MARITIME RESOURCES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2020 and 2019
(Expressed in Canadian dollars)
(Unaudited)

NOTICE TO READER OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of Maritime Resources Corp. (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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

MARITIME RESOURCES

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

As at (Unaudited – Prepared by Management, in Canadian dollars)	**Note**	**June 30 2020 $**	December 31 2019 $
ASSETS			
Current			
Cash	4	**3,199,622**	1,827,157
Receivables	5	**112,873**	161,546
Prepaid expenses and deposits	6	**110,308**	120,199
		3,422,803	2,108,902
Property and equipment	7	**21,147**	41,159
Exploration and evaluation assets	8	**13,281,862**	11,926,382
Total Assets		**16,725,812**	14,076,443
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	9,12	**568,409**	453,070
Lease liability	10	**-**	10,362
Flow-through premium liability	11	**140,749**	47,599
Total Liabilities		**709,158**	511,031
Shareholders' equity			
Share capital	11	**23,792,209**	20,568,204
Reserves	11	**2,642,261**	2,306,044
Royalty reserve	11	**210,700**	210,700
Deficit		**(10,628,516)**	(9,519,536)
Total Shareholders' Equity		**16,016,654**	13,565,412
Total Liabilities and Shareholders' Equity		**16,725,812**	14,076,443

Nature of operations and going concern (Note 1) and Subsequent event (Note 15).

Approved and authorized on behalf of the Board of Directors:

"John P. Hayes" — Chairman

"Mark N.J. Ashcroft" — Director

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

MARITIME RESOURCES

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited – Prepared by management, in Canadian dollars)	Note	**Three Month Period Ended June 30 2020 $**	Three Month Period Ended June 30 2019 $	**Six Month Period Ended June 30 2020 $**	Six Month Period Ended June 30 2019 $
EXPENSES					
Salaries and benefits	12	**155,096**	137,320	**311,786**	231,634
Severance	12	**-**	-	**-**	884,497
Administration	12	**46,014**	76,744	**91,342**	152,383
Business development		**-**	-	**200,000**	-
Consulting	12	**2,860**	-	**2,860**	28,000
Professional fees		**19,564**	19,976	**21,657**	47,424
Directors' fees and expenses	12	**19,922**	20,093	**39,928**	37,593
Investor relations and promotion		**122,065**	32,792	**144,617**	45,270
Share based payment		**360,637**	320,488	**363,032**	320,488
Depreciation	7	**2,537**	21,344	**20,012**	42,688
Interest expense on lease liability	10	**-**	1,586	**138**	3,584
		(728,695)	(630,343)	**(1,195,372)**	(1,793,561)
Interest income		**4,329**	22,868	**10,127**	28,449
Recognition of flow-through premium liability	11	**44,279**	91,220	**76,265**	144,545
		48,608	114,088	**86,392**	172,944
Loss and comprehensive loss for the period		**(680,087)**	(516,255)	**(1,108,980)**	(1,620,567)
Basic and diluted loss per common share		**0.00**	0.00	**(0.01)**	(0.01)
Weighted average number of common shares outstanding		**219,339,760**	181,460,433	**204,622,450**	156,853,823

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

MARITIME RESOURCES

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited – Prepared by Management, in Canadian dollars)	Shares #	Share capital $	Reserves $	Royalty reserve $	Deficit $	Total $
Balance, December 31, 2018	**131,953,807**	**15,063,535**	**2,278,901**	**210,700**	**(7,616,293)**	**9,936,843**
Issued for private placements (Note 11)	56,896,662	6,092,499	-	-	-	6,092,499
Share issuance costs (Note 11)	-	(468,161)	-	-	-	(468,161)
Finders' warrants (Note 11)	-	(126,562)	126,562	-	-	-
Flow-through premium liability (Note 11)	-	(402,833)	-	-	-	(402,833)
Issued for mineral properties (Note 8,11)	200,000	19,000	-	-	-	19,000
Warrant expiry	-	97,571	(97,571)	-	-	-
Share-based payments (Note 11)	-	-	320,488	-	-	320,488
Reserves transferred on expired options (Note 11)	-	-	(93,043)		93,043	-
Loss for the period	-	-	-	-	(1,620,567)	(1,620,567)
Balance, June 30, 2019	**189,050,469**	**20,275,049**	**2,535,337**	**210,700**	**(9,143,817)**	**13,877,269**
Issued for mineral properties (Note 8,11)	775,000	63,250	-	-	-	63,250
Warrant expiry (Note 11)	-	229,905	(229,905)	-	-	-
Share-based payments (Note 11)	-	-	9,860	-	-	9,860
Reserves transferred on expired options (Note 11)	-	-	(9,248)		9,248	-
Loss for the period	-	-	-	-	(384,967)	(384,967)
Balance, December 31, 2019	**189,825,469**	**20,568,204**	**2,306,044**	**210,700**	**(9,519,536)**	**13,565,412**
Issued for private placements (Note 11)	55,509,742	3,500,000	-	-	-	3,500,000
Share issuance costs (Note 11)	-	(223,413)	-	-	-	(223,413)
Finders' shares (Note 11)	666,864	60,018	-	-	-	60,018
Flow-through premium liability (Note 11)	-	(169,415)	-	-	-	(169,415)
Issued for mineral properties (Note 8,11)	500,000	30,000	-	-	-	30,000
Warrant expiry (Note 11)	-	26,815	(26,815)	-	-	-
Share-based payments (Note 11)	-	-	363,032	-	-	363,032
Loss for the period	-	-	-	-	(1,108,980)	(1,108,980)
Balance, June 30, 2020	**246,502,075**	**23,792,209**	**2,642,261**	**210,700**	**(10,628,516)**	**16,016,654**

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

MARITIME RESOURCES

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

For the six month periods ended June 30 (Unaudited – Prepared by Management, in Canadian dollars)	**2020** **$**	2019 $
Cash flows from operating activities		
Loss for the period	**(1,108,980)**	(1,620,567)
Items not involving cash:		
Share-based payment	**363,032**	320,488
Depreciation	**20,012**	42,688
Flow-through premium recovery	**(76,265)**	(144,545)
Changes in non-cash working capital items:		
(Increase) decrease in receivables	**52,493**	(128,392)
(Increase) decrease in accrued interest receivable	**(3,820)**	-
(Increase) decrease in prepaid expenses	**9,891**	(111,989)
Increase (decrease) in accounts payable and accrued liabilities	**(77,859)**	255,434
Net cash provided by (used in) operating activities	**(821,496)**	(1,386,883)
Cash flows from investing activities		
Exploration and evaluation expenditures	**(1,215,082)**	(1,175,968)
Recoveries and grant	**82,800**	65,250
Net cash provided by (used in) investing activities	**(1,132,282)**	(1,110,718)
Cash flows from financing activities		
Proceeds from private placement	**3,500,000**	6,092,499
Share issue costs	**(163,395)**	(468,161)
Repayment of lease liability	**(10,362)**	(41,416)
Net cash provided by (used in) financing activities	**3,326,243**	5,582,922
Change in cash during the period	**1,372,465**	3,085,321
Cash, beginning of the period	**1,827,157**	2,359,066
Cash, end of the period	**3,199,622**	5,444,387
Supplemental disclosure		
Cash paid for interest	**138**	1,998
Supplemental disclosure of non-cash financial and investing activities		
Recognition of right of use asset and lease liability	**-**	106,720
Fair value of finders' shares	**60,018**	126,562
Expiry of warrants	**26,815**	97,571
Exploration and evaluation assets included in accounts payable	**240,840**	235,052
Flow-through share premium	**169,415**	402,833
Shares issued for property	**30,000**	19,000

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Maritime Resources Corp. (the "Company" or "Maritime") was incorporated under the Business Corporations Act (British Columbia) on May 14, 2007. Maritime is an exploration stage company focused on re-starting the past producing Hammerdown Gold Mine located near the Baie Verte mining district in Newfoundland and Labrador, Canada as well as exploration on its other properties in the region.

The Company's registered and records office is 3200 - 650 West Georgia Street, Vancouver, BC, Canada, V6B 4P7. The Company also has an office in Toronto at 1900 - 110 Yonge Street, Toronto, ON, Canada, M5C 1T4. The shares of the Company are traded on the TSX Venture Exchange ("TSX-V") under the symbol MAE.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. 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 or recessionary conditions. This outbreak could decrease future access to capital market financing, negatively impact our business and financial position. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or financial position at this time.

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Although it has been successful in raising financing in the past, there is no assurance it will be able to do so in the future. The Company estimates that, with its most recent financing, it has sufficient working capital to continue as a going concern beyond one year.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"), on a basis consistent with accounting policies disclosed in the audited financial statements for the fiscal year ended December 31, 2019, and should be read in conjunction with the most recently issued audited financial statements, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies which were presented in Note 3 to the Financial Statements for the year ended December 31, 2019 have been consistently applied in the preparation of the Company's interim financial statements, except as noted below under Leases.

The condensed interim financial statements have been prepared using the historical cost basis, except for financial instruments which are stated at fair value and have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

These condensed interim financial statements were authorized for issue by the Board of Directors on August 27, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in the financial statements are as follows:

Economic recoverability and profitability of future economic benefits of exploration and evaluation assets – Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits, including geological and other technical information, a history of conversion of mineral deposits with similar characteristics to its properties, evaluation of permitting and environmental issues and other such factors.

Royalty reserve - Royalty reserve includes proceeds received from royalty units, repayable from future production. As future production is not determinable, the royalty units have been classified as capital in nature.

Going concern - The Company assesses its ability to continue as a going concern at each period end. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least twelve months from the end of the reporting period and include a detailed analysis of the Company's projected estimated capital and operating expenses and estimated financing requirements and abilities (see Note 1).

The most significant accounts that require estimates as the basis for determining the stated amounts include the following:

Valuation of share-based payments, broker compensation and finders' warrants – The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments, agent compensation and finders' warrants, which requires the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves. The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's length transaction, given that there is no market for the options and they are not transferable.

Income taxes – In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

For the three and six month periods ended June 30, 2020 and 2019 (Unaudited, expressed in Canadian dollars)

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

4. CASH

	June 30, 2020	December 31, 2019
	$	$
Cash	**99,622**	82,157
Guaranteed Investment Certificate – Fully redeemable	**3,100,000**	1,745,000
	3,199,622	1,827,157

5. RECEIVABLES

	June 30, 2020	December 31, 2019
	$	$
Input sales tax recoverable	**108,810**	137,208
Interest receivable	**3,820**	24,095
Other receivables	**243**	243
	112,873	161,546

6. PREPAID EXPENSES AND DEPOSITS

	June 30, 2020	December 31, 2019
	$	$
Prepaid expenses	**3,863**	15,454
Deposits	**106,445**	104,745
	110,308	120,199

7. PROPERTY AND EQUIPMENT

	Right of use asset	**Vehicles**	**Total**
	$	**$**	**$**
Net book value – December 31, 2018	**-**	**-**	**-**
Additions	106,720	30,451	**137,171**
Less: Reduction in value due to reduced lease payments	(32,036)	-	**(32,036)**
Depreciation	(59,747)	(4,229)	**(63,976)**
Net book value – December 31, 2019	**14,937**	**26,222**	**41,159**
Depreciation	(14,937)	(5,075)	**(20,012)**
Net book value – June 30, 2020	**-**	**21,147**	**21,147**

During the year ended December 31, 2019, there was a reduction in the monthly lease payments relating to the Company's right of use ("ROU") asset and related lease liability. As a result, the ROU asset value was reduced by $32,036. Also during the year ended December 31, 2019, the Company purchased two vehicles for use at its exploration properties.

For the three and six month periods ended June 30, 2020 and 2019 (Unaudited, expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

Green Bay

The Company's Green Bay property, located in Newfoundland and Labrador, Canada hosts the past producing Hammerdown gold mine, as well as the Orion deposit and the Lochinvar deposits. The property is subject to a 2% net smelter return ("NSR") royalty on future production from the property with the exception of production from the Orion deposit.

On May 16, 2018, the Company entered into an option agreement with Inomin Mines to acquire certain mineral claims that extend the Hammerdown, Green Bay property. Pursuant to the terms of the agreement Maritime will earn 100% interest in the Inomin property by making the following payments and share issuances over a 3-year period under the following schedule:

	Cash **$**	**Common shares** **#**
Upon approval	25,000 (paid)	500,000 (issued)
September 17, 2019	50,000 (paid)	500,000 (issued)
September 17, 2020	100,000	500,000
September 17, 2021	125,000	500,000
	300,000	**2,000,000**

The Inomin property is subject to a 1.0 % NSR of which 100% can be purchased for $500,000. The project also has an underlying NSR of 2.5% of which 1.5% can be purchased for $1,000,000.

On January 22, 2020, the Company entered into an option agreement to earn a 100% interest in the Sprucy Pond property, which is contiguous to the Hammerdown project, under the following terms:

	Cash **$**	**Common shares** **#**
Upon approval	10,000 (paid)	250,000 (issued)
March 10, 2021	20,000	250,000
March 10, 2022	30,000	250,000
	60,000	**750,000**

The Sprucy Pond property is subject to a 1.0 % NSR of which 50% can be purchased for $500,000.

Whisker Valley

On February 27, 2017, the Company entered into an agreement to acquire a 100% interest in the Whisker Valley property in the Baie Verte mining district of Newfoundland and Labrador, Canada, under the following terms:

	Cash **$**	**Common shares** **#**
Upon approval	25,000 (paid)	100,000 (issued)
March 22, 2018	20,000 (paid)	150,000 (issued)
March 22, 2019	30,000 (paid)	200,000 (issued)
March 22, 2020	50,000 (paid)	250,000 (issued)
March 22, 2021	75,000	300,000
March 22, 2022	100,000	500,000
	300,000	**1,500,000**

For the three and six month periods ended June 30, 2020 and 2019 (Unaudited, expressed in Canadian dollars)

The Company is required to make an additional payment to the optionors of $50,000 on each of the first, second and third anniversary upon full exercise of its option having issued all of the payments and shares and incurred all of the expenditures. The property is subject to a 2.5 % NSR, of which 1% can be purchased for $1,000,000 on or before the end of the second anniversary of commencement of commercial production.

On December 1, 2017, the Company also added to the Whisker Valley project by entering into an option agreement to acquire 100% interest in the Strugglers Pond property in Newfoundland and Labrador, Canada (contiguous to Whisker Valley), under the following terms:

	Cash **$**	**Common shares** **#**
Upon approval	2,000 (paid)	10,000 (issued)
December 27, 2018	3,000 (paid)	15,000 (issued)
December 27, 2019	10,000 (paid)	25,000 (issued)
December 27, 2020	15,000	50,000
	30,000	**100,000**

The Company exercised its option in full to acquire 100% interest in the El Strato property in Newfoundland and Labrador, Canada (contiguous to Whisker Valley) under the following terms:

	Cash **$**	**Common shares** **#**
Upon approval	5,000 (paid)	250,000 (issued)
November 23, 2018	10,000 (paid)	250,000 (issued)
November 23, 2019	25,000 (paid)	250,000 (issued)
	40,000	**750,000**

The Strugglers Pond and El Strato properties are subject to separate 2% NSR royalties, of which 1% can be purchased for $1,000,000 on or before the end of the second anniversary of commercial production.

Gull Ridge

In January 2019, the Company acquired the new Gull Ridge property claims by staking.

Expenditures incurred on the Company's Green Bay, Whisker Valley and Gull Ridge properties, follow:

	Green Bay **$**	**Whisker Valley** **$**	**Gull Ridge** **$**	**Total** **$**
Balance, December 31, 2018	**7,154,416**	**586,428**	**-**	**7,740,844**
Acquisition costs – cash	50,765	80,320	3,870	134,955
Acquisition costs – shares	42,500	39,750	-	82,250
Exploration expenses:				
Drilling and assaying	851,326	141,910	7,329	1,000,565
Geology	710,573	773,197	32,570	1,516,340
Property	52,257	-	-	52,257
Geophysics	217,863	65,765	25,238	308,866
Pre-feasibility study update	1,155,555	-	-	1,155,555
	3,080,839	1,100,942	69,007	4,250,788
Less: Recoveries and grants	(65,250)	-	-	(65,250)
Net additions	3,015,589	1,100,942	69,007	4,185,538
Balance, December 31, 2019	**10,170,005**	**1,687,370**	**69,007**	**11,926,382**

For the three and six month periods ended June 30, 2020 and 2019 (Unaudited, expressed in Canadian dollars)

	Green Bay $	Whisker Valley $	Gull Ridge $	Total $
Acquisition costs – cash	10,000	50,000	-	60,000
Acquisition costs – shares	16,250	13,750	-	30,000
Exploration expenses:				
Drilling and assaying	255,139	-	-	255,139
Geology	314,896	86,096	-	400,992
Property	-	850	-	850
Pre-feasibility study update	691,299	-	-	691,299
	1,287,584	150,696	-	1,438,280
Less: Recoveries and grants	(82,800)	-	-	(82,800)
Net additions	1,204,784	150,696	-	1,355,480
Balance, June 30, 2020	**11,374,789**	**1,838,066**	**69,007**	**13,281,862**

During the six month period ended June 30, 2020, the Company received $82,800 (2019 - $65,250) pursuant to an application made with the Government of Newfoundland and Labrador in respect of the Newfoundland and Labrador Mineral Incentive Junior Exploration Assistance Program (JEAP) grant for exploration conducted during 2019 and 2018, respectively.

On March 12, 2020, the Company entered into a non-binding letter of intent (the "LOI") with Rambler Metals and Mining Canada Ltd., a wholly-owned subsidiary of Rambler Metals and Mining Limited ("Rambler"). The LOI includes an exclusivity period of twelve months to evaluate Rambler's Nugget Pond Gold Plant for the purpose of processing feed from the Hammerdown gold project and to complete a feasibility study with the option to negotiate a purchase agreement during that time. In consideration Maritime advanced a deposit of $200,000 to Rambler.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020 $	December 31, 2019 $
Accounts payable	**503,380**	364,396
Accrued liabilities	**47,529**	71,174
Due to related parties (Note 12)	**17,500**	17,500
	568,409	453,070

10. LEASE LIABILITY

	Lease liability $
Balance – December 31, 2018	**-**
Lease liability recognized as of January 1, 2019	106,720
Reduced lease liability due to reduction in lease payments	(32,036)
Lease payments during the period	(67,500)
Interest expense on lease liability	3,178
Balance – December 31, 2019	10,362
Lease payments during the period	**(10,500)**
Interest expense on lease liability	**138**
Balance – June 30, 2020	**-**

As at March 31, 2020, the Company's office lease was terminated and there are no further obligations under the lease.

During the six month period ended June 30, 2020, the Company incurred operating lease costs of $32,573 (2019 – $21,750) for an office lease not included in lease liabilities. During the year ended December 31, 2019, there was a reduction in monthly lease payments and accordingly the lease liability was reduced by $32,036.

11. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Issued

During the six month period ended June 30, 2020

Private Placements

Pursuant to a non-brokered private placement on May 14, 2020, the Company issued 21,626,666 common shares ("Common Shares") at a price if $0.06 per Common Share and 33,883,076 flow-through common shares ("FT Shares") at a price of $0.065 per FT Share for gross proceeds of $3,500,000. The flow-through shares were issued at a premium of $169,415. Pursuant to the Company incurring eligible flow-through expenditures, the flow-through premium liability has been reduced to $140,749 and $28,667 was recognized into income during the three and six month period ended June 30, 2020, respectively.

In connection with this private placement, the Company paid aggregate finders' and advisory fees up to 5% in cash of the gross sales of Common Shares and FT Shares. An aggregate of 666,864 Common Shares were issued to SCP as commission, fair valued at $60,018. The cash finders' and advisory fees amounted to an aggregate of $94,518, including $28,069 to DGMP, $16,449 to CG, $15,000 to EDE Asset Management and $35,050 to Laurentian Bank Securities Inc. Legal, regulatory and other cash costs associated with the private placement totalled $68,877.

Exploration and evaluation assets (Note 8)

- The Company issued 250,000 common shares valued at $16,250 in connection with the Sprucy Pond property.
- The Company issued 250,000 common shares valued at $13,750 in connection with the Whisker Valley property.

During the year ended December 31, 2019

Private Placements

- Pursuant to a non-brokered private placement on April 24, 2019, the Company issued 36,755,000 units ("Units") at a price if $0.10 per Unit and 20,141,662 flow-through units ("FT Units") at a price of $0.12 per FT Unit for gross proceeds of $6,092,500. Each Unit consisted of one common share and one-half of one transferable common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to acquire one common share of the Company at a price of $0.15 per common share for a period of 24 months following the closing date of the Offering (the "NFT Warrants"). Each FT Unit consisted of one common flow-through share and one half of one transferable common share purchase warrant ("FT Warrant"). Each whole FT Warrant entitles the holder to acquire one non flow-through common share of the Company at a price of $0.15 per common share for a period of 24 months following the closing date of the Offering (the "FT Warrants"). The flow-through shares were issued at a premium of $402,833. Pursuant to the Company incurring eligible flow-through expenditures, the flow-through premium liability has been reduced to $nil and the remaining $15,612 was recognized into income during the three month period ended June 30, 2020.

For the three and six month periods ended June 30, 2020 and 2019 (Unaudited, expressed in Canadian dollars)

In connection with this private placement, the Company paid aggregate finders' and advisory fees of $412,909 and 3,863,294 finders' warrants valued at $126,562. The fair value attributed to the finders' warrants was determined using the Black-Scholes valuation model using the following assumptions: Risk free interest rate of 1.63%, expected life of two years, and volatility rate of 80.56%. Each finders' warrant entitles the holder to purchase one common share of the Company at a price of $0.15 per finders' warrant share for a period of 24 months following the closing date of the Offering.

Flow-through premium liability	**$**
Balance – December 31, 2018	**128,738**
Flow-through premium liability additions	402,833
Settlement of flow-through premium to income	(483,972)
Balance – December 31, 2019	**47,599**
Flow-through premium liability additions	169,415
Settlement of flow-through premium to income	(76,265)
Balance – June 30, 2020	**140,749**

Exploration and evaluation assets (Note 8)

- The Company issued 200,000 common shares valued at $19,000 in connection with the Whisker Valley property.
- The Company issued 500,000 common shares valued at $42,500 in connection with the Inomin property.
- The Company issued 250,000 common shares, valued at $18,750, in connection with the El Strato property.
- The Company issued 25,000 common shares, valued at $2,000, in connection with the Strugglers Pond property.

Royalty units

During fiscal 2016 the Company issued Royalty Units with a price of $0.01 per Royalty Unit, and, subject to written consent of the Company, may be assigned or transferred in their entirety only. The proceeds of $210,700 received in relation to the Royalty Units has been recorded as a Royalty Reserve within Equity.

Royalty Units will return 100% of the original investment made by the purchasers and is to be paid out of production from the Company's Green Bay project ("Project"). The likelihood of the Project going into production cannot be determined at this time. Total royalties payable from the Royalty Units ("Royalty Payment") are capped at $3,440,500 being the price for which the Equity Units (comprised of common shares and common share warrants) and Royalty Units were purchased. Royalty Payments will be made annually beginning on the first anniversary of the date of commencement of commercial production for the Project. Royalty Payments will be funded solely from 10% of annual net cash flow from the Project, with net cash flow representing net production revenues realized from the Project after deduction of all Project operating and debt servicing costs. At the option of the Company, Royalty Payments will be paid either in cash or in gold.

Stock options

The Company has a "rolling" stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options, subject to receipt of annual shareholder approval. The exercise price of each option shall not be less than the minimum price permitted by the policies of the TSX-V, and the options may be granted for a maximum term of ten years from the date of grant. The Company records the fair value of all options granted using the Black-Scholes model as share-based payment expense over the vesting period of the options. Vesting terms are determined by the Board of Directors.

For the three and six month periods ended June 30, 2020 and 2019 (Unaudited, expressed in Canadian dollars)

A summary of the Company's stock options as at and during the six month period ended June 30, 2020 and year ended December 31, 2019 follows:

	June 30, 2020		December 31, 2019	
	Options Outstanding #	**Weighted Average Exercise Price $**	Options Outstanding #	Weighted Average Exercise Price $
Balance, beginning of period	**16,840,000**	**0.13**	12,485,000	0.15
Granted	**6,000,000**	**0.09**	4,850,000	0.10
Expired/cancelled	**(50,000)**	**0.10**	(495,000)	0.25
Balance, end of period	**22,790,000**	**0.12**	16,840,000	0.13

During the six month period ended June 30, 2020, the Company granted 6,000,000 (December 31, 2019 – 4,850,000) stock options to directors, officers, consultants and employees of the Company, of which 5,650,000 (December 31, 2019 – 4,650,000) vest immediately and 87,500 will vest every three months, for one year, beginning three months from the date of grant, totaling 350,000 (December 31, 2019 – 200,000). The fair value of the stock options granted as determined by the Black-Scholes pricing model was $383,852 (December 31, 2019 – $332,743) or $0.06 (December 31, 2019 – $0.07) per option. Share based payments recognized during the six months ended June 30, 2020 of $360,637 (2019 – $320,488). During the six month period ended June 30, 2020, 50,000 (December 31, 2019 – 495,000) stock options were forfeited, cancelled or expired resulting in a reversal of $nil (December 31, 2019 – $102,291) from reserves to deficit. The total fair value of unvested options that will be recognized in the statement of loss in future periods amounts to $23,215 at June 30, 2020 (December 31, 2019 – $2,395).

The Company has estimated the forfeiture rate to be nil%. Expected volatility was determined based on the historical movements in the closing price of the Company's shares for a length of time to the expected life of each option. The weighted-average assumptions used for the Black-Scholes valuation of stock options granted during the six months ended June 30, 2020 were risk-free interest rate of 0.36%; expected life of options of 5 years and annualized volatility of 102.24% and during the year ended December 31, 2019 were risk-free interest rate of 1.33%; expected life of options of 5 years and annualized volatility of 106.96%.

As at June 30, 2020, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Options Outstanding #	**Options Exercisable #**	**Exercise Price $**	**Remaining Contractual Life years**	**Expiry**
1,685,000	1,685,000	0.15	0.37	13-Nov-20
2,300,000	2,300,000	0.25	1.08	29-Jul-21
200,000	200,000	0.15	1.82	26-Apr-22
500,000	500,000	0.10	2.43	04-Dec-22
2,500,000	2,500,000	0.10	2.46	15-Dec-22
4,805,000	4,805,000	0.11	3.44	6-Dec-23
4,800,000	4,800,000	0.10	3.97	18-Jun-24
5,650,000	5,650,000	0.085	4.89	20-May-25
350,000	-	0.095	4.96	16-Jun-25
22,790,000	**22,440,000**	**0.12**	**3.30**	

Subsequent to June 30, 2020, 425,000 stock options were exercised and 200,000 stock options were cancelled.

For the three and six month periods ended June 30, 2020 and 2019 (Unaudited, expressed in Canadian dollars)

Warrants

As at June 30, 2020, the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	Exercise Price	Expiry Date
16,507,845	$0.15	November 7, 2020
2,152,791	$0.11	November 7, 2020
32,311,627	$0.15	April 12-24, 2021
50,972,263		

Share purchase warrant transactions were as follows:

	June 30, 2020		December 31, 2019	
	Warrants Outstanding	**Weighted Average Exercise Price**	Warrants Outstanding	Weighted Average Exercise Price
	#	**$**	#	$
Balance, beginning of period	**57,835,596**	**0.15**	53,192,432	0.18
Granted	**-**	**-**	32,311,627	0.15
Expired/cancelled	**(6,863,333)**	**0.20**	(27,668,463)	0.20
Balance, end of period	**50,972,263**	**0.15**	57,835,596	0.15

During the six month period ended June 30, 2020, 6,863,333 warrants expired unexercised, including the reversal of 480,000 finder warrants resulting in the reversal of $26,815 to share capital. During the year ended December 31, 2019, 27,668,463 warrants expired unexercised, including the reversal of 3,722,544 finder warrants resulting in the reversal of $327,476 to share capital.

Subsequent to June 30, 2020, 476,908 warrants were exercised.

12. RELATED PARTY TRANSACTIONS

(a) Services

Effective February 1, 2019, the Company entered into a sublease for office space in Toronto, with a corporation that is related by virtue of having directors, as well as the Chief Financial Officer and Corporate Secretary in common. Effective July 1, 2014, the Company entered into arrangement with an administration and exploration services contractor ("AESC") in which a director is a shareholder, pursuant to which it receives office, administrative and exploration services. The AESC ceased to be a related party of the Company effective February 1, 2019.

For the three and six month periods ended June 30, 2020 and 2019 (Unaudited, expressed in Canadian dollars)

For the three and six month periods ended June 30 the Company was charged the following:

	Three month period ended June 30 2020	Three month period ended June 30 2019	**Six month period ended June 30 2020**	Six month period ended June 30 2019
	$	$	**$**	$
Rent	**16,286**	13,050	**32,573**	21,750
Office administration	**1,461**	1,107	**2,607**	1,895
Rent - AESC	**-**	-	**-**	8,287
Office administration - AESC	**-**	-	**-**	19,489
	17,747	14,157	**35,180**	51,421

(b) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. Compensation to key management personnel for services rendered were as follows for the three and six months ended June 30:

	Three month period ended June 30 2020	Three month period ended June 30 2019	**Six month period ended June 30 2020**	Six month period ended June 30 2019
	$	$	**$**	$
Salaries	**142,360**	133,610	**284,720**	220,610
Consulting	**-**	-	**-**	28,000
Contract wages (1)	**-**	9,750	**-**	26,000
Directors' fees	**17,500**	17,500	**35,000**	35,000
Geological consulting (2)	**-**	19,600	**-**	54,617
Share based payments	**229,787**	230,233	**229,787**	230,233
Severances	**-**	-	**-**	884,497
	389,647	410,693	**549,507**	1,478,957

(1) Included in Administration in the Statement of Loss and Comprehensive Loss
(2) Included in Exploration and Evaluation Assets in the Statement of Financial Position

At June 30, 2020, the Company included in accounts payable and accrued liabilities $17,500 (2019 – $17,500) of directors' fees payable to the members of board of directors of the Company (Note 9).

During the six months ended June 30, 2019, the Company made management changes resulting in the Company paying severances totalling $884,497 to the former Chief Executive Officer ($391,496), Chief Financial Officer ($117,000), Chief Operating Officer ($328,001) and Corporate Secretary ($48,000) of the Company.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. Cash is measured at fair value based on Level 1 of the fair value hierarchy. The fair values of receivables and accounts payable and accrued liabilities approximate their book carrying values because of the short-term nature of these instruments.

(a) *Credit risk* - Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and receivables. The maximum exposure to loss arising from receivables is equal to their carrying amounts. The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution. Receivables are due from a government agency.

(b) *Liquidity risk* - Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk.

(c) *Market risk* - Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(d) *Interest rate risk* - Interest rate risk consists of two components:

i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and

ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(e) *Foreign currency risk* - Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk as its monetary assets and liabilities are denominated in Canadian dollars.

(f) *Other price risk* - Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company monitors metal prices in determining its long-term business plans.

There were no changes in the Company's approach to managing the above risks.

14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as equity, consisting of common shares, stock options and warrants.

The Company is dependent upon external financings to fund activities. In order to carry out any exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The

Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

There were no changes in the Company's capital management strategy during the period ended June 30, 2020 compared to the previous period. The Company is not subject to externally imposed capital requirements.

15. SUBSEQUENT EVENT

Subsequent to the end of the period on August 21, 2020, the Company completed a "bought deal" private placement (the "Offering") of a combination of 43,367,550 common shares of the Company ("Common Shares") at a price of $0.15 per Common Share, and 11,000,000 common shares issued on a flow-through basis (the "FT Shares" and, together with the Common Shares, the "Offered Securities") at a price of $0.20 per FT Share for aggregate gross proceeds of $8,705,132.50.

The Offering was completed by a syndicate of underwriters led by Sprott Capital Partners LP ("Sprott") and including Industrial Alliance Securities Inc., Canaccord Genuity Corp., Cormark Securities Inc., Stifel GMP and Raymond James Ltd. (collectively, the "Underwriters"). In connection with the closing of the Offering, the Company paid a cash fee of 6% of the aggregate gross proceeds raised pursuant to the Offering, with the exception of certain proceeds from the sale of Offered Securities to certain specified persons, and has issued an aggregate of 3,087,873 non-transferable broker warrants ("Broker Warrants"), with each Broker Warrant being exercisable into one Common Share at a price of $0.15 per share until August 21, 2022.