

ETHOS GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(Stated in Canadian dollars)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated 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.

ETHOS GOLD CORP.
Condensed Interim Consolidated Statements of Financial Position
(Stated in Canadian Dollars)
(Unaudited)

	Note	March 31, 2020	December 31, 2019
Assets			
Current assets:			
Cash and cash equivalents		\$ 1,779,856	\$ 3,009,935
Amounts receivable	4	533,126	463,367
Tax credits receivable	6	106,138	106,138
Investments	5	418,000	418,000
Prepaid expenses		66,516	87,453
		2,903,636	4,084,893
Mineral interests	3	156,456	156,456
Bond	3	20,000	20,000
Property, plant and equipment	7	68,626	68,971
		\$ 3,148,718	\$ 4,330,320
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	9	\$ 158,369	\$ 472,846
Due to related parties	10	12,104	2,234
Flow-through share premium	8 & 13	450,304	653,163
		620,777	1,128,243
Shareholders' Equity			
Share capital	8	26,297,828	26,297,828
Share option reserve	8	2,907,060	2,907,060
Share warrant reserve	8	3,106,347	3,106,347
Deficit		(29,783,294)	(29,109,158)
		2,527,941	3,202,077
		\$ 3,148,718	\$ 4,330,320

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

Approved by the Board of Directors and authorized for issue on July 15, 2020.

“Craig Roberts” Director

“Hendrik Van Alphen” Director

ETHOS GOLD CORP.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Stated in Canadian Dollars)****(Unaudited)**

	Note	2020	2019
Expenses			
Consulting	10	\$ 111,502	\$ 47,343
Exploration and project evaluation	3	630,029	163,018
Investor relations		44,591	62,481
Listing and filing fees		9,159	12,328
Office and administrative		17,520	10,416
Professional fees		21,595	16,284
Rent		4,716	9,216
Share-based compensation	8 & 10	-	36,385
Travel expenses		22,889	9,847
Amortization		345	-
Loss before the undernoted		(862,346)	(367,318)
Other income (expenses)			
Interest income		11,279	35,307
Other income from settlement of flow through	8 & 13	202,859	-
Foreign exchange (loss)/gain		(25,928)	(3,517)
Net loss and comprehensive loss for the period		\$ (674,136)	\$ (335,528)
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding		63,217,013	54,813,714

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

ETHOS GOLD CORP.**Condensed Interim Consolidated Statements of Changes in Equity****(Stated in Canadian Dollars)****(Unaudited)**

	Note	Share Capital		Share Reserves		Deficit	Total
		Number of Shares	Amount	Share Option Reserve	Share Warrant Reserve		
Balance, December 31, 2018		54,685,381	24,763,936	2,821,109	3,119,377	(22,712,657)	7,991,765
Exercise of stock options	8	175,000	26,250	-	-	-	26,250
Reallocation of reserve on exercise of stock options	8	-	14,619	(14,619)	-	-	-
Warrants issued for mineral property		-	-	-	9,961	-	9,961
Share-based compensation		-	-	36,385	-	-	36,385
Net loss for the period		-	-	-	-	(335,528)	(335,528)
Balance, March 31, 2019		54,860,381	24,804,805	2,842,875	3,129,338	(23,048,185)	7,728,833
Private placement, net of issuance costs	8	7,656,632	1,975,251	-	-	-	1,975,251
Shares issued for mineral property	3 & 8	600,000	140,000	-	-	-	140,000
Flow through share premium	8 & 13	-	(653,163)	-	-	-	(653,163)
Exercise of stock options	8	100,000	20,000	-	-	-	20,000
Reallocation of reserve on exercise of stock options	8	-	10,935	(10,935)	-	-	-
Warrants issued for mineral property	3 & 8	-	-	-	(22,991)	-	(22,991)
Share-based compensation	8	-	-	75,120	-	-	75,120
Net loss for the period		-	-	-	-	(6,060,973)	(6,060,973)
Balance, December 31, 2019		63,217,013	26,297,828	2,907,060	3,106,347	(29,109,158)	3,202,077
Net loss for the period		-	-	-	-	(674,136)	(674,136)
Balance, March 31, 2020		63,217,013	\$ 26,297,828	\$ 2,907,060	\$ 3,106,347	\$ (29,783,294)	\$ 2,527,941

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

ETHOS GOLD CORP.**Condensed Interim Consolidated Statements of Cash Flows****(Stated in Canadian Dollars)****(Unaudited)**

	2020	2019
Operating activities		
Net loss for the period	\$ (674,136)	\$ (335,528)
Items not affecting cash:		
Amortization	345	-
Flow through income	(202,859)	-
Share-based compensation	-	36,385
Changes in non-cash working capital components		
Amounts receivable	(69,759)	(11,853)
Due from related parties	-	4,437
Prepaid expenses	20,937	(109,892)
Due to related party	9,870	-
Accounts payable and accrued liabilities	(314,477)	10,188
Cash used in operating activities	(1,230,079)	(406,263)
Financing activities		
Private placement, net of issuance costs	-	-
Proceeds on exercise of stock options	-	26,250
Cash provided by financing activities	-	26,250
Increase (Decrease) in cash and cash equivalents	(1,230,079)	(380,013)
Cash and cash equivalents, beginning of period	3,009,935	7,644,983
Cash and cash equivalents, end of period	\$ 1,779,856	\$ 7,264,970
Cash and cash equivalents consisted of		
Cash on deposit with a Canadian Senior Bank	\$ 1,739,765	\$ 7,224,828
Term deposits and Guaranteed investment certificates issued by a Canadian Senior Bank	40,091	40,142
	\$ 1,779,856	\$ 7,264,970

Supplemental Cash Flow Information (note 11)

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

ETHOS GOLD CORP.

Notes to the Consolidated Financial Statements

For the Three Months ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Ethos Gold Corp. (the “Company” or “Ethos”) was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. In 2009, it began trading on the TSX Venture Exchange (“TSX-V”) as a Tier 2 company under the symbol ECC. Its registered office is located at 1430 – 800 West Pender Street, Vancouver, BC, V6C 2V6. The Company’s principal business activities are the identification, exploration and development of economically viable mineral properties.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing and if required through the issuance of debt or equity. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company were unable to continue operations in the normal course of business.

2. BASIS OF PREPARATION AND CONSOLIDATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”), as applicable to interim financial reports including International Accounting Standard 34 - Interim Financial Reporting. Therefore, these condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements and the notes thereto for the year ended December 31, 2019 (“Annual Financial Statements”).

The accounting policies applied in preparation of these condensed interim consolidated financial statements are the same as those applied in the most recent Annual Financial Statements and were consistently applied to all the periods presented.

These consolidated financial statements include the accounts of the Company, its Canadian subsidiary 1088151 B.C. Ltd., and its Mexican subsidiary Compañía Minera Roca Dorada, SA de CV. Subsidiaries are entities controlled by the Company. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over its subsidiary. All significant inter-company balances and transactions have been eliminated upon consolidation.

ETHOS GOLD CORP.

Notes to the Consolidated Financial Statements

For the Three Months ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

Key sources of estimation uncertainty and critical accounting judgement

In preparing these condensed interim consolidated financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred by the Company may differ from these values. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements.

3. MINERAL INTERESTS

	La Purisima (a)	Pine Pass (b)	Perk-Rocky (c)	Ligneris (d)	Total
Balance, December 31, 2018	\$ 429,337	\$ 114,152	\$ -	\$ -	\$ 543,489
Acquisition costs	20,033	57,000	103,000	53,455	233,488
Write down	(449,370)	(171,151)	-	-	(620,521)
Balance, December 31, 2019 and March 31, 2020	\$ -	\$ 1	\$ 103,000	\$ 53,455	\$ 156,456

During the three months ended March 31, 2020 the Company incurred the following exploration expenses:

	Perk-Rocky (c)	Ligneris (d)	Iron Point (e)	Total
Geological consulting	\$ 42,987	\$ 129,445	\$ 22,505	\$ 194,937
Drilling	-	206,823	-	206,823
Assays	3,781	82,935	-	86,716
Geophysics	3,125	37,675	-	40,800
Field equipment	-	8,880	-	8,880
Camp costs	-	2,198	-	2,198
Travel	4,557	24,003	4,142	32,702
Administration	664	56,309	-	56,973
	\$ 55,114	\$ 548,268	\$ 26,647	\$ 630,029

During the three months ended March 31, 2019 the Company incurred the following exploration expenses:

	La Purisima (a)	Pine Pass (b)	Other	Total
Geological consulting	\$ 74,923	\$ 48,729	\$ 8,448	\$ 132,100
Assays	-	3,973	-	3,973
Field costs	2,456	1,385	-	3,841
Camp costs	-	1,750	-	1,750
Transportation	6,668	12,011	-	18,679
Supplies	-	12,473	-	12,473
Concession taxes	14,298	-	-	14,298
BC METC	-	(24,096)	-	(24,096)
	\$ 98,345	\$ 56,225	\$ 8,448	\$ 163,018

ETHOS GOLD CORP.

Notes to the Consolidated Financial Statements

For the Three Months ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. MINERAL INTERESTS (continued)

a) La Purisima, Mexico (continued)

- ii. On August 24, 2018, the Company, through its wholly owned Mexican subsidiary, Roca Dorada, entered into an option to purchase agreement whereby the Company owns the right to acquire a 100% interest in 897 hectares of mineral concessions contiguous to the Company's La Purisima project, located in Chihuahua, Mexico. The Company, at its sole election, can exercise its option to earn its' 100% interest in the property at any time during the 10 years following the closing of the option agreement by paying the vendor US\$550,000.

To retain its right to acquire a 100% interest in the contiguous concessions the Company must make advance net smelter returns royalty ("NSR") payments to the vendor as follows:

	Cash
On closing	US\$25,000 - paid
On the first anniversary of closing	US\$35,000
On the second anniversary of closing	US\$35,000
On the third anniversary of closing and every subsequent year thereafter until commercial production has commenced	US\$50,000

In addition to the cash payments, the Company issued 1,500,000 share purchase warrants entitling the vendor to acquire 1,500,000 common shares of the Company at a price of \$0.15 per share. The warrants will be exercisable for a period of five years, vesting as follows: 500,000 on closing (fully vested); 500,000 eighteen months after closing; 500,000 thirty-six months after closing. The second and third tranches of warrants will only vest if the Company has not terminated the option agreement prior to their vesting dates.

Upon closing, the Company paid US\$5,500 in outstanding concession taxes. During the term of the option agreement, the Company must keep the concession in good standing by paying the annual concession taxes.

Upon exercising the option, the Company will grant the vendor a 2.0% NSR on the property, of which half can be repurchased at any time by the Company by paying the vendor US\$1,000,000.

During the year ended December 31, 2019, the Company provided termination notices to the vendors of the La Purisima concessions and wrote down \$449,370 in acquisition costs.

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Notes to the Consolidated Financial Statements

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3. MINERAL INTERESTS (continued)

a) Pine Pass Project, British Columbia

On July 31, 2018, the Company entered into an option agreement to acquire a 100% interest in three vanadium projects (Pine Pass, Ursula and Tunnel) in north eastern British Columbia. The Company can earn a 100% interest in the three projects by making the following cash payments and share issuances:

	Cash	Shares
Within five days of TSX Venture acceptance	\$80,000 (paid)	200,000 (issued)
On the first anniversary	\$120,000	400,000
On the second anniversary	\$160,000	600,000
On the third anniversary	\$240,000	800,000
On the fourth anniversary	\$400,000	1,000,000

If the Company completes the 100% acquisition of the three properties by making the above cash payments and share issuances the Company will grant to the vendors a 2.0% NSR royalty on all three projects, of which half can be repurchased at any time by the Company by paying the vendors \$1,500,000.

During the year ended December 31, 2019, the company did not renew the Tunnel project.

On June 20, 2019, the area in which the Pine Pass Project is located became subject to a moratorium on resource development (the "Moratorium") imposed by the Province of British Columbia in connection with caribou protection strategies.

On July 31, 2019, the Company entered in an amended option agreement (the "Addendum") with the vendors whereby the previous cash payments and share issuances are suspended indefinitely, pending the lifting of the Moratorium. The Moratorium will be deemed to have been lifted when the Company is no longer restricted by the Moratorium from carrying out exploration and development activities on the Pine Pass Project (the "Reinstatement Date"). Per the Addendum, to maintain the option agreement in good standing, the Company must make the following cash payments and share issuances:

	Cash	Shares
Within five days of TSX Venture acceptance of the Addendum	\$30,000 (paid)	100,000 (issued)
On July 31, 2020 (the "Second Interim Payment")	\$30,000*	100,000*
If the Reinstatement Date falls on or before July 31, 2020	\$90,000*	300,000*
If the Reinstatement Date falls after July 31, 2020	\$60,000	200,000
On the first anniversary of the Reinstatement Date	\$160,000	600,000
On the second anniversary of the Reinstatement Date	\$240,000	800,000
On the third anniversary of the Reinstatement Date	\$400,000	1,000,000

* In the event the Moratorium is lifted on or prior to July 31, 2020, the Second Interim Payment would not be required in addition to the payment of \$90,000 and 300,000 share issuance as the Second Interim Payment is factored into the \$90,000 cash payment and 300,000 share issuance.

In addition to the above cash payments and shares issuance, by the fourth anniversary of the Reinstatement Date, the Company will conduct and complete a PEA in respect of any one of the properties (Pine Pass or Ursula).

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Notes to the Consolidated Financial Statements

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3. MINERAL INTERESTS (continued)

b) Pine Pass Project, British Columbia (continued)

The Company will be making reasonable efforts to pursue any entitlement to compensation arising in connection with the Moratorium. In the event the Company is successful in recouping compensation, the Company shall first recover its costs and expenses incurred during this process with any remaining proceeds to be split evenly between the Company and the vendors.

Due to the uncertainty of the Moratorium, the Company wrote down the carry value of the Pine Pass project to \$1 at December 31, 2019.

c) Perk-Rocky Project, British Columbia

On May 10, 2019, the Company entered into an option agreement to acquire a 100% interest in the Perk-Rocky project located 225km west of Williams Lake, British Columbia. The Company can earn a 100% interest in the Perk-Rocky Project by incurring exploration expenses totaling \$350,000 (incurred) on or prior to the first anniversary of the agreement and by making \$690,000 in cash payments and issuing 2,900,000 common shares of the Company as follows:

	Cash	Shares
Within five days of the execution date	\$10,000 (paid)	-
Within five days of TSX Venture acceptance	\$30,000 (paid)	300,000 (issued \$63,000)
On the first anniversary	\$75,000*	450,000*
On the second anniversary	\$175,000	700,000
On the third anniversary	\$400,000	1,450,000

*Subsequent to March 31, 2020 the Company issued 450,000 common shares and paid \$75,000 to the vendors of the Perk-Rocky property.

The Company must make US\$3,850,000 in milestone payments, which are due within 30 days of the Company reaching each milestone as described below:

- US\$350,000 in the event the Company obtains a technical report that is NI 41-101 compliant.
- US\$500,000 in the event the Company obtains a Preliminary Economic Assessment.
- US\$1,000,000 in the event the Company obtains a Feasibility Study.
- US\$2,000,000 in the event the Company elects to put the property into commercial production.

Upon acquiring 100% interest in the property, the Company will grant the vendor a 3% NSR. The Company may repurchase 2% of the NSR for US\$7 million.

As at March 31, 2020, the Company had advanced a \$20,000 (December 31, 2019 - \$20,000) bond to the Government of British Columbia related to the ongoing exploration work at the Perk-Rocky project.

ETHOS GOLD CORP.

Notes to the Consolidated Financial Statements

For the Three Months ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. MINERAL INTERESTS (continued)

d) Ligneris Property, Quebec

On June 26, 2019, the Company entered into an earn in agreement with Société d'exploration minière Vior Inc. ("Vior") whereby the Company can earn a 70% interest in the Ligneris property, located 90 km north of Rouyn-Noranda, Quebec. The Company can earn a 51% interest in the Ligneris Property by issuing Vior 1,000,000 common shares of the Company and incurring \$3,000,000 in exploration expenditures over the first four years of the agreements as follows:

	Work Commitment	Shares
Within ten days of TSX Venture acceptance	-	200,000 (issued)
On or before the first anniversary	\$750,000	225,000
On or before the second anniversary	\$750,000	250,000
On of before the third anniversary	\$750,000	325,000
On of before the fourth anniversary	\$750,000	-

Upon the Company earning its' initial 51% interest in the Ligneris Property, the Company will have 60 days to elect to earn an additional 19% interest in the Ligneris Property by incurring an additional \$4,000,000 in exploration expenditures over the next three years, commencing from the date of the Company's election.

e) Iron Point Property, Nevada, USA

On May 16, 2019, the Company entered into an earn in agreement with Victory Metals Ltd. ("Victory") whereby the Company can earn a 50% undivided interest in the gold and silver rights at Victory's Iron Point vanadium project, located 22 miles east of Winnemucca, Nevada. The Company can earn its 50% undivided interest by spending \$5,000,000 over three years, including a minimum of \$1,000,000 (incurred) in the first year. Following the earn-in, a 50-50 joint venture will be formed between the Company and Victory, exclusive to the gold and silver rights on the Iron Point property.

ETHOS GOLD CORP.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

4. ACCOUNTS RECEIVABLE

	March 31, 2020	December 31, 2019
GST receivable	\$ 200,595	\$ 163,111
QST receivable	203,901	168,476
IVA receivable (IVA)	127,055	130,205
Other	1,575	1,575
	\$ 533,126	\$ 463,367

5. INVESTMENTS

On April 12, 2019, the Company subscribed for 1,650,000 shares at a price of \$0.12 per share in a private British Columbia corporation, Carlin Type Holdings Ltd. (“CTH”), for total proceeds of \$198,000. CTH’s wholly owned Nevada subsidiary, Ridgeline Minerals Corporation (“Ridgeline”), has options to acquire a 100% interest in three highly prospective gold exploration projects in Nevada: Carlin-East, Swift and Selena.

On December 12, 2019, the Company subscribed for an additional 250,000 shares at a price of \$0.22 in CTH, for total proceeds of \$55,000.

As at March 31, 2020 the company owns 1,900,000 (December 31, 2019 – 1,900,000) shares of CTH with a total cost base of \$253,000 (December 31, 2019 – \$253,000) and a fair value \$418,000 (December 31, 2019 – \$418,000).

6. TAX CREDIT RECEIVABLE

As at March 31, 2020, the Company has tax credits receivable of \$106,138 (December 31, 2019 - \$106,138), which consists of BCMETC receivable.

7. PROPERTY, PLANT AND EQUIPMENT

During the year ended December 31, 2019, the company acquired a building in the province of Quebec, Canada for total proceeds of \$69,168 (2018 - \$nil). The Company has recorded cumulative amortization expense of \$542 (December 31, 2019 - \$197), of which \$345 (March 31, 2019 - \$nil) is included in the statement of loss and comprehensive loss.

ETHOS GOLD CORP.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

Unlimited number of preferred shares without par value

(b) Common shares – issued and outstanding

Common shares - At March 31, 2020 the Company had 63,217,013 (December 31, 2019 – 63,217,013) common shares issued and outstanding.

Preferred shares – At March 31, 2020 and December 31, 2019 no preferred shares were issued and outstanding.

- i) On November 26, 2019, the Company completed a non-brokered private placement of 6,531,632 flow-through units of the Company at a price of \$0.27 cents per flow through unit for gross proceeds of \$1,763,541. Each flow through unit consists of one common share of the Company to be issued on a flow-through basis under the Income Tax Act (Canada) and one-half of one non-flow through common share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share of the Company at a purchase price of \$0.30 for a period of two years from the date of issuance. The Company recognized share issuance costs of \$13,290 and a flow through premium liability of \$653,163 on issuance. The residual value of the private placement of \$1,110,378 was allocated to share capital. During the three months ended March 31, 2020, \$202,859 in flow through share premium was reallocated to other income as a result of the Company incurring qualifying exploration expenses during the period.
- ii) On August 2, 2019, 100,000 stock options with an exercise price of \$0.20 were exercised for gross proceeds to the Company of \$20,000.
- iii) On July 31, 2019, the Company issued 100,000 common shares relating to the acquisition of the Pine Pass mineral property (Note 3) with a fair value of \$27,000.
- iv) On July 26, 2019, the Company issued 200,000 common shares relating to the acquisition of the Ligneris mineral property (Note 3) with a fair value of \$50,000.
- v) On June 10, 2019, the Company completed a non-brokered private placement and issued 1,125,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$225,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a purchase price of \$0.40 per share until June 10, 2021.
- vi) On June 4, 2019, the Company issued 300,000 common shares relating to the acquisition of the Perk Rocky mineral property (Note 3) with a fair value of \$63,000.
- vii) On January 24, 2019, 175,000 stock options with an exercise price of \$0.15 per share were exercised for gross proceeds of \$26,250.

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8. SHARE CAPITAL (continued)

(b) Common shares – issued and outstanding (continued)

- viii) On December 21, 2018, the Company completed a non-brokered private placement of 7,000,000 flow-through units (“FT Unit”) of the Company at a price of \$0.28 per FT Unit for gross proceeds of \$1,960,000. Each FT Unit consists of one common share of the Company to be issued on a flow-through basis under the Income Tax Act (Canada) and one-half of one non-flow through common share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share of the Company at a purchase price of \$0.30 per share until December 31, 2020. The Company recognized a flow through premium liability of \$350,000 on issuance. The residual value of the private placement of \$1,610,000 was allocated to share capital. During the year ended December 31, 2019, \$350,000 in flow through share premium was reallocated to other income from settlement of flow through as a result of the Company incurring qualifying exploration expenses during the period.

In connection with the flow through financing, the Company renounced the expenditures as at December 31, 2018 and indemnified the subscribers in the event the Company could not fulfill its’ obligation of expending the entire proceeds during fiscal 2019 in the province of British Columbia. The Company expended the full amount of the financing during fiscal 2019. However, as a result of the Pine Pass moratorium (Note 3), the Company was only able to expend \$878,105 in the province of British Columbia during fiscal 2019 and as a result recorded an indemnity expense of \$109,498 to reimburse subscribers for the loss of certain tax credits. As at December 31, 2019, \$109,498 was payable to subscribers, which was paid during the three months ended March 31, 2020.

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For the Three Months ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(c) Share purchase options

Share purchase options are granted at an exercise price equal to the estimated fair value of the Company's common shares on the date of the grant.

On June 22, 2010, the Company implemented a new Share Option Plan for the benefit of directors, employees, management company employees and consultants of the Company. The Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine. The maximum aggregate number of common shares that may be reserved for issuance under the Plan is 10% of the issued and outstanding common shares of the Company at the time of grant. At March 31, 2020, 5,340,000 share purchase options were outstanding.

A summary of the status of the Company's share purchase options outstanding is presented below:

	March 31, 2020		December 31, 2019	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	5,340,000	\$0.20	4,765,000	\$0.20
Granted	-	-	1,000,000	\$0.20
Exercised	-	-	(275,000)	\$0.17
Expired	-	-	(150,000)	\$0.30
Outstanding at end of year	5,340,000	\$0.20	5,340,000	\$0.20

As at March 31, 2020, the following share purchase options were outstanding and exercisable:

Expiry date	Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining contractual life (in years)	Exercisable Options
Jul 29, 2020	225,000	\$0.15	0.33	225,000
Jun 22, 2021	865,000	\$0.30	1.23	865,000
Dec 3, 2022	250,000	\$0.20	2.68	250,000
Jul 26, 2023	2,650,000	\$0.17	3.24	2,650,000
Dec 4, 2023	350,000	\$0.23	3.68	350,000
Jan 10, 2022	400,000	\$0.20	2.78	400,000
May 31, 2024	600,000	\$0.20	4.17	600,000
	5,340,000	\$0.28	3.04	5,340,000

The weighted average grant-date fair value of share purchase options granted during the three months ended March 31, 2020 was \$nil (December 31, 2019 - \$0.11) per share purchase option. The Company determines the fair value of options granted using the Black-Scholes model for share purchase options issued to employees. The Company determines the fair value of share purchase options issued to non-employees using the value of services provided by the non-employees.

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Notes to the Consolidated Financial Statements For the Three Months ended March 31, 2020 and 2019 (Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(c) Share purchase options (continued)

The following weighted-average grant date assumptions were used in valuing share purchase options granted during the years to directors, officers and employees:

	March 31, 2020	December 31, 2019
Weighted average share price	n/a	\$0.19
Weighted average exercise price	n/a	\$0.20
Risk-free interest rate	n/a	1.58%
Expected volatility ⁽¹⁾	n/a	78.80%
Expected years of option life ⁽²⁾	n/a	5
Expected dividends	Nil	Nil

⁽¹⁾ Expected volatility was determined based on the historical volatility of the Company over a period commensurate with the expected option life.

⁽²⁾ The effects of early exercise were not incorporated into the model as the options are expected to be held for the contractual life.

(d) Share purchase warrants

As at March 31, 2020 the Company had share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Outstanding, December 31, 2019	Issued	Expired	Outstanding, March 31, 2020
\$0.30	May 12, 2021*	3,876,470	-	-	3,876,470
\$0.15	August 24, 2023	500,000	-	-	500,000
\$0.30	December 21, 2020	3,500,000	-	-	3,500,000
\$0.40	June 10, 2021	1,125,000	-	-	1,125,000
\$0.30	November 26, 2019	3,265,816	-	-	3,265,816
		12,267,286	-	-	12,267,286

As at December 31, 2019 the Company had share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Outstanding, December 31, 2018	Issued	Expired	Outstanding, December 31, 2019
\$0.30	May 12, 2021*	3,876,470	-	-	3,876,470
\$0.15	August 24, 2023**	1,500,000	-	(1,000,000)	500,000
\$0.30	December 21, 2020	3,500,000	-	-	3,500,000
\$0.40	June 10, 2021	-	1,125,000	-	1,125,000
\$0.30	November 26, 2021	-	3,265,816	-	3,265,816
		8,876,470	4,390,816	(1,000,000)	12,267,286

* During the year ended the December 31, 2019, the Company extended the expiry date of the warrants from November 12, 2019 to May 12, 2021.

** The first tranche of 500,000 warrants vested on August 23, 2018. 1,000,000 unvested warrants were cancelled during the year ended December 31, 2019. Refer to Note 3.

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Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

(d) Share purchase warrants – (continued)

The following weighted-average grant date assumptions were used in valuing share purchase warrants granted with respect to the Company's mineral interests (Note 3):

	<u>2020</u>	<u>2019</u>
Weighted average share price	n/a	\$0.14
Weighted average exercise price	n/a	\$0.15
Risk-free interest rate	n/a	2.16%
Expected volatility ⁽¹⁾	n/a	70.36%
Expected years of option life ⁽²⁾	n/a	5
Expected dividends	n/a	Nil

9. ACCOUNTS PAYABLE

	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Trade payables	\$ 142,983	\$ 321,853
Indemnity payable	-	109,498
Part XII.6 tax payable	15,386	15,386
Other	-	26,109
	<u>\$ 158,369</u>	<u>\$ 472,846</u>

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Notes to the Condensed Interim Consolidated Financial Statements For the Three Months Ended March 31, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

10. RELATED PARTY TRANSACTIONS

Related party transactions are recorded at the exchange amount as agreed to by the parties. Related party transactions not otherwise disclosed in these financial statements are:

- (a) The Company paid \$48,000 during the three months ended March 31, 2020 (2019 - \$37,500) in consulting fees to private companies controlled by certain directors and officers of the Company.
- (b) The Company paid \$nil during the three months ended March 31, 2020 (2019 - \$23,391) in consulting fees to a director of the Company that is included in exploration and project evaluation expenses.
- (c) \$10,500 is payable to an officer and director at March 31, 2020 (December 31, 2019 – \$nil).
- (d) \$1,604 is payable to an officer at March 31, 2020 (December 31, 2019 - \$2,234) for reimbursable expenses.

Key personnel compensation

	For the three months ended March 31,	
	2020	2019
Consulting fees	\$ 48,000	\$ 61,431
Directors fees	-	2,400
	\$ 48,000	\$ 63,831

11. SUPPLEMENTAL CASH FLOW INFORMATION

	2020	2019
Interest received	\$ 11,279	\$ 35,307
Interest paid	-	-

The Company did not enter into any non-cash transactions during the three months ended March 31, 2020.

During the three months ended March 31, 2019, the Company entered into the following non-cash transactions:

- The Company recognized \$9,961 in mineral interest acquisition costs related to the vesting of warrants issued for mineral properties (Note 3).

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

12. SEGMENT INFORMATION

- (a) The Company operates in one industry segment (note 1).
- (b) At March 31, 2020 and December 31, 2019, the Company's mineral interests were located as follows:

	March 31, 2020	December 31, 2019
Mineral interests		
British Columbia, Canada	\$ 103,001	\$ 103,001
Quebec, Canada	\$ 53,455	\$ 53,455

The Company's other assets and liabilities and net expenses are attributable to its corporate office and exploration and project evaluation activities in Canada, United States and Mexico.

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Notes to the Condensed Interim Consolidated Financial Statements For the Three Months Ended March 31, 2020 and 2019 (Expressed in Canadian Dollars) (Unaudited)

13. COMMITMENT AND CONTINGENCIES

During the year ended December 31, 2019, the Company expended the full amount of the proceeds from the flow through financing that closed in fiscal 2018, resulting in \$350,000 being reallocated from flow through share premium to other income during the year. However, as a result of the Pine Pass moratorium (Note 3), the Company was only able to expend \$878,105 in the province of British Columbia during fiscal 2019 and as a result recorded an indemnity expense of \$109,498 to reimburse subscribers for the loss of certain tax credits. As at December 31, 2019, \$109,498 was payable to subscribers, which was paid during the three months ended March 31, 2020.

During the year ended December 31, 2019, the Company closed a flow through financing (Note 8) and recognized a flow through share premium liability of \$653,163. During the three months ended March 31, 2020, the Company incurred qualifying flow through expenditures resulting in \$202,859 being reallocated from flow through share premium to other income during the period.

On December 11, 2019, Roca Dorada was served formal notice of a non-contention judicial application *jurisdiccion voluntaria* (“Application”) filed by the vendors of the La Purisima property, in the state of Chihuahua, Mexico. This preliminary Application states that the Company owes the vendor the second-year anniversary payment of US\$250,000 cash and the issuance of 250,000 shares of the Company, per the La Purisima option purchase agreement (Note 3) as a result of not providing formal notice of termination to the vendors. In addition, the preliminary Application is claiming damages of US\$4,300,000 and 3,350,000 shares of the Company, which includes, among other claimed damages, the remaining cash payments and share issuances under the La Purisima option purchase agreement.

Management believes the Application has no merit as the Company documented its legal efforts to serve formal notice to the vendors, per the terms of the La Purisima option purchase agreement, which was conducted within the prescribed laws in Mexico. As a result of the Company having served proper notice of termination, the Company has performed its obligations under the original option purchase agreement and has no further obligations to the vendors.

At the date the Board approved these consolidated financial statements, the Company is not aware of the vendors filing a principle action or claim. Should the vendors file a principle action or claim the Company will vigorously defend its position on any and all claims noted in the preliminary Application.

14. MANAGEMENT OF CAPITAL

The Company’s objectives when managing capital are to safeguard its ability to pursue its objectives. The Company measures its capital as its shareholders’ equity. The Company’s primary source of capital is the issuance of equity.

The Company manages and adjusts its capital structure whenever changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding.

The Company may require additional funding to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required but recognizes there will be risks involved that may be beyond its control.

The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through at least the next twelve months. There are no external restrictions on the Company’s capital.

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Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

15. MANAGEMENT OF FINANCIAL RISK

The Company is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments which include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities. The Company is not exposed to significant market or other price risks.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short term investments are on deposit at a major financial institution. Amounts receivable consist primarily of goods and services tax refunds due from the Government of Canada and are neither past due nor impaired. As such, the Company considers its exposure to credit risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company is exposed to liquidity risk through its accounts payable, accrued liabilities and amounts due to related parties, which are all due on demand. The Company uses cash forecasts to ensure as far as possible that there is sufficient cash on hand to meet short-term business requirements. Cash is invested in highly liquid investments which are available to discharge obligations when they come due.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Company's financial instruments. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate temporary investments of varying maturities. The Company reduces the risk that it will realize a loss as a result of a decline in the fair value of these investments by limiting these investments to highly liquid securities with short-term maturities.

As at March 31, 2020, the Company estimates that a 1% change in prevailing interest rates would change the fair value of future cash flows from the Company's financial instruments by approximately \$9,100 (December 31, 2019 - \$11,000).

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2020 and 2019

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(Unaudited)

16. EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to March 31, 2020, the Company issued 450,000 common shares and paid \$75,000 to the vendors of the Perk-Rocky property (Note 3).
- (b) On May 7, 2020, the Company amended the Perk-Rocky option agreement (Note 3) whereby the second anniversary payments of \$175,000 in cash and 700,000 common shares are now due on or before August 16, 2021.
- (c) On May 22, 2020, the Company and Victory amended the Iron Point (Note 3) earn in agreement whereby the Company must expend \$5,000,000 over five years (previously three years), including \$1,000,000 (incurred) in the first year. Commencing on the first anniversary of the agreement, the Company must spend at least US\$250,000 each year in exploration expenditures.