Northern Superior Resources Inc.

Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian dollars)

For the Six Months Ended June 30, 2020 and 2019

Notice to Reader:

The accompanying unaudited condensed interim financial statements of Northern Superior Resources Inc. (the “Company”) have been prepared by and are the responsibility of the management of the Company. The Company’s independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

Northern Superior Resources Inc.
Condensed Interim Financial Statements
(Unaudited - Expressed in Canadian dollars)

Statements of Financial Position

As at	*Notes*	June 30, 2020 ($)	December 31, 2019 ($)
Assets			
Current assets			
Cash and cash equivalents	*3*	**6,838,742**	**429,159**
Prepaids and receivables	*4*	**50,772**	**125,587**
Marketable securities	*5*	**2,000**	**2,000**
		6,891,514	**556,746**
Non-current assets			
Exploration and evaluation assets	*6*	**8,148,667**	**8,059,349**
		15,040,181	**8,616,095**
Liabilities			
Current liabilities			
Accounts payables and accrued liabilities	*7*	**127,828**	**138,827**
Deferred flow-through share premium liability	*9*	**2,123,599**	**-**
		2,251,427	**138,827**
Loan	*8*	**40,000**	**-**
		2,291,427	**138,827**
Shareholders' Equity			
Share Capital	*9*	**69,344,205**	**64,525,038**
Reserve - Stock options	*9*	**6,281,073**	**5,797,049**
Reserve - Warrants	*9*	**5,005,493**	**5,005,493**
Accumulated other comprehensive loss		**(8,250)**	**(8,250)**
Deficit		**(67,873,767)**	**(66,842,062)**
		12,748,754	**8,477,268**
		15,040,181	**8,616,095**

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD OF DIRECTORS ON AUGUST 12, 2020

"François Perron" — Director

"Andrew Farncomb" — Director

See accompanying notes to financial statements

Northern Superior Resources Inc.
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Statements of Loss and Comprehensive Loss

	Notes	Three months ended June 30, 2020 ($)	Three months ended June 30, 2019 ($)	Six months ended June 30, 2020 ($)	Six months ended June 30, 2019 ($)
Expenses					
Consulting fees	*10*	**21,340**	21,552	**43,148**	43,466
Legal and accounting		**80,455**	19,512	**102,409**	40,357
Office expenses and salaries	*10*	**126,680**	139,338	**266,423**	274,528
Share-based payments	*10*	**484,024**	-	**484,024**	244,287
Shareholder information		**85,717**	63,344	**127,283**	121,113
Travel		**-**	688	**-**	688
Foreign exchange		**458**	281	**364**	318
Taxes		**(1,408)**	4,350	**12,027**	4,350
Loss before the undernoted		**(797,267)**	(249,065)	**(1,035,678)**	(729,105)
Interest income		**2,812**	4,637	**3,973**	11,367
Management fees	*6*	**-**	33,424	**-**	89,117
Net loss for the period		**(794,455)**	(211,004)	**(1,031,705)**	(628,621)
Other comprehensive loss					
Items that will not be reclassified subsequently to loss					
Change in value of marketable securities		**400**	-	**-**	-
Total comprehensive loss		**(794,055)**	(211,004)	**(1,031,705)**	(628,621)
Basic and diluted loss per share		**(0.01)**	(0.01)	**(0.02)**	(0.02)
		(#)	(#)	**(#)**	(#)
Weighted-average number of common shares outstanding		**54,748,371**	35,126,689	**47,426,486**	35,126,689

See accompanying notes to financial statements

Northern Superior Resources Inc.
Condensed Interim Financial Statements
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Statements of Equity

	Share Capital		Reserves				
	Number of Shares (#)	Amount ($)	Stock options ($)	Warrants ($)	Accumulated other comprehensive loss ($)	Deficit ($)	Equity ($)
Balance, December 31, 2018	**35,126,689**	**64,542,840**	**5,541,816**	**5,005,493**	**(7,250)**	**(66,041,081)**	**9,041,818**
Share issuance costs - cash	-	(17,802)	-	-	-	-	(17,802)
Share based payments	-	-	244,287	-	-	-	244,287
Net loss	-	-	-	-	-	(417,617)	(417,617)
Balance, June 30, 2019	**35,126,689**	**64,525,038**	**5,786,103**	**5,005,493**	**(7,250)**	**(66,458,698)**	**8,850,687**
Share based payments	-	-	10,946	-	-	-	10,946
Unrealized loss on marketable securities	-	-	-	-	(1,000)	-	(1,000)
Net loss	-	-	-	-	-	(383,364)	(383,364)
Balance, December 31, 2019	**35,126,689**	**64,525,038**	**5,797,049**	**5,005,493**	**(8,250)**	**(66,842,062)**	**8,477,268**
Shares issued for cash	22,795,988	6,861,000	-	-	-	-	6,861,000
Share based payments	-	-	484,024	-	-	-	484,024
Shares issued for debt	389,365	81,766	-	-	-	-	81,766
Flow-through share premium liability	-	(2,123,599)	-	-	-	-	(2,123,599)
Net loss	-	-	-	-	-	(1,031,705)	(1,031,705)
Balance, June 30 2020	**58,312,042**	**69,344,205**	**6,281,073**	**5,005,493**	**(8,250)**	**(67,873,767)**	**12,748,754**

See accompanying notes to financial statements

(Unaudited - Expressed in Canadian dollars)

Statements of Cash Flows

	Six months ended June 30, 2020 ($)	2019 ($)
Operating Activities		
Net loss for the period	**(1,031,705)**	(628,624)
Items not involving cash:		
Share based payments	**484,024**	244,287
Change in non-cash operating working capital items:		
Prepaids and receivables	**74,815**	(193,708)
Accounts payables and accrued liabilities	**67,433**	63,387
Cash used in operating activities	**(405,433)**	(514,659)
Investing Activities		
Exploration and evaluation expenditures (net)	**(85,983)**	(43,751)
Option payment received	**-**	498
Cash used in investing activities	**(85,983)**	(43,252)
Financing Activities		
Proceeds from private placements	**6,861,000**	-
Share issuance costs	**-**	(17,802)
Loan	**40,000**	-
Cash provided by (used in) financing activities	**6,901,000**	(17,802)
Increase (decrease) in cash during the period	**6,409,583**	(575,713)
Cash, beginning of year	**429,159**	2,268,508
Cash, end of period	**6,838,742**	1,692,795

See accompanying notes to financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Superior Resources Inc. ("Northern Superior" or the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold properties in Ontario and Québec. The head office, principal address and registered and records office of the Company is 1351C Kelly Lake Road, Unit 7, Sudbury, Ontario, Canada, P3E 5P5.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent deferred acquisition costs incurred to date, less amounts written off or written down, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the Company raising capital, the sale or entering into a joint venture of the Company's exploration and evaluation assets, and/or the attainment of profitable operations.

At June 30, 2020, the Company has working capital (current assets less current liabilities, net of flow-through share premiums) of $6,763,688 (December 31, 2019: $417,919), of which $5,685,036 is restricted to flow-through purposes (December 31, 2019: $Nil), resulting in an unrestricted working capital of $1,078,652 (December 31, 2019: $417,919), has incurred a loss for the period of $1,031,705 (year ended December 31, 2019: $800,981) and has an accumulated deficit of $67,873,767 (December 31, 2019: $66,842,062). These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the ensuing 12 months. The Company continues to incur operating losses and has limited financial resources and no source of operating cash flow available to enable it to conduct further exploration and development of its mineral properties. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock or joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020. The Company continues to operate its business, and in response to Federal and Provincial emergency measures, has requested its employees and consultants work remotely wherever possible. These government measures, which could include government mandated closures of the Company or its contractors or restrictions on travel of various personnel, could impact the Company's ability to conduct its exploration programs in a timely manner, and the Company is evaluating the best way to move its exploration activities forward when the emergency measures are lifted.

Management plans to continue to secure the necessary financing through a combination of equity financing and entering into joint venture arrangements. However, there is no assurance that the Company will be successful in these actions. These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Except as noted below under Changes in Accounting Policies, these condensed interim financial statements follow the same accounting policies and methods of application as the annual financial statements of the Company for the year ended December 31, 2019. These condensed interim financial statements do not contain all disclosures required by International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the 2019 annual financial statements and the notes thereto. These condensed interim financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on August 12, 2020.

Unless otherwise indicated, all dollar amounts in these condensed interim financial statements are in Canadian Dollars.

3. CASH AND CASH EQUIVALENTS

During the six months ended June 30, 2020, the Company issued flow-through shares for total gross proceeds of $5,719,000. As at June 30, 2020, the Company has $5,685,036 included in cash and cash equivalents remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements, as to $3,685,036 to be expended in Ontario and $2,000,000 in Québec. (Note 9)

4. PREPAIDS AND RECEIVABLES

	June 30, 2020 ($)	December 31, 2019 ($)
Sales tax receivable	**40,564**	98,077
Prepaid and advances	**10,208**	27,510
Total Current Prepaids and Receivables	**50,772**	125,587

The fair value of receivables approximates their carrying value. None of the amounts included in receivables at June 30, 2020 are past due.

5. MARKETABLE SECURITIES

At June 30, 2020 and December 31, 2019, the Company held the following marketable securities:

	June 30, 2020			**December 31, 2019**		
	Shares (#)	**Cost ($)**	**Fair Value ($)**	**Shares (#)**	**Cost ($)**	**Fair Value ($)**
Bold Ventures Inc. [1]	**40,000**	**10,250**	**2,000**	**200,000**	**10,250**	**2,000**

[1] Effective February 4, 2020, Bold Ventures Inc. ("Bold") consolidated its shares, as to 1 new share of Bold for 5 old shares of Bold.

(Expressed in Canadian dollars)

During the period ended June 30, 2020, the Company recorded no unrealized loss or gain (year ended December 31, 2019: loss of $1,000) related to the change in fair value of the marketable securities in other comprehensive loss.

6. EXPLORATION AND EVALUATION ASSETS

	Ontario	**Quebec**			
	Ti-pa-haa-kaa-ning ($)	**Croteau Est ($)**	**Lac Surprise ($)**	**Wapistan ($)**	**Total ($)**
Balance, December 31, 2019	**1,937,506**	**4,062,717**	**1,826,147**	**232,978**	**8,059,349**
Acquisition, assessment and maintenance	25,434	2,671	19,825	123	**48,054**
Analytical	-	-	4,653	-	**4,653**
Geology	42,139	13,845	13,665	-	**69,649**
Project administration	9,298	-	3,302	582	**13,181**
Refundable tax credits and adjustments	-	(27,731)	(9,244)	(9,244)	**(46,219)**
Net change	**76,871**	**(11,215)**	**32,201**	**(8,539)**	**89,318**
Balance, March 31, 2020	**2,014,377**	**4,051,502**	**1,858,348**	**224,439**	**8,148,667**

	Ontario	Quebec			
	Ti-pa-haa-kaa-ning ($)	Croteau Est ($)	Lac Surprise ($)	Wapistan ($)	Total ($)
Balance, December 31, 2018	2,014,207	4,097,221	784,651	230,030	7,126,110
Acquisition, assessment and maintenance	99,218	3,077	7,978	2,844	113,117
Analytical	116,435	620	180,799	104	297,958
Geophysics	-	-	252,113	-	252,113
Geology	84,893	15,560	58,252	-	158,705
Drilling	1,621,613	(21,156)	539,953	-	2,140,410
Project administration	1,638	-	2,401	-	4,039
Refundable tax credits and adjustments	-	(32,605)	-	-	(32,605)
Recovery from option agreement	(498)	-	-	-	(498)
Recovery from JV partner	(2,000,000)	-	-	-	(2,000,000)
Net change	(76,701)	(34,504)	1,041,496	2,948	933,239
Balance, December 31, 2019	1,937,506	4,062,717	1,826,147	232,978	8,059,349

a) **Ti-pa-haa-kaa-ning (“TPK”) property**

The Company owns a 100% interest in the TPK Property. Although claims largely associated with the Annex area of the property are free of any Net Smelter Royalties (“NSR”), some claims associated with the New Growth and Big Dam area of the property are subject to a 2% NSR, of which the Company has the right to purchase back 0.5% for $1.0 million. Additionally, certain claims within the Big Dam area are subject to a 2% NSR on diamonds only in favour of Vale S.A.

On November 26, 2018, the Company entered into agreement with Yamana Gold Inc. (“Yamana”), pursuant to which Yamana had the option to earn up to a 75% interest in the TPK property (the “Yamana Agreement”). Yamana had the option to earn an initial interest of 70% in consideration for making staged payments totalling $1,000,000 ($150,000 received prior to December 31, 2019) and incurring minimum exploration expenditures totalling $10,000,000 in stages ($2,000,000 incurred prior to December 31, 2019). On November 25, 2019, Yamana advised the Company it was terminating the Yamana Agreement.

(Expressed in Canadian dollars)

b) **Croteau Est project**

Croteau Est property: The Company holds a 100% interest in the Croteau Est property, subject to a 1.0% NSR on any commercial production, of which Company has the right to buy back 0.5% for $1.5 million.

Waconichi property: The Company owns a 100% interest in the Waconichi property, subject to a 1% NSR royalty on a majority of the Waconichi claims. The 1% NSR royalty covers all except 7 claims (comprising approximately 287 hectares) which were already subject to a prior 2% NSR royalty in favor of the prospector who originally staked the claims. The Company has the right to repurchase one half of the 1% NSR royalty (reducing it to a 0.5% NSR royalty) at any time for $1.0 million. Similarly, the Company has the right to repurchase half of the 2% NSR royalty (reducing it to a 1% NSR royalty) at any time, for $1.0 million. In either case, should the Company exercise its buy-back right, it will then have a right of first refusal with respect to the remaining NSR royalty.

c) **Lac Surprise property**

The Company owns a 100% interest in the Lac Surprise property.

d) **Wapistan property**

The Company owns a 100% interest in the Wapistan property.

e) **Metson Lake, Rapson Bay and Thorne Lake properties (collectively, the "Properties")**

The Properties are owned 100% by the Company.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020 ($)	December 31, 2019 ($)
Trade payables	**86,843**	32,620
Amounts due to related parties	**31,239**	81,821
Accrued liabilitites - general	**9,746**	24,386
	127,828	138,827

The fair value of accounts payable and accrued liabilities approximate their carrying amount. Trade payables relate mainly to the acquisition of materials, supplies and services. These payables do not accrue interest.

8. CANADIAN EMERGENCY BUSINESS ACCOUNT LOAN

In April 2020, the Company received $40,000 in respect of the Canada Emergency Business Account ("CEBA") loan (the "Loan"). CEBA was implemented by banks and credit unions in collaboration with Export Development Canada to provide assistance and support to enterprises impacted by the coronavirus (COVID-19) pandemic. The Loan has an early payment incentive trigger amount, such that if the Company repays 75% of the amount of the Loan on or before December 31, 2022, the repayment of the remaining 25% of the Loan will be forgiven. If 75% of the Loan is not repaid on or before December 31, 2022, the remaining balance of the Loan may be extended from January 1, 2023 to December 31, 2025 (the "Extension Period"). During the term of the Extension Period, the Loan will bear interest of 5% per annum.

9. SHARE CAPITAL

a) Authorized

Share consolidation

On January 3, 2019, the Company received regulatory approval to consolidate its issued and outstanding common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares. Regulatory approval having been received, the common shares of the Company commenced trading on the TSX Venture Exchange ("TSX-V" or the "Exchange") on a post-consolidated basis on January 7, 2019. There was no change to the Company's trading symbol on the TSX-V or the OTCQB. All information relating to earnings/loss per share, issued and outstanding common shares, share options and warrants, and per share amounts in these financial statements have been adjusted retrospectively to reflect the share consolidation.

At June 30, 2020, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value. (Note 13)

b) Common shares

Period Ended June 30, 2020

- During the period ended June 30, 2020 the Company closed various private placements ("Private Placements") as follows:
  a. On January 20, 2020, the Company closed a non-brokered private placement ("Offering") for gross proceeds of $437,000, pursuant to which the Company issued 6,242,858 units ("Unit") at $0.07 per Unit, to a Director of the Company. Each Unit consisted of one common share of the Company and one non-transferable share purchase warrant ("Warrant"), with each Warrant allowing for the purchase of one additional common share of the Company at $0.10 per share until January 21, 2023. The warrants were issued for value of $Nil.
  b. On April 3, 2020, the Company closed a non-brokered private placement ("Offering #2") for total gross proceeds of $3,924,000. The Offering #2 comprised charity flow-through common shares of the Company ("Ontario Charity FT Shares") at $0.3625 per Ontario Charity FT Share, and common shares of the Company ("Shares") priced at $0.25 per Share. Pursuant to the closing of the Offering #2, the Company issued 8,880,000 Ontario Charity FT Shares for gross proceeds of $3,219,000 and 2,820,000 Shares for gross proceeds of $705,000. The issuance of the Ontario Charity FT Shares resulted in a flow-through premium liability of $1,176,600. Upon the flow-through funds being fully expended, the flow-through premium liability will be extinguished through the Statement of Loss and Comprehensive Loss during the year in which the expenditures occur.
  c. On June 2, 2020, the Company closed a non-brokered private placement (the "Offering #3") for total gross proceeds of $2,500,000. The Offering #3 comprised charity flow-through common shares of the Company ("Ontario Charity #2 FT Shares") at $0.4350 per Ontario Charity #2 FT Share, and charity flow-through shares (the "Québec Charity FT Shares") priced at $0.54 per Québec Charity FT Share. Pursuant to the closing of the Offering #3, the Company issued 1,149,426 Ontario Charity FT #2 Shares for gross proceeds of $500,000 and 3,703,704 Québec Charity FT Shares for gross proceeds of $2,000,000. The issuance of the Ontario Charity #2 FT Shares and Québec Charity FT Shares resulted in a flow-through premium liability of $946,999. Upon the flow-through funds being fully expended, the flow-through premium liability will be extinguished through the Statement of Loss and Comprehensive Loss during the year in which the expenditures occur.

(Expressed in Canadian dollars)

The Private Placements are summarized as follows:

	Private Placement Announced		
Announced	December 30, 2019	March 12, 2020	May 11, 2020
Closing Date	January 20, 2020	April 3, 2020	June 2, 2020
Gross Proceeds	$437,000	$3,924,000	$2,500,000
FT Shares Issued	-	8,880,000	4,853,130
NFT Shares Issued	6,242,858	2,820,000	-
Warrants Issued			
NFT Warrants Issued	6,242,858	-	-
NFT Warrant Exercise Price	$0.100	-	-
NFT Warrant Expiry Date	January 21, 2023	-	-

- On March 23, 2020, the Company issued an aggregate of 389,365 common shares to certain current and former Directors in satisfaction of unpaid Directors' Fees totaling $81,766. The shares were issued at a deemed price of $0.21 per share.

Year Ended December 31, 2019
The Company issued no common shares.

c) Stock Options
The Company has a stock option plan (the "Plan") administered by the Board of Directors, which has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount at the time of grant. The terms of all options cannot exceed ten years and the minimum exercise price cannot be less than the closing price of the Company's common shares on the TSX-V on the last trading day preceding the grant of the option. All of the outstanding options of the Company were issued with an expiry date of 5 years from the date of issue. Except as may be prescribed by the Exchange, the Board of Directors determines the vesting terms of the options. Share-based payments reserve is included in shareholders' equity and consists of the estimated fair value of stock options.

During the period ended June 30, 2020, the Company granted incentive stock options allowing for the acquisition of up to, in the aggregate, 1,450,000 common shares at $0.34 per share until June 16, 2025. The total amount of share-based payments expense of $484,024 was recognized during the period ended June 30, 2020. The fair value for stock options granted during the period was determined using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.75
Expected stock price volatility (%)	210
Expected dividend yield (%)	0
Expected life (years)	5

At June 30, 2020, the Company had stock options, with a total weighted average remaining contractual life of 3.57 years (December 31, 2019: 3.17 years) outstanding as follows:

(Expressed in Canadian dollars)

Grant date	Expiry date	Number (#)	Exercise price ($)
November 5, 2015	November 5, 2020	95,000	0.500
August 1, 2016	August 1, 2021	50,000	1.000
November 21, 2016	November 21, 2021	105,000	0.500
April 23, 2017	April 23, 2022	660,000	0.650
November 30, 2017	November 30, 2022	285,000	0.500
March 29, 2019	March 29, 2024	930,000	0.220
June 16, 2020	June 16, 2025	1,450,000	0.340
		3,575,000	**0.397**

A summary of the changes in the Company's stock options follows:

	Number of options (#)	Weighted average exercise price ($)
Outstanding, December 31, 2018	**1,545,000**	**0.595**
Granted	1,130,000	0.220
Expired	(130,000)	0.500
Outstanding, December 31, 2019	**2,545,000**	**0.433**
Granted	1,450,000	0.340
Expired	(420,000)	0.478
Outstanding, December 31, 2019	**3,575,000**	**0.397**

During the year ended December 31, 2019

(i) On March 29, 2019, the Company granted incentive stock options allowing for the acquisition of up to, in the aggregate, 1,130,000 shares at $0.22 per share until March 29, 2024. The total amount of share-based payments expense of $244,287 was recognized during the year ended December 31, 2019.

(ii) During the year ended December 31, 2019 the Company recorded $10,946 in respect of the vesting of options granted in prior years.

The fair value for stock options issued during the year was determined using the Black-Scholes Option Pricing Model and the following assumptions:

Risk-free interest rate (%)	1.75
Expected stock price volatility (%)	211
Expected dividend yield (%)	0
Expected life (years)	5

d) Share Based Payments

Share based payments recognized in the period are expensed as consulting fees, directors' fees or management and office expense, as appropriate. The following table summarizes the share-based payments expense on the vesting of stock option for the periods ended June 30, 2020 and 2019:

	June 30, 2020 ($)	June 30, 2019 ($)
Management and office	**484,024**	244,287
	484,024	244,287

(Expressed in Canadian dollars)

e) Warrants

In connection with the Offering closed January 20,2020, the Company issued warrants allowing for the purchase of up to, in the aggregate, 6,242,858 common shares at $0.10 per share until January 21, 2023. Using the residual method, the warrants were valued at $Nil.

At June 30, 2020, the Company had warrants with a total weighted average remaining contractual life of 2.56 years outstanding as follows:

Issue date	Expiry date	Number	Exercise price
		(#)	($)
January 20, 2020	January 21, 2023	6,242,858	0.100
		6,242,858	**0.100**

A summary of the changes in the Company's warrants follows:

	Number of warrants	Weighted average exercise price
	(#)	($)
December 31, 2018	**9,558,574**	**0.686**
Expired	(9,558,574)	0.686
December 31, 2019	**-**	**-**
Issued	6,242,858	0.100
June 30, 2020	**6,242,858**	**0.100**

Year ended December 31, 2019

Warrants allowing for the acquisition of up to, in the aggregate, 9,558,574 shares expired, as to 5,820,000 shares at $0.75 per share on March 2, 2019, 1,981,000 shares at $0.75 per share on March 6, 2019 and 1,757,574 shares at $0.40 per share on December 28, 2019.

10. RELATED PARTY TRANSACTIONS

The Company has arrangements pursuant to which parties related to the Company by way of directorship or officership provide certain services, either directly or through companies owned or controlled by the officers and directors. Transactions were in the normal course of operations and all of the costs recorded are based on fair value. The Company's related party expenses for the periods ended June 30, 2020 and 2019 are as follows:

	June 30, 2020	June 30, 2019
	($)	($)
Management fees	**42,000**	42,000
Directors' fees	**30,000** (1)	55,000 (2)
Salaries and wages	**112,500**	112,500
Share based payments	**484,024**	11,890
	668,524	221,390

(1) At June 30, 2020, a total of $30,000 was owed to Directors in respect of Directors' fees incurred in the period ended June 30, 2020.

(2) At June 30, 2019, a total of $68,750 was owed to Directors in respect of Directors' fees incurred during the period ended June 30, 2019 and prior periods.

Additionally, at June 30, 2020, the Company owed $1,239 to an Officer and Director, in respect of expenses incurred on behalf of the Company.

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Management of Capital risk

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit, equity reserves.

The Company's capital at June 30, 2020 and December 31, 2019 follows:

	June 30, 2020 ($)	December 31, 2019 ($)
Share Capital	**69,344,205**	64,525,038
Reserves	**11,278,316**	10,794,292
Deficit	**(67,873,767)**	(66,842,062)
	12,748,754	8,477,268

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and will need to raise additional amounts. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2020. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

Management of Financial Risks

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

i. Credit Risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. The Company's surplus cash at June 30, 2020 and December 31, 2019, is invested in liquid low risk accounts in "A" rated Canadian Banks. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote. The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

ii. 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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company had cash and cash equivalents, net of flow-through funds, of $1,153,706 (December 31, 2019: $429,159) to settle trade payables and accrued liabilities, net of flow-through premiums, totaling $127,829 (December 31, 2019: $138,827).

(Expressed in Canadian dollars)

iii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. A 1% change in short term rates would change the interest income and net loss of the Company, assuming that all other variables remained constant, by approximately $68,387 at June 30, 2020.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency or commodity risk arising from financial instruments.

12. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment being the mineral exploration business in Canada. All exploration properties and equipment are situated in Canada.

13. COMMITMENTS AND CONTINGENCIES

At June 30, 2020, the Company has the following commitments in respect of its office lease:

	< 1 year ($)	2-5 years ($)	> 5 years ($)	Total ($)
Lease	34,225	60,844	-	**95,069**

14. SUBSEQUENT EVENTS

On July 30, 2020, 100,000 common shares were issued on the exercise of stock options at $0.22 per share, for gross proceeds of $22,000, and on August 3, 2020, a further 100,000 common shares were issued on the exercise of stock options at $0.22 per share, for gross proceeds of $22,000.