KORE MINING LTD.

Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2020

(Unaudited)

KORE MINING LTD.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)
(Expressed in Canadian dollars unless otherwise noted)

As at	Note		September 30, 2020		December 31, 2019
Current assets					
Cash and cash equivalents		$	**8,477,871**	$	3,133,623
Amounts receivable			**88,402**		208,380
Prepaid expenses			**66,058**		119,035
Total current assets			**8,632,331**		3,461,038
Non-current assets					
Equipment	4		**175,139**		-
Deposits			**110,534**		38,823
Mineral properties	5		**2,849,280**		1,373,014
Total assets		$	**11,767,284**	$	4,872,875
Current liabilities					
Accounts payable		$	**996,369**	$	707,361
Lease liability	7		**118,261**		-
Flow through liability	6		**218,436**		-
Total liabilities			**1,333,066**		707,361
Shareholders' equity					
Share capital	8		**22,195,316**		11,085,678
Warrants			**1,061,936**		573,516
Reserves			**1,087,921**		878,946
Deficit			**(13,873,274)**		(8,325,326)
Accumulated other comprehensive income (loss)			**(37,681)**		(47,300)
Total shareholders' equity			**10,434,218**		4,165,514
Total shareholders' equity and liabilities		$	**11,767,284**	$	4,872,875
Going concern	2				

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

KORE MINING LTD.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

	Note	**For the three months ended September 30, 2020**	For the three months ended September 30, 2019	**For the nine months ended September 30, 2020**	For the nine months ended September 30, 2019
Expenses					
Exploration and evaluation expenses	5	$ 1,996,306	$ 880,404	$ 3,271,632	$ 966,989
General and administration		98,176	64,095	261,715	137,630
Management fees, wages and corporate advisory fees	9	241,994	166,667	646,034	463,070
Marketing, advisory and investor relations		367,224	190,095	858,551	491,084
Professional fees		249,028	120,028	437,941	286,113
Depreciation		11,487	-	11,487	-
Share-based payments	8	130,371	302,405	328,222	461,060
		(3,094,586)	(1,723,694)	(5,815,582)	(2,805,946)
Other income/expense					
Foreign exchange gain (loss)		(42,512)	(11,038)	(49,670)	(26,045)
Gain on royalty sale	5	-	-	-	2,140,779
Interest and finance income		7,889	6,407	37,570	6,519
Interest expense		(1,831)	-	(1,831)	-
Flow through income	7	281,564	-	281,564	-
		245,110	(4,631)	267,633	2,121,253
Net income (loss) for the period		$ (2,849,476)	$ (1,728,325)	$ (5,547,949)	$ (684,693)
Item that may be subsequently reclassified to net income					
Cumulative translation adjustment		(26,595)	(12,445)	9,619	(11,715)
Comprehensive income (loss) for the period		$ (2,876,071)	$ (1,740,770)	$ (5,538,330)	$ (696,408)
Basic and fully diluted income (loss) per common share		$ (0.03)	$ (0.02)	$ (0.06)	$ (0.01)
Weighted average number of common shares outstanding		103,945,438	82,876,697	95,256,365	76,306,620

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

KORE MINING LTD.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

		For the nine months ended September 30, 2020		For the nine months ended September 30, 2019
CASH USED IN OPERATING ACTIVITIES				
Income (loss) for the period	**$**	**(5,547,949)**	$	(684,693)
Items not involving cash:				
Depreciation		**11,487**		-
Flow through income		**(281,564)**		-
Gain on royalty sale		**-**		(2,140,779)
Interest expense		**1,511**		-
Share-based payments		**328,222**		461,060
Changes in non-cash working capital items:				
Amounts receivable		**119,979**		(17,040)
Prepaid expenses and advances		**52,977**		271,115
Deposits		**(71,711)**		(28,823)
Accounts payable		**289,008**		(1,052,328)
		(5,098,040)		(3,191,488)
FINANCING ACTIVITIES				
Payment of lease liabilities		**(4,192)**		-
Proceeds from private placement financing, net of costs		**9,972,711**		4,780,975
Proceeds from the exercise of options		**266,666**		-
Proceeds from the exercise of warrants		**1,739,434**		-
		11,974,619		4,780,975
INVESTING ACTIVITIES				
Proceeds from sale of royalty		**-**		2,348,745
Equipment additions		**(65,207)**		-
Exploration & evaluation acquisition costs		**(1,546,927)**		-
		(1,612,134)		2,348,745
Impact of changes in foreign exchange		**79,803**		11,437
Change in cash		**5,344,248**		3,949,669
Cash at beginning of period		**3,133,623**		30,620
Cash at end of period	**$**	**8,477,871**	$	3,980,289

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

KORE MINING LTD.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)

(Expressed in Canadian dollars unless otherwise noted)

	Common Shares						
	Number	Amount $	Warrants $	Reserves $	Deficit $	Accumulated Other Comprehensive Income (Loss) $	Total Equity $
December 31, 2018	71,241,914	6,306,463	573,516	341,739	(6,535,002)	10,307	697,023
Share-based payments	-	-	-	461,060	-	-	461,060
Shares issued on private placements	17,600,000	4,900,000	-	-	-	-	4,900,000
Share issuance costs	-	(119,025)	-	-	-	-	(119,025)
Net income (loss) for the period	-	-	-	-	(684,693)	-	(684,693)
Other comprehensive income (loss)	-	-	-	-	-	(11,715)	(11,715)
September 30, 2019	88,841,914	11,087,438	573,516	802,799	(7,219,695)	(1,408)	5,242,650
Shares issued on private placements	-	-	-	-	-	-	-
Share issuance costs	-	(1,760)	-	-	-	-	(1,760)
Share-based payments	-	-	-	76,147	-	-	76,147
Net income (loss) for the period	-	-	-	-	(1,105,630)	-	(1,105,630)
Other comprehensive income (loss)	-	-	-	-	-	(45,892)	(45,892)
December 31, 2019	88,841,914	11,085,678	573,516	878,946	(8,325,325)	(47,300)	4,165,515
Shares issued on private placement	13,666,666	8,889,984	1,110,016	-	-	-	10,000,000
Share issuance costs	-	(459,657)	(67,632)	-	-	-	(527,289)
Exercise of options	1,133,332	370,450	-	(103,784)	-	-	266,666
Exercise of warrants	2,416,368	2,308,861	(553,964)	(15,463)	-	-	1,739,434
Share-based payments	-	-	-	328,222	-	-	328,222
Net income (loss) for the period	-	-	-	-	(5,547,949)	-	(5,547,949)
Other comprehensive income (loss)	-	-	-	-	-	9,619	9,619
September 30, 2020	106,058,280	22,195,316	1,061,936	1,087,921	(13,873,274)	(37,681)	10,434,218

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

1. NATURE OF OPERATIONS

KORE Mining Ltd. (the "Company") is an exploration and development stage company that trades on the Toronto Stock Exchange Venture ("TSXV") under the symbol 'KORE'. The Company is focused on the development of its California gold projects, Imperial and Long Valley, as well as projects in British Columbia, Canada. The Company's registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

The Company is in the process of exploring and evaluating its mineral resource properties and has not yet determined whether these properties contain economically recoverable mineral reserves. The recoverability of the amounts capitalized to exploration and evaluation assets is ultimately dependent upon the existence of economically recoverable ore reserves and resources, securing and maintaining title and/or beneficial interest in the properties, obtaining necessary financing to continue to explore, evaluate and develop the properties, and upon future profitable production or proceeds from disposition of the exploration and evaluation assets. The amounts shown as exploration and evaluation assets represent costs incurred in acquiring the assets, and do not necessarily represent current or future fair values.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds, however the impact to date has been limited.

As at September 30, 2020, the Company had working capital of $7,299,265 (current assets less current liabilities) and has incurred losses since inception with a deficit of $13,873,274. For the nine months ended September 30, 2020, the Company used cash flows in operations of $5,098,040. While the Company anticipates it has sufficient capital to meet its current obligations and planned activities, the Company expects it will need to raise additional capital to carry out its long term objectives. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company and, as a result, this material uncertainty gives rise to significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as applicable to interim financial reports, including International Accounting Standard 34, "Interim

Financial Reporting". The condensed interim financial statements do not include all the notes of the type normally included in the annual financial statements. These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

These unaudited condensed interim consolidated financial statements have been authorized for issue by the Audit Committee of the Company on November 19, 2020.

Principles of Consolidation
These consolidated financial statements include the accounts of the Company and its subsidiaries as listed below. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when we have existing rights that give us the ability to direct the activities that significantly affect the investee's returns. The results and financial position of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements incorporate the accounts of the Company and the following subsidiaries:

Name of Subsidiary	Incorporation Jurisdiction	Percentage Ownership	Principal Activity
Imperial USA Corp.	Nevada, USA	100%	Mineral Property Exploration & Development
Imperial Gold Corporation	Nevada, USA	100%	Holding Company
Kore USA Ltd.	Nevada, USA	100%	Mineral Property Exploration & Development
1184938 BC Ltd.	BC, Canada	100%	Holding Company

All intercompany balances and transactions have been eliminated on consolidation.

Basis of Measurement
These consolidated financial statements have been prepared on a historical cost basis. The statements are presented in Canadian dollars unless otherwise noted.

Significant Judgments, Estimates and Assumptions
The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Estimates and assumptions are regularly evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

3. BASIS OF PRESENTATION (cont'd…)

Critical Judgments

The preparation of these consolidated financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 2.

The Company is also required to make significant judgments on the ongoing feasibility of exploration and evaluation assets, and whether there are indicators that the right to explore the specific area has expired or will be allowed to expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation costs. If any of these indicators are present, management would need to assess whether the exploration and evaluation property is impaired.

Significant Estimates

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in Canada and the US and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and the interpretation of the treatment for tax purposes for exploration and development activities. The Company is subject to assessment by Canadian and US tax authorities, which may interpret legislation differently which may affect the final amount or timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

Recently adopted accounting policies

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance certain portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Where the flow-through common share is issued as part of a unit, the value is first allocated between the unit and the flow-through premium, and then bifurcated between the common share and the warrant on a residual value basis. As qualified expenses are incurred the Company relieves the liability and recognizes the premium in profit or loss as other income. The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Equipment

Property and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item consists of the purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Depreciation is recorded at the following rates: Vehicles 5 years straight line basis, Machinery and equipment 3-5 years straight line basis, and office leases 3 years straight line basis, being the term of the lease. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

3. BASIS OF PRESENTATION (cont'd…)

Leases

A contract is or contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The cost of the right-of-use asset includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs; and if applicable, an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The carrying amount of the right-of-use asset is depreciated on a straight-line basis over the life of the lease, which has a term of 3 years to August 2023. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate, which is estimated at 15%. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these leases are instead recognized as an expense over the lease term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

The Company has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Right-of-use assets are presented in the same line item as property and equipment on the statement of financial position as it presents underlying assets of the same nature owned by the Company.

(Expressed in Canadian dollars unless otherwise noted)

4. CAPITALIZED ASSETS

Cost:	Equipment	Vehicles	Right of Use - Office Lease	Total
Balance, December 31, 2019	$ -	$ -	$ -	$ -
Additions	4,500	60,707	120,942	186,149
Foreign exchange	-	45	432	477
Balance, September 30, 2020	**$ 4,500**	**$ 60,752**	**$ 121,374**	**$ 186,626**

Accumulated depreciation:	Equipment	Vehicles	Right of Use - Office Lease	Total
Balance, December 31, 2019	$ -	$ -	$ -	$ -
Additions	563	7,588	3,336	11,487
Balance, September 30, 2020	**$ 563**	**$ 7,588**	**$ 3,336**	**$ 11,487**
Net book value:				
Balance, September 30, 2020	**$ 3,937**	**$ 53,164**	**$ 118,038**	**$ 175,139**

5. MINERAL PROPERTIES

The ending balance and summary of the changes to mineral properties (where applicable) for the nine months ended September 30, 2020 is as follows:

	Long Valley USA	Imperial USA	FG Gold Canada	Gold Creek Canada	Total
Balance, December 31, 2018	$ 527,374	$ 216,675	$ 370,607	$ 498,136	$ 1,612,792
Royalty sale	-	(207,966)	-	-	(207,966)
Foreign exchange adjustment	(23,103)	(8,709)	-	-	(31,812)
Balance, December 31, 2019	$ 504,271	$ -	$ 370,607	$ 498,136	$ 1,373,014
Additions	-	1,412,700	134,227	-	1,546,927
Foreign exchange adjustment	11,088	(81,749)	-	-	(70,661)
Balance, September 30, 2020	**$ 515,359**	**$ 1,330,951**	**$ 504,834**	**$ 498,136**	**$ 2,849,280**

Acquisition of Imperial Project

In March 2017, the Company purchased Imperial USA Corp. which owns the Imperial project located in California. In settlement of the purchase price, the Company paid US$150,000. The remaining payments under the agreement comprise US$1,000,000 payable upon the announcement of a revised Preliminary Economic Assessment ("PEA") or similar report and US$1,000,000 payable 30 days after the date that gold is poured from ore mined from the related properties. In April 2020, the Company announced the PEA results which triggered the obligation of US$1,000,000 ($1,412,700), which was paid in July 2020. The Company issued a 1% net smelter return royalty ("NSR") on the property in connection with this acquisition. The vendor has the option to receive shares in the Company in settlement of the remaining payments up to achieving a maximum 4.9% ownership interest in the Company, above which level further share consideration is at the option of the Company.

In addition, under the agreement, the Company has committed to incur US$5 million in exploration and development expenditures on the Imperial Project on or before March 2022, the fifth anniversary of the date of the Imperial Purchase Agreement, of which US$2,717,643 ($3,573,837) has been incurred as of September 30, 2020. In the event that the Company does not incur these expenditures within this timeframe, the Company must then pay US$1,000,000 to the vendor.

5. MINERAL PROPERTIES (cont'd…)

Acquisition of Imperial Project (cont'd)

In May 2019, the Company received an investment by Macquarie Bank Ltd and its affiliates (collectively, "Macquarie") of $4,000,000. As part of the investment by Macquarie, Macquarie subscribed for 6,000,000 common shares and acquired a 1% NSR royalty (the "Macquarie Royalty") on the Imperial Project for a total cost of $4,000,000. The agreement provides for certain rights for Macquarie to provide project development financing, rights of refusal and offer on additional royalty issuances and sales, and prescribes the proceeds to be used primarily to advance permitting of the Imperial Project. The Company incurred costs of $151,255 in connection with this royalty sale. The net proceeds of $2,348,745 from the royalty portion of the investment were applied first to amounts capitalized in connection with the Imperial project of $207,966, and the remainder being $2,140,749 was recorded as a gain on sale of royalty interest.

Acquisition of Long Valley Project

In March 2017, the Company purchased certain mining claims in the Long Valley area of California with an upfront payment of US$350,000 to the vendor. The remaining payments under the agreement comprise US$500,000 due 30 days after commencement of commercial production and US$500,000 payable on the 12 month anniversary of the commencement of commercial production. A US$25,000 deposit was paid to the vendor prior to execution of the purchase agreement, which will be applied to the final payment, unless forfeited in the event the agreement is terminated. The vendor has the option to receive shares in the Company in settlement of the remaining payments.

The vendor retained a net smelter return royalty on the claims ("the Seller NSR"). The Seller NSR provides for a royalty of 0.5% when the price of gold is under US$1,400/oz, 1.0% when the price of gold is between US$1,401 to US$1,600/oz and 2.0% when the price of gold is above US$1,600/oz. The Company has the option to purchase back 1% of the royalty when the price of gold is above US$1,600/oz for US$2 million if purchased prior to the announcement of a feasibility study or for US$4 million if repurchased prior to commencement of commercial production. In addition, there is a further 1% NSR payable to another third party.

Acquisition of FG Gold Project

The Company holds a 100% interest in certain claims comprising the FG Gold project located in the Cariboo Mining Division, British Columbia, Canada. The project is subject to a 3% NSR which becomes payable after the capital required to bring the property into commercial production is recovered from production. The NSR is limited to a maximum of $2,600,000 with an allowance for the change in the Consumer Price Index from September 1989 to the date the royalty becomes payable.

During the nine months ended September 30, 2020, the Company entered into certain mineral property agreements, including certain option agreements to acquire nearby and contiguous properties, as well as staking significant additional claims, making cash payments in the current period of $134,227. The option agreements collectively have annual payments of $87,500 payable in 2021 up to $150,000 in 2025, for total payments (inclusive of 2020 payments made) of $652,500. In addition, one option agreement provides for the issuance of shares with a fair market value at the time of issuance of $25,000 in 2021 increasing to $160,000 in 2025, for total share consideration of $410,000 and one option agreement also requires annual expenditures of $35,000 in 2021 and an additional $40,000 in 2022. These agreements also impose a 1%-2% NSR, of which a portion can be repurchased in certain cases, and one agreement requires a bonus payment of $1.50 per ounce identified as inferred, indicated or measured in a 43-101 report on the specific claims in the agreement.

(Expressed in Canadian dollars unless otherwise noted)

5. MINERAL PROPERTIES (cont'd…)

Acquisition of Gold Creek Project

The Company holds a 100% interest in the Gold Creek project, located in the Cariboo Mining Division, British Columbia, Canada. The project is subject to a 1% NSR of which the Company may purchase 50% (being 0.5%) for $1,000,000.

Acquisition of White Gold Project

The Company holds a 100% interest in the White Gold Project, located in Yukon, Canada. The property is subject to annual work commitments of $187,500 in each of 2020, 2021 and 2022.

Exploration & Evaluation Expenses

Details of the exploration and evaluation expenses incurred are as follows:

		For the nine months ended September 30, 2020		For the nine months ended September 30, 2019
Assay and sampling	$	124,818	$	8,530
Claim maintenance		405,308		716,547
Community consultation		51,507		2,450
Consulting		118,593		-
Drilling		1,068,825		3,200
Engineering, metallurgy and geotechnical		440,671		109,977
Environmental studies		61,302		-
Geographic information system		5,281		12,981
Geological & project support		513,558		-
Geophysics		256,564		-
Property taxes		4,875		16,580
Permitting		-		14,359
Travel, logistics & camp costs		228,308		82,365
BC METC recovery		(7,978)		-
	$	3,271,632	$	966,989

(Expressed in Canadian dollars unless otherwise noted)

6. LEASE LIABILITY

Balance, December 31, 2019	$ -
New lease liability	120,856
Lease payments	(4,190)
Interest expense	1,511
Foreign exchange	84
Balance, September 30, 2020	**$118,261**

Effective September 30, 2020, the Company entered into an office lease in Imperial County, California with a monthly payment of US$3,150 for a period of three years. The Company capitalized this lease in accordance with its accounting policy and recognized a corresponding right of use asset in capitalized assets. The Company considers the long term portion of the liability to be immaterial.

7. FLOW THROUGH LIABILITY

A flow-through premium liability of $500,000 was allocated to the flow-through obligation in connection with the Company's July 2020 private placement of 1,000,000 FT Units for gross proceeds of $1,500,000. As at September 30, 2020, the Company has incurred flow through expenditures of $844,692 towards its obligation to incur a total of $1,500,000. Accordingly, a pro-rata portion of the flow through premium liability of $281,564 has been amortized into profit and loss as other income.

8. SHARE CAPITAL

Authorized
Unlimited number of common shares with no par value.

During the nine months ended September 30, 2020, the Company:

- Issued 6,666,666 common shares at a price of $0.45 per common share for gross proceeds of $3,000,000 pursuant to a private placement. The Company incurred cash share issuance costs of $100,787 in connection with this financing.
- Issued 1,133,332 shares for proceeds of $266,666 pursuant to the exercise of options; the Company reallocated $103,784 of share based compensation reserve to share capital in connection with the exercise of these options.
- Issued 2,416,368 shares for cash proceeds of $1,739,434 pursuant to the exercise of warrants; the Company reallocated $553,964 of warrant reserve and $15,463 of share based compensation reserve to share capital in connection with the exercise of these warrants.
- Issued 6,000,000 units at a price of $1.00 per unit ("Unit") pursuant to a private placement. Each unit consists of one share and one half share purchase warrant, where each whole warrant entitles the holder to acquire an additional share of the Company at a price of $1.50 for a period of 24 months. The Company allocated $951,442 to the warrants using the relative fair value method, where the fair value of the warrants was determined using Black Scholes with the following assumptions: interest rate of 0.31%, volatility of 75%, expected life of 2 years and a dividend yield of 0%. The Company incurred cash issuance costs of $426,502 which was allocated on the same pro-rata allocation as the proceeds with $358,870 allocated to shares and $67,632 to warrants.

(Expressed in Canadian dollars unless otherwise noted)

8. SHARE CAPITAL (cont'd…)

- Issued 1,000,000 flow through units at a price of $1.50 per flow through unit ("FT Unit") pursuant to a private placement. Each FT Unit consists of one flow through share and one-half share purchase warrant, where each whole warrant entitles the holder to acquire an additional share of the Company at a price of $1.50 for a period of 24 months. The Company allocated $500,000 as the flow through premium and recorded this as its flow through liability. The Company then allocated $158,574 to the warrants using the relative fair value method, where the fair value of the warrants was determined using Black Scholes with the following assumptions: interest rate of 0.31%, volatility of 75%, expected life of 2 years and a dividend yield of 0%.

Stock Options

Pursuant to a stock option plan (the "Option Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, with the exercise price to be determined on the date of issuance of the options. The term of options granted under the plan may not exceed five years and such options vest at terms to be determined by the board of directors at the time of the grant, but the exercise price shall not be less than the price determined by the policies of the stock exchange on which the Company's common shares are then listed.

A summary of stock option activity for the nine months ended September 30, 2020 is as follows:

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2018	1,935,000	$ 0.58
Granted	6,250,000	0.21
Expired	(385,000)	0.88
Outstanding options, December 31, 2019	7,800,000	0.27
Granted	1,500,000	0.79
Exercised	(1,133,332)	0.24
Outstanding options, September 30, 2020	**8,166,668**	**$ 0.37**

As at September 30, 2020 the following stock options were outstanding:

Expiry date	Number of options outstanding	Number of options exercisable	Exercise price $
November 1, 2023	1,250,000	1,250,000	0.50
January 13, 2024	2,166,668	1,444,446	0.14
May 9, 2024	150,000	150,000	0.25
July 3, 2024	2,600,000	1,500,000	0.27
October 18, 2024	500,000	500,000	0.29
April 27, 2025	1,000,000	316,667	0.435
September 3, 2025	500,000	33,333	1.50
	8,166,668	**5,194,446**	

(Expressed in Canadian dollars unless otherwise noted)

8. SHARE CAPITAL (cont'd…)

Warrants

A summary of warrant activity for the nine months ended September 30, 2020:

	Number of warrants	Weighted average exercise price	
Outstanding warrants, December 31, 2018	2,966,605	$	0.83
Expired	(337,105)		1.50
Outstanding warrants, December 31, 2019	2,629,500	$	0.75
Issued	3,500,000		1.50
Exercised	(2,416,368)		0.72
Expired	(196,500)		1.06
Outstanding warrants, September 30, 2020	**3,516,632**	**$**	**1.50**

As at September 30, 2020, the following warrants were outstanding:

Expiry date	Number of warrants outstanding	Exercise price $
October 30, 2020	16,632	0.50
July 22, 2022	3,000,000	1.50
July 28, 2022	500,000	1.50
	3,516,632	

** The Company had warrants with an original expiry date of October 21, 2020 and were subject to an acceleration clause where the closing price of the shares trades above $1.00 for ten consecutive trading days; this acceleration clause was triggered during the nine months ended September 30, 2020 and the Company announced the new, accelerated expiry date of August 12, 2020.

Share-Based Compensation

During the nine months ended September 30, 2020, the Company granted 1,500,000 stock options to officers, employees and consultants. The fair value of the stock options granted was $649,685 or $0.43 per option was determined using the Black Scholes option valuation model and $200,762 was recognized as share-based payments expense in relation to the vesting of 2020 options for the nine months ended September 30, 2020. In addition, the Company recorded additional share-based payments expense of $127,460 (2019 - $461,060) in connection with the vesting of options granted during the year ended December 31, 2019.

Share-based payments expense was determined using the following weighted average assumptions:

	September 30, 2020	September 30, 2019
Risk free interest rate	0.4%	1.7%
Expected life	4.1	4.0
Annualized volatility	75%	75%
Dividend rate	0%	0%

9. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transactions

During the nine months ended September 30, 2020, the related party transactions (excluding key management compensation) were as follows:

a) A company owned by a relative of a director provided marketing consulting services of $nil (2019 - $28,250) for the nine months ended September 30, 2020.

b) Amounts owing to related parties are unsecured, non-interest bearing and due on demand. As at September 30, 2020, $44,275 (2019 - $79,874) is due to related parties.

Key Management Compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Chairman, President & Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Directors. For the nine months ended September 30, 2020, total key management compensation was $778,288 (2019 - $854,660), which includes management fees and salaries of $552,377 (2019 - $428,500) and share-based compensation of $225,911 (2019 - $426,160).

10. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as equity.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that is intended to provide sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the future. (See Note 2).

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements. There have not been any changes to the Company's capital management policy during the period.

11. RISK MANAGEMENT

Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

11. RISK MANAGEMENT (cont'd…)

a. Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash.

The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash is held with reputable financial institutions in Canada.

b. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at September 30, 2020, the Company had working capital of $7,299,265 and it does not have any long term monetary liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they fall due. As at September 30, 2020, the Company had cash of $8,477,821 to settle current liabilities of $996,369. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. See Note 2.

c. Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds its cash and cash equivalents on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is considered by management to be immaterial.

d. Foreign Currency Risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company maintains its cash reserves in Canadian and United States dollars. The portion of the Company's funds held in US dollars are subject to fluctuations in foreign exchange rates.

At September 30, 2020, the Company has certain monetary items denominated in United States dollars. Based on these net exposures, a 10% appreciation or depreciation of the Canadian dollar against the United States dollar would result in an increase or decrease of $44,251 in the Company's net loss.

Fair Values

The carrying values of cash, deposits and other receivables and trade and other accounts payable approximate fair values due to their short-term to maturity nature or the ability to readily convert to cash.

(Expressed in Canadian dollars unless otherwise noted)

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and development of exploration and evaluation properties in the United States and Canada. The following table shows the geographic breakdown of the Company's non-current assets:

	September 30, 2020					
	Canada		USA		Total	
Mineral properties	**$**	**1,002,970**	**$**	**1,846,310**	**$**	**2,849,280**

	December 31, 2019					
	Canada		USA		Total	
Mineral properties	**$**	**868,743**	**$**	**504,271**	**$**	**1,373,014**