and estimates of management only and actual results and outcomes could be materially different.

Description of Business:

BARSELE, SWEDEN:

The Company is engaged primarily in the acquisition, exploration, and evaluation of mineral properties.

The Barsele Property is located 40 km southeast of the town of Storuman in Västerbottens Län, a regional district of northern Sweden approximately 600 km due north of Stockholm. Exploration in the project area has been ongoing for more than 30 years. From 1985 to 2010, a total of 398 diamond drill holes (43,609 metres) have been drilled and in 2006, Northland Resources S.A. ("Northland") completed a National Instrument 43-101 technical report which contained resource estimates of both indicated and inferred resources and was filed on SEDAR by Northland on April 13, 2006.

On October 27, 2010, The Company's predecessor company, Orex Minerals Inc. ("Orex") announced the acquisition of the Barsele Project from Northland.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

The Central-Avan-Skiråsen (CAS) Zone at Barsele is an orogenic gold deposit, which contains most of the documented gold in the 2006 resource report with a grade similar to other gold deposits in the area. In the CAS Zone, gold mineralization is predominantly within a granodiorite that has been deformed, sheared and intruded by late stage quartz veins and ranges in width from 200 to 500 metres, with a strike-extent in excess of eight kilometres. The Central and Skiråsen Zones have a combined strike length of 1,350 metres and a width of 250 metres. The Avan Zone has a strike length of 1,400 metres and a width varying from 200 to 500 metres. Base metal content of this deposit is typically low.

The Norra Zone, a small massive sulphide deposit, contains the balance of the gold reported in the 2006 resource report although the overall grade for this deposit is higher than at the CAS Zone. In the Norra Zone, sulphide mineralization is exposed in two open trenches in the centre of the drilled zone. Based on drilling, the footprint of the main mineralized body at Norra is 300 metres in strike-length and 50 metres in width.

On February 28, 2011, Orex reported that an independently verified mineral resource estimate had been completed on the Barsele Property. A new estimate was also prepared at this time for the Norra volcanogenic massive sulphide deposit. On April 27, 2011, Orex filed a National Instrument 43-101 compliant technical report on SEDAR.

In May, 2011, Orex initiated a 2,500 line-kilometre airborne geophysical survey of the Barsele Property, performed by SkyTEM Surveys ApS ("SkyTEM") of Denmark. SkyTEM used a helicopter-borne Time-Domain Electromagnetic (TDEM) System which had a transmitter moment of 500,000 NIA to maximize the depth of penetration. The airborne survey yielded high resolution maps of the apparent resistivity/conductivity, total magnetic field, and vertical magnetic derivatives. Following interpretation of the airborne results, in July 2011, Orex reported that there were a significant number of new anomalous targets outside of the known mineralized zones.

In August, 2011, Orex engaged Finland-based SuomenMalmiOy ("SMOY") and LeBel Geophysics to conduct ground follow-up surveys. The majority of the new anomalous targets lie outside of the known mineralized zones. Initially 12 gold targets and 25 VMS targets were outlined as warranting follow-up by way of geological examination, and ground magnetic and induced polarization (IP) and electromagnetic (EM) surveying. SMOY carried out IP surveying, toward detection of the disseminated-style of mineralization associated with the Central, Avan and Skiråsen Zones at Barsele, wherein, gold mineralization is associated with non-magnetic dioritic intrusive rocks, indicated by magnetic lows. A total of 30 line kilometres was completed in four areas.

In addition, 9 VMS targets were surveyed by LeBel Geophysics, utilizing a very low frequency (VLF) EM method, which has proven efficient and successful in characterizing the airborne EM VMS targets. A total of 30 line-kilometres was completed. Preliminary analysis of the VLF-EM surveying suggests an extension of the Norra base/precious metal deposit and shows other VMS targets with favourable geophysical signatures with respect to VMS-style mineralization. Examination of government archives revealed a historic high-grade float boulder discovered within the property grading 33 g/t gold and 7% zinc, which is believed to be associated with one of the anomalies located up-ice within the claims.

After completing the initial phase of ground geophysics, in November 2011, Orex commenced diamond drilling to test both the strike extensions and depth potential of the deposits outlined to date. ProtekNorr AB of Skellefteå, Sweden, was retained to conduct a 6,200 metre diamond drill program. In this first phase of drilling, 16 holes were completed; 12 in the Central Zone and 4 in the Avan Zone. The assay results from the Central Zone expanded the boundaries of the known mineralization, both laterally and vertically.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

On November 7, 2012, Orex reported that an independent updated resource estimate had been completed on the Barsele Property by the consulting firm, Mining Plus. The study concluded that drilling to date on the Central-Avan-Skiråsen Zones, at a 0.6g/t cut-off, outlined an Indicated Resource of 14.1 million tonnes grading 1.21 g/t gold for 547,000 contained ounces of gold. In addition, the study estimated additional Inferred Resources of 20.2 million tonnes grading 0.97 g/t gold for 627,000 contained ounces of gold. The resource estimate was performed to a depth of 300 metres, although gold mineralization is known to occur below this depth.

A new estimate was not prepared for the Norra volcanogenic massive sulphide deposit. In February, 2011, a resource estimate at a 0.6g/t Au cut-off outlined an Indicated Resource of 110,000 tonnes grading 3.13 g/t gold, 30.27 g/t silver, 0.53% copper and 0.72% zinc. The study also estimated additional Inferred Resources of 310,000 tonnes grading 1.62 g/t gold, 12.69 g/t silver, 0.26% copper and 0.42% zinc.

At least three other target areas of known gold and/or base metal mineralization have been reported from the various generations of regional exploration outside the CAS Zone and Norra Zone. Further exploration is also warranted in these zones.

In fiscal 2013, Orex reached an alternative payment arrangement with Barsele Guld with regards to its outstanding deferred consideration obligations. The amended payment terms were as follows:

- (a) Upon receipt of TSX Venture Exchange approval, US\$250,000 in cash and 4,000,000 common shares of Orex.
- (b) On or before December 31, 2013, US\$1,750,000 in cash.

Finally, on October 21, 2013, the terms were altered in that the deferred consideration valued at \$3,974,406 was settled. The value of \$3,974,406 was an increase of \$150,374 from April 30, 2013 due to interest expense of \$64,833 and foreign exchange of \$85,541. The balance was settled with the issuance of 7,500,000 shares of Orex valued at \$1,912,500, and cash of \$257,615 (USD 250,000). As a result, Orex recorded a gain on settlement of deferred consideration in the amount of \$1,804,291. Closure of this amended agreement, giving Orex 100% ownership of the Barsele Project, was announced in a news release dated October 21, 2013.

Total drilling at the end of October, 2015 on the Barsele Project equaled 49,809 metres in 414 drill holes.

On February 23, 2015, Orex announced a Letter of Intent for a joint venture on the Barsele Project with Agnico Eagle Mines Ltd. ("Agnico Eagle"). On August 6, 2015, Orex announced an arrangement agreement to spin out its interest in the Barsele Project to a wholly-owned subsidiary Barsele Minerals Corp. ("the Company"). Completion of the spin out was announced on September 25, 2015. Orex retains a two percent (2%) net smelter royalty on the Barsele project.

On September 25, 2015, the Company was transferred from Orex, a 45% interest in the Barsele Project which include Gunnarn Mining AB and Gunnarn Exploration AB (collectively "Barsele JV"). The project is now a joint venture transaction with Agnico Eagle Mines Limited with respect to the Company's Barsele Project. As part of the joint venture agreement, Agnico Eagle has committed to spend US \$7 million on Project expenditures over three years and will earn an additional 15% interest in the corporate entity, which owns the Project, if it completes a pre-feasibility study.

On October 20, 2015, the Company announced that an exploration program for the Barsele Project had been approved by Agnico Eagle and the Company, with Agnico Eagle serving as operator, under the guidance of a joint venture technical committee. The 2015 exploration budget totals approximately US\$ 3.25 million and commenced immediately upon announcement.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

Diamond drilling around the existing resource areas, plus along down-plunge extensions was planned for approximately 12,300 metres utilizing four drilling rigs. Additional trenching, structural mapping, till sampling, hyperspectral imaging, plus metallurgical and environmental studies are also underway.

Progress updates on the Barsele Project exploration were distributed on February 29, 2016, April 13, 2016 and May 4, 2016. (Barsele Minerals Corp. news releases). Since October 2015, Agnico Eagle has drilled a total of 25 holes in the Barsele Central and Skiråsen Zones for 13,264 metres as per Agnico Eagle update summary drafted April 29, 2016. On February 29, 2016, the Company announced an intercept in the Skiråsen Zone, hole CNT15016, of 112 metres core length (estimated 84 metres true thickness) grading 2.01 g/t gold. This hole is located 650 metres southeast of the Central Zone. A highlight of the April 13th, 2016 news release is an intercept in the Skiråsen Zone, SKI-15001, of 61 metres core length (estimated 45.75 metres true thickness grading 1.61 g/t gold).

A highlight from the May 4, 2016 news release was a recognition that the Central and Skiråsen gold zones are connected. The combined Central-Skiråsen Zone has a strike length of approximately 1,400 metres and extends from surface to a depth of at least 540 metres, ranging in width from 10 to 150 metres. Mineralization remains open at depth and along strike.

A highlight from the July 14, 2016 news release was a drill intercept from hole SKI-16006 of 69.8 meters grading 1.31 g/t gold, including 25.7 meters grading 2.17 g/t gold from the Skiråsen Zone. This intercept extends the known Skiråsen mineralization by approximately 200 meters down plunge from the 78.8 m intercept in hole SKI-16005.

A highlight from the August 2, 2016 news release was a drill intercept from hole SKI-16007 of 33.0 meters grading 4.08 g/t gold uncut (1.87 g/t gold cut). Drilling in the first half of 2016 totals 8,807 meters and a cumulative total of 17,192 meters has been drilled since the beginning of the joint venture in October 2015.

Highlights from the September 12, 2016 news release relates to drilling along the Avan Zone, where drill hole AVA16-005 intersected 6.0 meters grading 16.20 g/t gold and 26.00 meters grading 2.22 g/t gold and drill hole AVA16-007 intersected 33.40 meters grading 1.68 g/t gold and 8.00 meters grading 3.23 g/t gold.

Highlight results from the October 27, 2016 news release included the extension of the Central Zone 175 meters northwest toward the Avan Zone, where drill hole CNT16-001 intersected 27.00 meters grading 1.80 g/t gold and CNT16-002 intersected 134 meters core length grading 1.11 g/t gold, including 39.00 meters grading 2.41 g/t gold. It was also announced that Agnico Eagle Mines Ltd., increased their Barsele 2016 exploration budget by \$US2.5 million dollars. Planned drill meterage has increased from 19,000 to 36,000 meters.

Highlight results from the November 23, 2016 news release was the confirmation that joint venture partner Agnico Eagle Mines Ltd. had fulfilled its expenditure commitment of \$US7 Million dollars, ahead of the June 11, 2018 deadline.

Highlight result from the December 14, 2016 news release was the result of expansion drilling extending the Central Zone mineralization 345 meters WNW towards the Avan Zone, with hole CNT 16011 yielding 23.0 meters grading 7.90 g/t gold at 275 meters depth.

Highlight results from the January 17, 2017 news release were conversion hole SKI16010 adding continuity to the Skiråsen Zone with 6.0 meters grading 33.46 g/t gold, plus 178.0 meters grading 1.68 g/t gold, plus expansion hole CNT16017 yielding 31.0 meters grading 2.65 g/t gold.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

On February 21, 2017, the Company provided a news release with the announcement that Agnico Eagle has prepared an updated mineral resource estimate for Barsele.

On February 27, 2017, the Company announced that they had retained AMEC Foster Wheeler for a resource review.

Highlight results from the March 6, 2017 news release was the result that validation hole AVA16024 extends Avan mineralization 375 meters NW of the known Avan Zone, plus conversion hole SKI16015 yielded 31.0 meters grading 2.29 g/t gold and conversion hole CNT 16032 yielded 92.0 meters grading 1.63 g/t gold.

The highlight result from the April 4, 2017 news release was infill hole SKI17003 yielding 8 gold intercepts, including 4.0 meters grading 60.18 g/t gold and extending Skiråsen mineralization to 595 meters' depth.

The highlight result from the May 9, 2017 news release was expansion hole SKI16002 yielding 13.0 meters grading 2.15 g/t gold and extending Skiråsen mineralization an added 100 meters to 695 meters' depth, with the gold mineralized system remaining open down plunge to the southeast.

The highlight result from the June 21, 2017 news release was expansion hole CNT17006 that yielded 25.0 meters grading 5.34 g/t gold outlining 100 meters of potential extension to a high-grade intersection first encountered in hole CNT16011.

The highlight result from the September 19, 2017 news release was infill hole CNT17012 that yielded 19.75 meters grading 5.07 g/t gold, indicating continuity along the 100-meter gap between the Central and Skiråsen zones.

Highlights from the October 19, 2017 news release, include the result of metallurgical testing that yielded approximately 92 percent gold recovery, plus drilling at Risberget, 3.7 kilometres to the east-southeast of Skiråsen, that yielded four significant gold hits, with a best result of 15.3 meters grading 1.87 g/t gold.

Highlights from the November 21, 2017 news release include positive results from both gold and massive sulphide targets with, expansion hole CNT17020 yielding 21.0 meters grading 2.96 g/t gold. A regional surface till sampling program was carried out during the summer months. This work has resulted in a broad area with anomalous precious and base metal responses in the northern third of the property, several kilometers to the north of existing drilling. As the Barsele Project was originally discovered using till sampling, these results are considered significant.

Highlights from the January 3, 2018 news release include holes from the Risberget area including RIS17007 that yielded 32.0 meters grading 2.92 g/t gold and RIS17005 that yielded 1.0-meter grading 248.0 g/t gold. At the Norra VMS target area hole NOR17007 yielded 9.5 meters grading 1.40 g/t gold, 10.54 g/t silver, 1.61% zinc. In the Central gold zone, drill hole CNT17028 yielded the deepest gold intersection to date, with 12.0 meters grading 3.61 g/t gold at a midpoint depth of 875 meters below surface. During the month of November 2017, four diamond drilling machines were operational within the property. Three infill drill holes and ten regional exploration drill holes were completed during the month, with three drill holes ongoing at month's end. Twelve holes are reported in this news release of which two are expansion and six are infill, and two are VMS related tests at Norra and two are regional tests at Risberget.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

Highlights from the January 18, 2018 news release include a hit from hole SKI17009 from the Skiråsen Zone, that yielded 95.0 meters grading 1.63 g/t gold, including 30.0 meters grading 2.10 g/t gold. At Avan, hole AVA17034 has extended two gold lodes by 150 meters with a highlight hit of 12.0 meters grading 2.37 g/t gold. Recent drilling has expanded the Risberget gold potential zone from 250 meters to 1,300 meters.

On March 27, 2018 the Company news release provided an update for December 2017 and January 2018 operations on the Property, including 23 holes of diamond drilling results. Drilling by two machines during January completed 1,555.9 metres total. At the Skiråsen Zone, highlight results include hole SKI17015 which cut seven mineralized zones with highlight hits of 11.0 metres core length (estimated 6.0 metres true thickness) grading 4.18 g/t gold at a midpoint depth of 520 metres below surface plus 22.0 metres core length (estimated 12.0 metres true thickness) grading 1.88 g/t gold at a midpoint depth of 565 metres below surface and 4.0 metres core length (estimated 2.2 metres true thickness) grading 3.96 g/t gold at a midpoint depth of 615 metres below surface.

On April 12, 2018, the Company filed on SEDAR an updated mineral resource estimate report entitled “NI 43-101 Technical Report and Mineral Resource Estimate on the Barsele Property” with an effective date of February 15, 2018 for the Avan-Central-Skiråsen gold zones at Barsele, with 15,279,000 tonnes at 2.91 g/t gold, containing 1,427,000 Inferred ounces and 2,399,000 tonnes at 2.50 g/t gold containing 193,000 Indicated ounces (all at a 1.75 g/t gold cut-off grade). Carl Pelletier, P. Geo., B.Sc., of InnovExplo Inc., of Val d’Or, Quebec takes responsibility as Qualified Person for this mineral resource estimate.

On April 16, 2018 the Company news release contained information regarding the February, 2018 drilling and results, which included two diamond drilling machines operating on the Property, for a total of 2,598.9 metres drilled. At the Skiråsen Zone, highlight results include hole SKI17016 which intersected gold mineralization that averaged 2.43 g/t gold uncut (1.86 g/t gold cut) along a core length of 176.0 metres (333.00 metres to 509.00 metres downhole). As project operator, Agnico Eagle has developed a community relations program to engage the various stakeholders in the Barsele Project area. Basic environmental assessment and surface water characterization, species studies and hydrogeology studies are ongoing.

On July 5, 2018, the Company announced an operational update for March through May 2018. Four drills became operational on April 10, 2018. As of the end of May, 2018, 18,252 meters of core has been collected from 43 drill holes, since drilling resumed in early January, 2018. Highlight hits, include Avan drill hole AVA18003, that intersected 9.0 metres core length grading 35.72 g/t gold uncut (5.58 g/t gold cut) at a midpoint depth of 200 metres below surface. AVA18001 cut four gold zones with a best hit of 17.4 metres core length grading 2.54 g/t gold and NOR18007 along the Stentjärnen trend, parallel to Avan-Central- Skiråsen zones, cut 3.2 metres grading 2.97 g/t gold.

On August 13, 2018 the Company announced drill results for the month of June, that include drill hole SKI18003B from the Skiråsen Zone that yielded an intercept of 27.0 metres grading 4.12 g/t gold, while SKI18002 cut six gold zones with a best hit of 9.0 metres grading 3.76 g/t gold and SKI18003 cut 2.0 metres grading 29.17 g/t gold. At the Avan Zone, hole AVA18006 cut 24 metres grading 3.76 g/t gold. At the Central Zone, hole CNT18006 cut 3.0 metres grading 11.12 g/t gold. From January through June 2018, total meterage drilled equalled 21,717 metres from 50 completed core holes.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Description of Business (cont'd...):

BARSELE, SWEDEN (continued):

On September 20, 2018 the Company announced drill results for the month of July, that include expansion drill hole SKI18004 at the Skiråsen Zone that intersected nine mineralized intervals including 26.55 metres grading 2.43 g/t gold, plus 5.0 metres grading 4.0 g/t gold, plus 14.0 metres grading 4.97 g/t gold, while SKI18005 cut 5.0 metres grading 3.35 g/t gold. At the Central Zone, expansion hole CNT18005 cut 5.0 metres grading 4.71 g/t gold, while CNT18007B cut nine mineralized intervals, including 11.0 metres grading 2.30 g/t gold. From January, 2018 through July, 2018, total meterage drilled equalled 23,127 metres from 53 completed core holes.

On November 14, 2018, the Company announced drill results for the month of August, that include expansion drill hole SKI18007 at the Skiråsen Zone that intersected five mineralized intervals, including a best intercept of 15.0 metres grading 3.74 g/t gold. At the Central Zone, infill drill hole CNT18009, cut 57.0 metres grading 1.60 g/t gold and infill drill hole CNT18008 intersected 58.1 metres grading 1.37 g/t gold. From January, 2018 through August, 2018, total meterage drilled equalled 27,346 metres from 66 completed core holes.

On January 31, 2019, the Company announced remaining results from the drilling of the Avan-Central-Skiråsen zones, with expansion hole AVA18013 at the Avan Zone, intersecting 21.0 metres grading 3.68 g/t gold, while expansion hole AVA18012 cut 16.0 metres grading 2.76 g/t gold. At the Central Zone, expansion hole CNT18012 cut 25.0 metres grading 1.79 g/t gold. Additionally, at Risberget, regional hole RIS18002 cut 9.0 metres grading 1.98 g/t gold and regional hole SKI18009 cut 22.0 metres of semi-massive sulphides. Drilling during 2018 totalled 34,998 metres. Since drilling commenced in late 2015, a total of 135,142 metres of drilling has been completed.

On February 21, 2019, the Company announced an updated mineral resource estimate on the Barsele Property with an effective date of February 14, 2019. The study concludes that diamond drilling to date along the Avan-Central-Skiråsen gold zones at a 0.50 g/t gold cut-off for a pit constrained extraction mining method and a 1.50 g/t gold cut-off for a bulk underground extraction mining method and a 1.80 g/t gold cut-off for a selective underground extraction mining method, has in combination, outlined an Inferred Resource of 25,495,000 tonnes grading 2.54 g/t gold (2,086,000 ounces of contained gold) and an Indicated Resource of 5,578,000 tonnes grading 1.81 g/t gold (324,000 ounces of contained gold). Harold Brisson, P. Eng. and Carl Pelletier, P. Geo., B.Sc., both from InnovExplo Inc., of Val d'Or, Quebec have taken responsibility as Qualified Persons for this mineral resource estimate.

On April 2, 2019, the Company announced the filing of the Barsele Gold Project NI 43-101 Technical Report on SEDAR. The report has been prepared in accordance with Canadian Securities Administrators' National Instrument 43-101 and a copy of the report may be found under the Company's profile at www.sedar.com and on the Company's website at www.barseleminerals.com.

On August 6, 2019, the Company announced drill results for the months January through June 2019 that include "VMS" drill holes NOR19006 that cut 3.4 metres grading 9.96 g/t gold, 6.34% zinc, 1.72% copper, 94.61 g/t silver, plus NOR19007 that cut 5.0 metres grading 5.09 g/t gold, 41.85 g/t silver, plus NOR19008 that cut 12 metres grading 11.04 g/t gold, 1.44% zinc, 0.29% copper, 74.22 g/t silver, plus NOR19009 that cut 10.0 metres grading 8.86 g/t gold, 5.17% zinc, 1.51% copper, 78.63 g/t silver.

For the 2019-year, meterage drilled at Barsele totaled 12,310 metres in 56 completed core holes. Since assuming management of the Project in 2015, Agnico Eagle has drilled a total of 147,452 metres of overburden penetration and core collection from a total of 367 core holes. Hole AVA19007 yielded 1.0-meter grading 6.57 g/t gold and extended the Avan-Central-Skiråsen gold zones, 600 metres to the northwest, for a known strike length approaching 3.6 kilometres. Regional VMS hole AVA19005 yielded 21.55 metres grading 0.18% zinc, 2.50 g/t silver and Expansion VMS hole NOR19022 yielded 0.80-meter grading 3.89 g/t gold, 0.12% zinc.

Art Freeze, P.Geo., is the Qualified Person, as defined in National Instrument 43-101, and takes responsibility for the technical disclosure in this report with regards to the Barsele Property.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Results of Operations for the three month periods ended December 31, 2019 and 2018:

During the three-month period ended December 31, 2019, the Company incurred exploration expenses amounting to \$48,309 (2018 - \$157,555). Exploration expenses during the three months ended December 31, 2019 were lower than the three months ended December 31, 2018 and consisted of fees paid to geologists as well as travel costs to visit the property. The three month period ending December 31, 2018 was higher due to fees paid to a third party consultant completing the Company's technical report, which was not needed in 2019. Fees paid to geologists were also decreased during the three month period ending December 31, 2019 than the three month period ending December 31, 2018.

General operating costs totalled \$1,153,043 (2018 - \$261,525) for the three months ended December 31, 2019. These costs primarily included consulting of \$33,667 (2018 - \$42,618), investor relations of \$56,581 (2018 - \$21,290), management fees of \$70,303 (2018 - \$99,886), office and administrative fees of \$55,210 (2018 - \$76,231), professional fees of \$14,662 (2018 - \$8,083), share-based payments of \$919,126 (2018 - \$Nil) and transfer agent and filing fees of \$3,495 (2018 - \$13,420). General operating costs were comparable other than investor relations, office and administrative and share-based payments expense. Investor relations expense increased due to the Company increasing their investor relations needs such as additional publications and travel to conferences. General and administration decreased due to timing of the Company's administrative needs. During the three months ended December 31, 2019 options were granted and vested resulting in a fair value of \$919,126 in share-based payments expense recognized using the Black-Scholes Model. Share-based payments expense of \$Nil for the three months ended December 31, 2018 was due to no options granted or vested in the period.

Interest income for the three months ended December 31, 2019 was \$5,806 (2018 - \$4,281), a result of interest earned on the Company's cash balance.

In summary, the loss in the three month period ended December 31, 2019 amounted to \$1,195,546 (2018 - \$414,799) or \$0.01 (2018 - \$0.00) per share.

Results of Operations for the year ended December 31, 2019 and 2018:

During the year ended December 31, 2019, the Company incurred exploration expenses amounting to \$295,174 (2018 - \$354,328). Exploration expenses in both years consisted of fees paid to geologists, third party consultants assisting with the updated mineral resource report, as well as travel costs to visit the property. Exploration expenses for the year ended December 31, 2019 were lower than December 31, 2018 due to decreased fees paid to geologists and less trips to Sweden.

General operating costs totalled \$1,860,356 (2018 - \$2,557,680) for the year ended December 31, 2019. These costs primarily included consulting of \$110,167 (2018 - \$119,118), investor relations of \$273,829 (2018 - \$182,941), management fees of \$252,463 (2018 - \$293,046), office and administrative fees of \$222,718 (2018 - \$335,734), professional fees of \$43,694 (2018 - \$38,632), share-based payments of \$919,126 (2018 - \$1,554,745) and transfer agent and filing fees of \$38,341 (2018 - \$33,733). General operating costs were comparable other than investor relations, office and administrative and share-based payments expense. Investor relations expense increased due to the Company increasing their investor relations needs such as additional travel to conferences and publications. General and administration decreased due to timing of the Company's administrative needs. The decrease in share-based payments expense was due to the number of stock options granted and vesting during the year ended December 31, 2019 compared to 2018 as well as the fair value calculated using the Black- Scholes option pricing formula.

Interest income for the year ended December 31, 2019 was \$26,586 (2018 - \$27,319), a result of interest earned on the Company's cash balance.

In summary, the loss in the year ended December 31, 2019 amounted to \$2,128,944 (2018 - \$2,884,689) or \$0.02 (2018 - \$0.02) per share.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Selected Annual Financial Information:

| | For the Year Ended December 31, 2019 | For the Year Ended December 31, 2018 | For the Year Ended December 31, 2017 | For the Year Ended December 31, 2016 |
|---|---|---|---|---|
| Total revenues | Nil | Nil | Nil | Nil |
| Loss and comprehensive loss for the year: | | | | |
| (i) total for the year | \$ 2,128,944 | \$ 2,884,689 | \$ 2,770,731 | \$ 2,122,888 |
| (ii) loss per share – basic and diluted | (0.02) | (0.02) | (0.03) | (0.02) |
| Net loss: | | | | |
| (i) total for the year | \$ 2,128,944 | \$ 2,884,689 | \$ 2,770,731 | 2,122,888 |
| (ii) loss per share – basic and diluted | (0.02) | (0.02) | (0.03) | (0.02) |
| Total assets | 1,123,878 | 2,175,222 | 1,728,425 | 932,109 |
| Total long-term financial liabilities | - | - | - | - |
| Cash dividends declared per-share | Nil | Nil | Nil | Nil |

Selected Quarterly Financial Information:

| | Revenues | (Loss) Gain for the period | (Loss) Gain per share |
|--|-----------------|---------------------------------------|----------------------------------|
| 4 th Quarter ended December 31, 2019 | Nil | \$(1,195,546) | \$(0.01) |
| 3 rd Quarter ended September 30, 2019 | Nil | \$(286,030) | \$(0.00) |
| 2 nd Quarter ended June 30, 2019 | Nil | \$(293,823) | \$(0.00) |
| 1 st Quarter ended March 31, 2019 | Nil | \$(353,545) | \$(0.00) |
| 4 th Quarter ended December 31, 2018 | Nil | \$(414,799) | \$(0.00) |
| 3 rd Quarter ended September 30, 2018 | Nil | \$(1,830,613) | \$(0.02) |
| 2 nd Quarter ended June 30, 2018 | Nil | \$(286,641) | \$(0.00) |
| 1 st Quarter ended March 31, 2018 | Nil | \$(352,637) | \$(0.00) |

During the three month period ended December 31, 2019, the Company incurred exploration expenses amounting to \$48,309 and \$43,831 for the three month period ended September 30, 2019. Exploration expenditures during the three months ended December 31, 2019 consisted of fees paid to geologists, as well as travel costs to visit the property. General operating costs totaled \$1,153,043 during the three months ended December 31, 2019 and \$247,814 during the three months ended September 30, 2019. The increase in operating expenses was mainly due to share-based payments of \$919,126 during the three months ended December 31, 2019 and \$Nil during the three months ended September 30, 2019.

During the three month period ended September 30, 2019, the Company incurred exploration expenses amounting to \$43,831 and \$46,640 for the three month period ended June 30, 2019. Exploration expenditures during the three months ended September 30, 2019 consisted of fees paid to geologists, as well as travel costs to visit the property. General operating costs totaled \$247,814 during the three months ended September 30, 2019 and \$254,380 during the three months ended June 30, 2019, were comparable.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Selected Quarterly Financial Information (cont'd...)

During the three month period ended June 30, 2019, the Company incurred exploration expenses amounting to \$46,640 and \$156,394 for the three month period ended March 31, 2019. Exploration expenditures during the three months ended March 31, 2019 consisted of fees paid to geologists, third party consultants assisting with the updated mineral resource, as well as travel costs to visit the property. The Company completed its updated mineral resource on April 2, 2019 and therefore had less expenditures relating to this during the three months ended June 30, 2019 compared to the three months ended March 31, 2019. General operating costs totaled \$254,380 during the three months ended June 30, 2019 and \$205,119 during the three months ended March 31, 2019, were comparable.

During the three month period ended March 31, 2019, the Company incurred exploration expenses amounting to \$156,394 and \$157,555 for the three month period ended December 31, 2018 and were comparable and consisted of fees paid to geologists, third party consultants assisting with the updated mineral resource, as well as travel costs to visit the property. General operating costs totaled \$205,119 during the three months ended March 31, 2019 and \$261,525 during the three months ended December 31, 2018, were comparable.

During the three month period ended December 31, 2018, the Company incurred exploration expenses amounting to \$157,555 and \$49,175 for the three month period ended September 30, 2018 and were higher due to increased time commitments by third party consultants assisting with the updated mineral resources. General operating costs totaled \$261,525 during the three months ended December 31, 2018 and \$1,789,951 during the three months ended September 30, 2018. The decrease in operating expenses was mainly due to share-based payments of \$1,554,745 during the three months ended September 30, 2018 and \$Nil during the three months ended December 31, 2018.

During the three month period ended September 30, 2018, the Company incurred exploration expenses amounting to \$49,175 and \$53,110 for the three month period ended June 30, 2018 and were comparable. General operating costs totaled \$1,789,951 during the three months ended September 30, 2018 and \$242,681 during the three months ended June 30, 2018. The increase in operating expenses was mainly due to share-based payments of \$1,554,745 during the three months ended September 30, 2018 and \$Nil during the three months ended June 30, 2018.

During the three month period ended June 30, 2018, the Company incurred exploration expenses amounting to \$53,110 and \$94,488 for the three month period ended March 31, 2018. The decrease was a result of the Company completing its mineral resource estimate during the second quarter of 2018 resulting in decreased exploration expenses. General operating costs totaled \$242,681 during the three months ended June 30, 2018 and \$263,524 during the three months ended March 31, 2018 and were comparable.

During the three month period ended March 31, 2018, the Company incurred exploration expenses amounting to \$94,488, and \$157,248 for the three month period ended December 31, 2017. The Company completed its mineral resource estimate subsequent to March 31, 2018, fees associated with the report were incurred primarily in the fourth quarter of 2017 resulting in higher exploration expenditures for that period. General operating costs totalled \$263,524 for the three months ended March 31, 2018. Operating costs for the three months ended December 31, 2017 excluding share-based payments totalled \$211,284. The difference arose mainly from increased spending on investor relations in the three months ended March 31, 2018 on conferences and marketing materials.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Liquidity:

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

The operating loss for the year ended December 31, 2019 is \$2,128,944 (2018 - \$ 2,884,689) after adjustments for non-cash items and changes in other working capital balances, cash used in operating activities was \$1,223,708 (2018 - \$1,302,800).

The cash provided by financing activities during the year ended December 31, 2019 consisted of proceeds from option exercises of \$175,000 (2018 - \$186,500) and warrant exercises of \$Nil (2018 - \$1,593,000).

As a consequence, the Company's cash position decreased from an opening level of \$2,095,170 at the beginning of the period to \$1,046,462.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. The Company continues to use various strategies to minimize its dependence on equity capital, included the securing of joint venture partners where appropriate.

Capital Resources:

The Company considers its capital structure to be shareholder equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and relies primarily on the funds derived from the spin-out and future equity financings to meet its capital requirements.

There can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Equity investment - exploration and evaluation assets:

On September 25, 2015, a 45% interest in the Barsele Project which included Gunnarn Mining AB and Gunnarn Exploration AB (collectively “Barsele JV”) was transferred from Orex Minerals Inc. (“Orex”) to the Company pursuant to a plan of arrangement. The Barsele Project is now a joint venture with Agnico Eagle Mines Limited (“Agnico”). As part of the joint venture agreement, Agnico committed to spend US \$7 million on Project expenditures over three years and can earn an additional 15% interest in the corporate entity, which owns the Barsele Project, if it completes a pre-feasibility study.

As Agnico has elected to solely-fund the expenditures on behalf of the Barsele JV until completion of the pre-feasibility study, the Company does not have any responsibility for expenditures or net liabilities of the Barsele JV until such point that Agnico has completed earning its additional 15% interest. Summarized financial information for the Barsele JV is as follows:

| | December 31, 2019 | December 31, 2018 |
|--|-------------------|-------------------|
| Current assets | \$ 475,103 | \$ 806,000 |
| Non-current assets | 6,819,390 | 7,475,115 |
| Current liabilities | 11,640,844 | 7,154,535 |
| Loss for the period | 5,412,687 | 12,330,281 |
| The Company’s ownership % | 45% | 45% |
| The Company’s share of loss for the period | \$ Nil | \$ Nil |

As at December 31, 2019 and 2018, the Company’s investment in Barsele JV was \$1. The Company’s unrecognized share of the loss for the year ended December 31, 2019 was approximately \$2,435,709 (2018 - \$5,548,627). The Company has a minority position on the board of its associated company Gunnarn Mining AB and does not control operational decisions. The Company’s judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Exploration expenses reported for the year ended December 31, 2019 of \$295,174 (2018 - \$354,328) were incurred to meet the Company’s reporting obligations, and to monitor its interest in the Barsele JV, and are non-recoverable.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Related Party Transactions:

During the year ended December 31, 2019, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

Compensation paid or payable to key management personnel for services rendered are as follows:

| | Year ended December 31, 2019 | | Year ended December 31, 2018 | |
|---|---------------------------------|----------------|---------------------------------|----------------|
| Management fees (Gary Cope - 683192 BC Ltd; Ross Wilmot - Cedarwoods Group) | \$ | 252,463 | \$ | 282,046 |
| Share-based payments | | 579,449 | | 680,343 |
| Total | \$ | 831,912 | \$ | 962,389 |

Other related party transactions are as follows:

| | Year ended December 31, 2019 | | Year ended December 31, 2018 | |
|---|---------------------------------|----------------|---------------------------------|----------------|
| Investor relations* | \$ | 74,474 | \$ | 67,128 |
| Management fees* | | - | | 11,000 |
| Office and administration* | | 199,747 | | 197,776 |
| Geological consulting fees (general exploration) (Arthur Freeze - Stillwater Enterprises Ltd; Velia Ledezma - 683192 BC Ltd.) | | 155,779 | | 189,196 |
| Total | \$ | 430,000 | \$ | 465,100 |

* Fees paid to Belcarra Group Management Ltd. a management service company controlled by the chief executive officer and director of the Company that provides a corporate secretary, investor relations and accounting and administration staff to the Company on a shared cost basis.

Included in accounts payable and accrued liabilities as at December 31, 2019 is \$1,078 (December 31, 2018 - \$10,074) due to directors or officers or companies controlled by directors.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Off Balance Sheet Arrangements:

The Company has no material off balance sheet arrangements in place.

Proposed Transactions:

The Company does not have any material proposed transactions as of March 18, 2020.

Changes in Accounting Policies Including Initial Adoption:

Leases

IFRS 16, published on January 13, 2016, supersedes IAS 17 – Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless a lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to reporting periods beginning on or after January 1, 2019.

The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its lease commitments for its office lease. It will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of retained earnings. The Company applied the following practical expedients permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

As at January 1, 2019 IFRS 16 did not have any impact on the amount recognized in the financial statements. The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. For the year ended December 31, 2019, rent expense included in office and administration of \$60,000 has been incurred.

Capital Management:

The Company defines its capital as shareholder equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company management has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the period.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Financial and Risk Management:

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 described below.

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

(a) Fair value of financial instruments

The Company has various financial instruments including cash and receivables and accounts payable. Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable approximates its fair values due to the short-term maturity of the financial instrument.

(b) Concentrations of business risk

The Company maintains a majority of its cash with a major Canadian financial institution. Deposits held with this institution may exceed the amount of insurance provided on such deposits.

(c) Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because its receivables are primarily comprised of goods and services tax (GST), which are recoverable from the governing body in Canada.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is exposed to liquidity risk. The Company manages liquidity risk through the management of its capital structure.

(e) Foreign exchange risk

The Company is not subject to significant foreign exchange risk.

(f) Interest rate risk

The Company limits its exposure to interest rate risk by holding cash deposits at major Canadian financial institutions and accordingly is not subject to significant interest rate risk.

(g) Price risk

Mineral prices, in particular gold and silver, are volatile. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

BARSELE MINERALS CORP.
ANNUAL REPORT TO SHAREHOLDERS
For the Year Ended December 31, 2019
(Expressed in Canadian Dollars)

Outstanding Share Data:

The Company had 122,920,699 common shares issued and outstanding as of March 18, 2020.

Outstanding Options and Warrants:

Stock options and share purchase warrant transactions are summarized as follows:

| | Warrants | | Stock options | |
|--------------------------------|------------------|---------------------------------|------------------|---------------------------------|
| | Number of Shares | Weighted Average Exercise Price | Number of Shares | Weighted Average Exercise Price |
| Outstanding, December 31, 2017 | 5,310,000 | \$ 0.30 | 10,465,000 | \$ 0.38 |
| Expired | - | - | - | - |
| Exercised | (5,310,000) | 0.30 | (1,865,000) | 0.10 |
| Forfeited | - | - | (325,000) | 0.93 |
| Granted | - | - | 3,250,000 | 0.63 |
| Outstanding, December 31, 2018 | - | - | 11,525,000 | 0.48 |
| Expired | - | - | - | - |
| Exercised | - | - | (1,750,000) | 0.10 |
| Forfeited | - | - | (50,000) | 0.71 |
| Granted | - | - | 2,300,000 | 0.53 |
| Outstanding, December 31, 2019 | - | - | 12,025,000 | 0.54 |
| Outstanding, March 18, 2020 | - | - | 12,025,000 | 0.54 |
| Exercisable, March 18, 2020 | - | \$ - | 12,025,000 | \$ 0.54 |

Events after the reporting period:

None

Additional Information:

Additional information relating to the Company may be accessed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.