(An Exploration-Stage Company)

Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

NOTICE TO READER

THE ISSUER'S AUDITORS HAVE NOT REVIEWED OR BEEN INVOLVED IN THE PREPARATION OF THESE CONDENSED CONSOLIDATED 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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Pacific Ridge Exploration Ltd. (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 consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	Note	(Unaudited) September 30, 2020	(Audited) December 31, 2019
Assets		**$**	$
Current			
Cash		**767,137**	895,320
Other receivables		**10,578**	2,347
Marketable securities and warrants	3	**33,200**	16,700
Prepaid		**97,461**	6,028
		908,376	920,395
Plant and equipment	4	**3,343**	2,543
Resource Properties	5	**439,619**	429,619
Reclamation bonds		**33,500**	17,500
Right-of-use asset	6	**50,760**	17,616
		1,435,598	1,387,673
Liabilities			
Current			
Trade payable and accrued liabilities		**68,085**	71,888
Lease liability	6	**27,690**	15,417
		95,775	87,305
Lease liability - long-term	2(c)	**23,073**	-
Flow-through premium liability	7(a)	**19,554**	-
		138,402	87,305
Shareholders' equity			
Share capital	7	**43,786,165**	43,596,559
Contributed surplus	7(b & c)	**3,342,230**	3,312,624
Accumulated other comprehensive loss	3	**(19,800)**	(36,300)
Deficit		**(45,811,399)**	(45,572,515)
		1,297,196	1,300,368
		1,435,598	1,387,673

Commitments	10
Subsequent events	11

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

Approved and authorized for issue on behalf of the Board of Directors on October 27, 2020

/s/ "Gerald G. Carlson"
Director

/s/ "Blaine Monaghan"
Director

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian dollars)

		Three months ended September 30		Nine months ended September 30	
	Note	**2020**	2019	**2020**	2019
Administration expenses		**$**	$	**$**	$
Amortization of right-of-use asset	6	**6,612**	6,607	**19,824**	19,819
Depreciation	4	**387**	31	**1,003**	31
Finance lease interest	6	**441**	692	**894**	2,606
Insurance		**-**	-	**5,850**	5,386
Professional and consulting		**574**	2,105	**14,292**	31,010
Management and administrative	8	**18,904**	21,639	**69,125**	68,732
Office operations and facilities		**12,919**	5,088	**25,980**	13,584
Shareholder communications		**18,038**	1,127	**32,939**	9,996
Share-based payments	7(c)	**4,521**	-	**21,960**	39,837
Transfer agent and regulatory fees		**2,848**	6,317	**16,204**	17,131
		65,244	43,606	**208,071**	208,132
Other expenses (income)					
Exploration and evaluation costs	5	**216,839**	57,692	**361,539**	323,110
Interest received		**(664)**	(1,949)	**(3,212)**	(7,181)
Mining tax credit		**-**	-	**(347)**	-
Property option payments	5	**-**	-	**(325,000)**	(85,000)
Unrealized loss in fair value of warrants	3	**-**	-	**-**	980
Foreign exchange (gain) loss		**568**	(541)	**(2,167)**	2,518
		216,743	55,202	**30,813**	234,427
NetlLoss		**(281,987)**	(98,808)	**(238,884)**	(442,559)
Other comprehensive income (loss):					
Net change in fair value of marketable securities	3	**17,200**	(5,000)	**16,500**	(10,000)
Total comprehensive loss		**(264,787)**	(103,808)	**(222,384)**	(452,559)
Loss per share (basic and diluted)		(0.01)	(0.00)	**(0.01)**	(0.01)
Weighted average number of shares outstanding basic and diluted		**33,125,748**	31,729,009	**32,197,987**	31,729,009

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PACIFIC RIDGE exploration ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian dollars)

	Note	Share capital Amount	Share capital Value		Contributed surplus	Other comprehensive income (loss)	Deficit	Total
		#	$		$	$	$	$
Balance, December 31, 2018		31,729,009	43,596,559	-	3,268,185	(28,000)	(45,294,443)	1,542,301
Share based payments	7(c)	-	-	-	39,837	-	-	39,837
Unrealized gain marketable securities	3	-	-	-	-	(10,000)	-	(10,000)
Net loss for the period		-	-	-	-	-	(442,559)	(442,559)
Balance, September 30, 2019		31,729,009	43,596,559		3,308,022	(38,000)	(45,737,002)	1,129,579
Share based payments	7(c)	-	-	-	4,602	-	-	4,602
Unrealized loss in marketable securities	3	-	-	-	-	1,700	-	1,700
Net income for the period		-	-	-	-	-	164,487	164,487
Balance, December 31, 2019		31,729,009	43,596,559		3,312,624	(36,300)	(45,572,515)	1,300,368
Units issued for cash in ptivate placement		3,119,999	234,000		-	-	-	234,000
Flow-through premium	7(a)	-	(25,700)		6,146	-	-	(19,554)
Share issuance costs	7(a)	-	(17,194)		-	-	-	(17,194)
Finders' warrants issued	7(b)	-	(1,500)		1,500	-	-	-
Share-based payments	7(c)	-	-		21,960	-	-	21,960
Unrealized loss in marketable securities	3	-	-		-	16,500	-	16,500
Net loss for the period		-	-		-	-	(238,884)	(238,884)
Balance, September 30, 2020		**34,849,008**	**43,786,165**		**3,342,230**	**(19,800)**	**(45,811,399)**	**1,297,196**

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

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)

	Nine months ended September 30	
	2020	2019
	$	$
Operating activities		
Income (loss) for the period	**(238,884)**	(442,559)
Items not affecting cash:		
Right-of-use asset amortization	**19,824**	19,819
Depreciation of plant and equipment	**1,003**	31
Finance lease interest	**894**	2,606
Unrealized loss in fair value of warrants	**-**	980
Share-based payments	**21,960**	39,837
Unrealized foreign exchange	**(2,188)**	1,177
Property option recovery	**(325,000)**	(85,000)
Interest received	**(3,212)**	(7,181)
	(525,603)	(470,290)
Changes in non-cash working capital items:		
Other receivables	**(8,231)**	(630)
Prepaid	**(91,433)**	237
Trade payable and accrued liabilities	**(10,765)**	5,940
Cash used in operating activities	**(636,032)**	(464,743)
Investing activities		
Resource property acquisition costs	**(10,000)**	-
Acquisition of plant and equipment	**(1,803)**	(2,810)
Proceeds from property option payments	**325,000**	85,000
Interest received	**3,212**	7,181
Reclamation bonds	**(16,000)**	6,652
Cash provided by investing activities	**300,409**	96,023
Financing activities		
Proceeds from private placement	**234,000**	-
Share issue costs	**(10,233)**	-
Finance lease -principal payments	**(17,621)**	(21,199)
Finance lease -interest payments	**(894)**	(2,606)
Cash provided by financing activities	**205,252**	(23,805)
Effect of foreign exchange translation on cash	**2,188**	(983)
Decrease in cash	**(128,183)**	(393,508)
Cash, beginning of the period	**895,320**	1,213,872
Cash, end of the period	**767,137**	820,364
Supplementary cash flow information:		
Non-cash financing activities:		
Finders' fees paid through issuance of warrants	**(1,500)**	-
Share issuance costs incurred through trade payables and accrued liabilities	**(6,961)**	-

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

1. Nature of operations

Pacific Ridge Exploration Ltd. and its wholly owned subsidiary Pacific Ridge Exploration (US) Inc. (the "Company" or "Pacific Ridge") are in the business of acquiring and exploring resource properties in Canada and the United States. Pacific Ridge is incorporated and domiciled in Canada under the *Business Corporations Act* (British Columbia). The address of its registered office is 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary capital to finance operations including contributions from future joint venture partners. The carrying value of the Company's mineral properties does not reflect current or future value.

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets maybe materially less than the amounts on the statements of financial position. As of September 30, 2020, the Company had, after the closing of a non-brokered flow-through private placement (note 7), a working capital of $812,601 (December 31, 2019 - $833,090). The Company believes that based on its current working capital, it could sustain its operation and maintain its minimum obligations for the next year.

The COVID-19 pandemic has negatively impacted global financial markets, and may continue to do so. The economic viability of the Company's business plan could be impacted by its ability to obtain financing, and global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues.

In addition, as the health and safety of the Company's employees, contractors, visitors, and stakeholders are the Company's top priority, the Company will monitor developments with respect to COVID-19, both globally and within its operating jurisdictions, and will implement any such changes to its business as may be deemed appropriate to mitigate any potential impacts to its business and the stakeholders. Such changes, may include, but are not limited to, temporary closures of the Company's site exploration activities or offices, and deviations from the timing and nature of previous exploration plans.

The Company is taking the necessary measures to renegotiate, if required, any contractual obligations with respect to exploration and other expenses. The Company will also examine the internal controls required for a secure operation of its computer and other electronic resources from a remote location.

2. Basis of preparation and summary of significant accounting policies

(a) Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2019.

The condensed consolidated interim financial statements were approved by the Board of Directors on October 27, 2020.

(Unaudited - Expressed in Canadian dollars)

2. Basis of preparation and summary of significant accounting policies (continued)

(b) Critical accounting estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019.

(c) Comparative statements

The presentation of the comparative figures for the nine months ended September 30, 2019, specifically with respect to the line for *interest received,* has been modified in order to conform to the presentation of the annual consolidated financial statements for the year ended December 31, 2019. This has a presentation impact on the condensed consolidated interim statements of loss and comprehensive loss and the consolidated interim statements of cash flows, where *interest received* is now shown separately from *Office operations and facilities*, but without affecting the total figures.

3. Marketable securities

The fair value of the shares and warrants of third parties owned by the Company is as follow:

	Four Nines Gold Inc.				**Trifecta Gold Ltd.**		**Total**
	Common shares		**Warrants**		**Common shares**		
	Number	Fair value	Number	Fair value	Number	Fair value	Fair value
	#	$	#	$	#	$	$
Balance, December 31, 2018	60,000	15,000	30,000	980	200,000	10,000	25,980
Adjustments	-	(6,000)	-	(980)	-	(4,000)	(10,980)
Expiry of warrants	-	-	(20,000)	-	-	-	-
Balance, September 30, 2019	60,000	9,000	10,000	-	200,000	6,000	15,000
Adjustments	-	(300)	-	-	-	2,000	1,700
Expiry of warrants	-	-	(30,000)	-	-	-	-
Balance, December 31, 2019	60,000	8,700	(20,000)	-	200,000	8,000	16,700
Adjustments	-	10,500	-	-	-	6,000	16,500
Balance, September 30, 2020	**60,000**	**19,200**	**(20,000)**	**-**	**200,000**	**14,000**	**33,200**

(Unaudited - Expressed in Canadian dollars)

4. Plant and equipment

	Computing equipment
	$
Balance, December 31, 2018	-
Additions	2,810
Depreciation	(31)
Balance, September 30, 2019	2,779
Depreciation	(236)
Balance, December 31, 2019	2,543
Additions	1,803
Depreciation	(1,003)
Balance, September 30, 2020	**3,343**

As at September 30, 2020	$
Cost	4,613
Accumulated depreciation	(1,270)
Net book value	**3,343**

5. Resource properties

The Company has interests in mineral properties in British Columbia and Yukon in Canada and, in the past, in Nevada in the United States. A summary of capitalized acquisition costs is as follows:

	Company-owned properties	On option from third parties			Total
	Mariposa YT	Spius BC	Kliyul BC	Redton BC	
	$	$	$	$	$
Balance, December 31, 2018 and September 30, 2019	429,619	71,000	-	-	500,619
Impariment of resource properties	-	(71,000)	-	-	(71,000)
Balance, December 31, 2019	429,619	-	-	-	429,619
Option payments in cash	-	-	5,000	5,000	10,000
Balance, September 30, 2020	**429,619**	**-**	**5,000**	**5,000**	**439,619**

(Unaudited - Expressed in Canadian dollars)

5. Resource properties (continued)

In addition to capitalized acquisition costs, the Company has incurred the following exploration and evaluation expenses:

	Province /	Nine months ended	
Property	Territory	**2020**	2019
		$	$
Kliyul	BC	**254,947**	-
Redton	BC	**80,713**	-
Spius	BC	**18,126**	255,557
Mariposa	YT	**-**	23,416
TL Zinc	BC	**-**	14,613
General exploration not allocated to a specific property		**7,753**	29,524
		361,539	323,110

a) Company-owned properties:

i) Mariposa property, Yukon

The Company acquired a 100% interest in the Mariposa property, Dawson Mining District, Yukon, in 2014. In September 2016, the Company optioned its Mariposa property to Four Nines. Pursuant to the terms of the agreement, amended in February 2017, in May 2017, in July 2017, and in January 2018, Four Nines could earn a stake in the property by issuing a certain number of Four Nines shares, making certain cash payments and performing a certain amount of work. Four Nines complied with the amounts required by December 31, 2017 by issuing to the Company 60,000 shares, 30,000 warrants (which expired unexercised) (Note 3), and payments of $30,000 in cash, and completed approximately $304,000 of exploration work in the property.

However, no further payments, either in securities or in cash were received from Four Nines, and the minimum exploration targets were not met. On March 8, 2019, the Company terminated the Four Nines option agreement. During 2019, Four Nines advanced $50,000 to the Company, which committed to carry out any possible reclamation work on behalf of Four Nines. This amount was recorded as an accrued liability.

The Company is continuing exploration activities on Mariposa.

ii) Eureka Dome property, Yukon

On April 24, 2018, the Company entered into an option agreement with Trifecta, amended on December 19, 2018, whereby the Company granted Trifecta an option to acquire a 70% interest in its Eureka Dome property in the Dawson Mining District, Yukon.

Under the terms of the agreements, Trifecta had agreed to pay the Company an aggregate of $200,000 in cash (of which $10,000 was received during 2017 and an additional $10,000 during 2019), issue 1,000,000 Trifecta common shares in favour of the Company (of which 200,000 were received), and incur exploration expenses of not less than $2,500,000. However, on April 22, 2019, the option agreement with Trifecta was terminated because Trifecta was unable to fulfill its option requirements.

5. Resource properties (continued)

b) Company-owned properties on option to third parties

i) Fyre Lake property, Yukon

The Company owns a 100% interest in the Fyre Lake property, located in the Watson Lake Mining District, Yukon. On January 18, 2017, the Company closed an option agreement with BMC Minerals (No. 1) Ltd. ("BMC"), amended on December 19, 2018 and on April 10, 2020, whereby BMC has the right to acquire a 100% interest in Fyre Lake by making payments totalling $3,125,000 as follows:

A non-refundable deposit and initial option payment of $375,000 ($25,000 received in November 2016 and $350,000 received in January 2017), a second option payment of $300,000 received in December 2017, and a third option payment of $1,200,000 received on December 28, 2018. During the year ended December 31, 2019, the Company received a further $150,000. A payment of $250,000 was made during the nine months ended September 30, 2020. In order to exercise the option, BMC must make a final $1,000,000 payment. This payment is due within thirty days of BMC receiving the Type A Water License for the development of its proposed ABM Mine, but in any event no later than December 31, 2021. BMC will also continue payments to the Company of $75,000 every six months (the last one of these payments received on June 30, 2020), with the next payment being due on December 31, 2020, until the final tranche has been paid.

In addition, if it exercises the option, BMC has agreed to make a bonus payment of $1,000,000 if and when BMC's Kudz Ze Kayah property has reached commercial production for one year.

As there is no carrying value for Fyre Lake on the Company's statement of financial position, these option payments are recorded as property option payments on the statement of loss and comprehensive loss.

c) Third party properties being optioned to the Company

i) Kliyul and Redton properties

On January 17, 2020, the Company entered into an earn-in property agreement (the "Kliyul-Redton Agreement"), amended on April 7, 2020, and on July 22, 2020, with Aurico Metals Inc. ("Aurico"), with respect to the Kliyul and Redton properties located in British Columbia (jointly, "the Properties").

Under the terms of the Kliyul-Redton Agreement, the Company, at its sole option, can earn a 51% undivided right, title and interest, other than underlying royalties, in the Properties by a payment to Aurico of $100,000 in cash of which $10,000 has been paid, the issuance of 2,000,000 common shares, and incurring expenditures in the aggregate amount of no less than $3,500,000, as follows:

(Unaudited - Expressed in Canadian dollars)

5. **Resource properties** (continued)

b) Third party properties being optioned to the Company (continued)

i) Kliyul and Redton properties (continued)

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
To earn 51%:				
10,000	-	-	Upon execution and regulatory approval	(Paid)
15,000	-	-	December 31, 2020	
20,000	-	1,250,000	December 31, 2021	
25,000	-	1,000,000	December 31, 2022	
30,000	2,000,000	1,250,000	December 31, 2023	
100,000	2,000,000	3,500,000		

In addition, the Company has the right to acquire, after the exercise of the 51% earn-in right, a 75% earned interest (an additional 24% undivided interest, other than underlying royalties) in the Properties by paying Aurico an additional $60,000 in cash, issuing an additional 1,500,000 common shares and incurring additional expenditures of no less than $3,500,000, as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
To increase to 75%:				
30,000	-	1,500,000	December 31, 2024	
30,000	1,500,000	2,000,000	December 31, 2025	
60,000	1,500,000	3,500,000		

The Kliyul property is subject to 2% net smelter return royalties. The Redton property is subject to (i) a 2.5% net smelter return royalty, with the right of reducing it to 1% for $2,000,000, and (ii) a 2% royalty.

(Unaudited - Expressed in Canadian dollars)

5. Resource Properties (continued)

d) Impaired properties

i) TL Zinc property, British Columbia

On August 11, 2016, the Company entered into an option agreement, amended on May 16, 2017 and on August 7, 2018, to acquire a 100% interest in the TL Zinc property, Vernon Mining Division, British Columbia.

During 2016, the Company had paid $20,000 in cash and issued 250,000 common shares valued at $25,000.

The proposed 2017 drill program at the TL Zinc property was suspended. Allegations of third party interests in the 16 TL Zinc claims under option to Pacific Ridge were made. As there is uncertainty as to the outcome of any legal process to resolve the issue, the Company decided to abandon this project and impair its $45,000 carrying value at December 31, 2018.

On February 9, 2019, the Company received a default notice by the optionor of the TL Zinc property.

ii) Spius, British Columbia

On April 27, 2018, the Company entered into an option agreement to acquire a 100% interest in the Spius property, Nicola and New Westminster Mining Divisions, British Columbia (the "Spius Option"). The terms of the Spius Option, as amended on December 10, 2019 and on October 15, 2020, are as follows:

Cash payments to be made	Shares to be issued	Exploration expenses to be incurred	Due date	Comment
$	#	$		
10,000	200,000	-	Upon execution and regulatory approval	Completed
40,000	200,000	50,000	December 15, 2018	Completed
-	-	250,000	December 15, 2019	Completed
-	-	25,000	December 15, 2020	Completed
15,000	200,000	-	May 31, 2021	
15,000	200,000	-	December 15, 2021	
30,000	600,000	500,000	December 15, 2022	
110,000	1,400,000	825,000		

During the year ended December 31, 2018, exploration expenses incurred in Spius amounted to $94,965, to $255,555 during the year ended December 31, 2019 and $18,126 incurred during the nine months ended September 30, 2020, thus already exceeding the $325,000 cumulative commitment for required up to December 15, 2020.

5. Resource Properties (continued)

d) Impaired properties (continued)

ii) Spius, British Columbia (continued)

The agreement is subject to a 1% NSR to the property vendor, half of which can be purchased for $1,500,000, as well as an underlying 2% NSR, of which the Company has the right to buy down half for $1,500,000. In addition, bonus payments are payable upon certain advanced development mileposts. One of the underlying vendors of the Spius property is a company where a director of the Company owns a 25% interest. During the year ended December 31, 2018, the Company posted a bond for $12,500 for future reclamation costs with the Government of British Columbia.

Due to weak assay results from the 2019 drill program, below the requirements for economic concentrations, the Company decided to impair its $71,000 carrying value during the year ended December 31, 2019, while it carries out further assessment during 2020.

See note 11(b), Subsequent events.

6. Right-of-use asset and lease liability

The Company recognizes lease liabilities in relation to a sublease agreement for office space. These liabilities are measured at the present value of the remaining lease payments starting on January 1, 2019, discounted by using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 10%. The associated lease liability recognized as at January 1, 2019 was $44,041.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on January 1, 2019. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The original lease expired on August 31, 2020. On September 1, 2020, the Company entered into a new sublease agreement, using the same methodology. The weighted average incremental borrowing rate applied to the lease liabilities on September 1, 2020 was 10%. The associated lease liability discounted with the incremental borrowing rate recognized as at September 1, 2020 was $52,967.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application, and lease liabilities recognized in the condensed consolidated interim statement of financial position at the date of initial application:

(Unaudited - Expressed in Canadian dollars)

6. Right-of-use asset and lease liability (continued)

Lease liability		$
Operating lease commitments as at December 31, 2018		47,610
Discount using the incremental borrowing rate at January 1, 2019		(3,569)
Lease liability recognized as at January 1, 2019		44,041
Lease payments		(23,806)
Lease interest		2,606
Lease liability as at September 30, 2019		22,841
Lease payments		(7,934)
Lease interest		510
Lease liability as at December 31, 2019		15,417
Setup of new lease agreement on September 1, 2020	58,190	
Discount using the incremental borrowing rate at September 1, 2020	(5,223)	
Value of lease as at September 1, 2020	52,967	**52,967**
Lease payments		(18,515)
Lease interest		894
Lease liability as at September 30, 2020		**50,763**
Current portion		27,690
Long-term portion		23,073
		50,763

Right-of-use asset	$
Value of right-of-use asset as at January 1, 2019	44,041
Amortization	(19,819)
Value of right-of-use asset as at September 30, 2019	24,222
Amortization	(6,606)
Value of right-of-use asset as at December 31, 2019	17,616
Setup of new right-of-use asset on September 1, 2020	52,967
Amortization	(19,823)
Value of right-of-use asset as at September 30, 2020	**50,760**

7. Share capital

a) Common Shares

The Company is authorized to issue an unlimited authorized number of common shares without par value.

On July 14, 2020, the Company announced its proposal to undertake a flow-through private placement at a price of $0.075 per unit ("FT Unit"). Each FT Unit would be comprised of one common share of the Company that qualifies as a "flow-through share" for the purposes of the Income Tax Act (Canada) (an "FT Unit Share") and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional non-flow-through common share at an exercise price of $0.12 for a period of 18 months, subject to the following acceleration provision: if at any time after 4 months from the date of issue of the warrants the closing market price of the Company's common shares on the TSX Venture Exchange is greater than $0.35 per share for 20 consecutive trading days (the "Triggering Event"), the Company may, within 5 days of the Triggering Event, accelerate the expiry date of the warrants by giving notice thereof to the holders of the warrants, by way of press release, in which event the warrants will expire on the 30th day after the date on which such notice is given.

On August 11, 2020, the Company closed the first tranche of the aforementioned non-brokered private placement by issuing 2,569,999 units for gross cash proceeds of $192,150.

The second and final tranche of the non-brokered private placement was closed on September 30, 2020, with the Company issuing an additional 550,000 units for additional gross cash proceeds of $41,250.

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components. The fair value of the common shares was determined by using the trading price of the Company's shares at the date of issuance. The excess of the unit price over the fair value of the common shares was used to determine the residual value. The residual value was allocated between warrants and the flow through liability by using their relative fair values as determined by the Black-Scholes option pricing model and the approximate expected tax benefit received by the investors, respectively.

The residual value of the unit offering after deducting the fair value of the common shares was $25,700 or $0.01 per share for the first tranche, of which $6,146 and $19,554 was allocated to the corresponding investors' warrants and flow-through premium liability, respectively. This flow-through premium liability will be derecognized as deferred income tax recoverable once the Company completes qualifying exploration expenditures.

The flow-through feature of the flow-through shares corresponding to the second tranche was valued at $nil.

The Company paid finder's fees of 6% cash and 6% finder's warrants on a portion of the private placement. The cash finder’s fees and other cash costs related to the offering such as legal and filing fees were charged to share issuance costs for a total of $17,194 of which $10,233 were incurred in cash and the remaining $6,961 through trade payables and accrued liabilities.

Proceeds from the private placement will be used for carrying out surface exploration programs at its Kliyul and Redton Au-Cu porphyry prospects in central British Columbia.

The Company received final TSX Venture Exchange approval on October 7, 2020.

(Unaudited - Expressed in Canadian dollars)

7. Share capital (continued)

b) Share Purchase Warrants

As part of the closing of the non-brokered private placement (note 7(a)), the Company issued the following share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price
	#	$
Balance, December 31, 2019 and 2018	-	-
Issued to investors	1,560,000	0.12
Issued to agents	57,000	0.12
Balance, September 30, 2020	1,617,000	0.12

As at September 30, 2020, the following share purchase warrants are outstanding:

Issue date	Type of warrants	Expiry date	Exercise price	Warrants outstanding
			$	#
August 11, 2020	Investor warrants	February 11, 2022	0.12	1,285,000
August 11, 2020	Agent warrants	February 11, 2022	0.12	33,000
September 30, 2020	Investor warrants	March 31, 2022	0.12	275,000
September 30, 2020	Agent warrants	March 31, 2022	0.12	24,000
			0.12	1,617,000

The fair value of the warrants issued to agents was calculated at $1,500 was using the Black Sholes option pricing model with the following parameters: for the 33,000 agent warrants issued on August 11, 2020, expected volatility of 113.02%, risk-free interest rate of 0.26%. For the agent warrants issued on September 30, 2020, expected volatility of 113.82%, risk-free interest rate of 0.31%.

c) Stock Options

The Company has a stock option plan in place authorizing the granting of stock options to qualified optionees to purchase a total of up to 10% of the then issued and outstanding common shares of the Company. Stock options generally are granted for a maximum term of five years and expire 90 days following the termination of the optionee's agreement. The exercise price for the options is set at the closing market price of the common shares on the grant date. The vesting periods of options vary with terms determined by the board of directors.

Stock option transactions and the number of stock options outstanding and exercisable are summarized below:

Period ended:	September 30, 2020		December 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	#	$	#	$
Balance, beginning of year	3,060,000	0.06	2,010,000	0.06
Granted	950,000	0.05	1,050,000	0.05
Expired unexercised	(1,005,000)	0.05	-	-
Balance, end of period	3,005,000	0.06	3,060,000	0.06
Exercisable, end of period	2,805,000	0.06	3,060,000	0.06

(Unaudited - Expressed in Canadian dollars)

7. Share capital (continued)

c) Stock options (continued)

On July 21, 2020, the Company granted 200,000 incentive stock options to an investor relations consultant pursuant to an agreement entered into on July 1, 2020 and expiring on November 30, 2020. The stock options will be exercisable for two years at an exercise price per share of $0.05. The Options will vest in stages over 12 months with 25% vesting each quarter following the date of granting. The fair value of these options as calculated on the date of granting was $8,405, to be recorded in net loss as share-based payments on a straight-line basis from the date of grant to the date of the end of the contract. As at September 30, 2020, the Company had recognized $4,521 of the total amount, and no options had vested.

On March 17, 2020, the Company granted an aggregate of 750,000 fully-vested stock options to certain directors and a consultant pursuant to the Company's stock option plan. Each stock option is exercisable into one common share of the Company at an exercise price of $0.05 per common share for a period of five years. The fair value of these options, recorded in the net loss as share-based compensation, was calculated at $17,439.

On January 4, 2019, the Company granted an aggregate of 1,050,000 fully-vested stock options to certain directors, officers and a consultant pursuant to the Company's stock option plan. Each stock option is exercisable into one common share of the Company at an exercise price of $0.05 per common share for a period of five years. The fair value of these options, recorded in the net loss as share-based compensation, was calculated at $44,439, of which $39,837 was recognized on granting and the remaining $4,602 on December 31, 2019, upon re-evaluation of the original calculation.

The Company applies the fair value method of accounting for stock options. Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The fair value of options granted was estimated at the grant date based on the *Black-Scholes* option-pricing model, using the following assumptions:

	Options granted on:		
	July 21, 2020	March 16, 2020	January 4, 2019
Risk-free interest rate	0.27%	0.93%	1.91%
Expected share price volatility	117.38%	119.93%	125.35%
Expected option life in years	2	5	5
Expected dividend yield	Nil	Nil	Nil

(Unaudited - Expressed in Canadian dollars)

7. **Share capital** (continued)

c) Stock options (continued)

Stock options outstanding and exercisable are as follows:

Expiry date	Weighted average exercise price	September 30, 2020	December 31, 2019
	$	$	$
February 2, 2020	0.050	-	730,000
July 21, 2021	0.080	100,000	150,000
August 12, 2021	0.080	40,000	40,000
November 30, 2021	0.080	275,000	325,000
June 16, 2022	0.060	340,000	365,000
January 12, 2023	0.060	200,000	200,000
November 1, 2023	0.065	200,000	200,000
January 4, 2024	0.050	900,000	1,050,000
March 16, 2025	0.050	750,000	-
	0.057	2,805,000	3,060,000

8. **Related parties**

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

The Company has no compensation arrangements with its board of directors other than non-cash stock option grants. The Company has no termination benefits, post-employment benefits and other long-term benefits in place. Key management includes the board of directors and executive officers.

Compensation awarded to key management is listed below:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Management fees paid to a company controlled by the CEO of the Company *	**24,000**	24,000	**72,000**	72,000
Management fees paid to a company controlled by the CFO of the Company	**9,000**	9,000	**27,000**	27,000
Stock-based compensation recorded for stock options granted to directors and officers of the Company (non-cash expense)	**-**	-	**10,464**	30,352
	33,000	33,000	**109,464**	129,352

* A percentage of the CEO's compensation is charged to exploration and evaluation costs

8. Related parties (continued)

In addition, during 2018 the Company entered into an option agreement for the purchase of the Spius property (Note 5(d)(ii)). The underlying vendors of this property include a company where a director of the Company owns a 25% interest.

9. Financial instruments

Fair values

As at September 30, 2020, the recorded amounts for cash, other receivables and trade payable and accrued liabilities approximate their fair values due to their short maturity. The Company's marketable securities and warrants are measured fair value on a recurring basis. These financial instruments are grouped into Level 1 to 3 based on the degree to which the significant inputs used to determine the fair value are observable. Marketable securities are classified within level 1 of the fair value hierarchy as their fair value measurement is derived from quoted prices in active markets for identical assets. Warrants are classified within level 2 of the fair value hierarchy as their fair value measurement is derived from inputs other than quoted prices included within level 1, that are observable either directly or indirectly. No financial instruments were considered level 3, which are fair value measurements derived from valuation techniques that include significant inputs that are not based on observable market data.

Interest rate risk

The Company's cash held in financial institutions earns interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a material impact on the expected cash flows.

Credit risk

The Company has its cash deposited with large, federally insured, commercial financial institutions, and therefore exposed to minimal credit risk.

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 manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. At September 30, 2020, the Company had cash of $767,137 (December 31, 2019- $895,320), trade payable and accrued liabilities of $68,085 (December 31, 2019 - $71,888), a lease liability (note 6) of $50,763 of which $23,073 is long-term (December 31, 2019 - $15,417) (Note 6), and a flow-through premium liability of $19,554 (Note 7(a)).

Currency risk

The Company keeps approximately 6% of its cash in US dollars. A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's working capital by approximately $3,000, with minimal impact to its net income (loss) for the year as there are virtually no transactions in US dollars.

(Unaudited - Expressed in Canadian dollars)

9. Financial instruments (continued)

Price risk

The Company is exposed to price risk on its marketable securities and warrants due to fluctuations in the current market prices and fluctuations in trading volumes of those securities. At September 30, 2020, the Company held marketable securities with a fair value of $33,200 (December 31, 2019 - $16,700). These investments are subject to market price fluctuations that can be significant.

10. Commitments

On August 31, 2020, the sublease agreement with respect to office space that had been entered into on July 10, 2018 expired. On September 1, 2020, the Company entered into a new sublease agreement with respect to office space covering the period from September 1, 2020 to August 31, 2022 (note 6). The monthly commitment for the Company is $2,645 plus applicable taxes. A deposit of two months was provided to the sublessor, which will be applied to the last two months of office rent.

The following are the remaining sublease commitments for the Company:

Year	$
2020	7,935
2021	31,740
2022	15,870
	55,545

11. Subsequent events

a) On October 15, 2020, the Company entered into an option amending agreement with respect to the Spius property modifying the cash payment and work commitment terms, as described in Note 5(d)(ii).

b) On October 20, 2020, the Company entered into an Option Agreement with Arctic Fox Interactive Ltd. (“Arctic Fox”) whereby the Company granted Arctic Fox an option to acquire a 60% interest in the Company’s Spius Option by making payments to the Company of $50,000, issuing 1,000,000 shares and spending $550,000 on exploration by December 31, 2022.

c) On October 22, 2020, the Company granted 350,000 fully vested incentive stock options to officers of the Company. The options are exercisable at a price of $0.075 per common share for a period of five years and are subject to regulatory approval.