BOLT METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED 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 interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

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

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

BOLT METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)
AS AT

		June 30, 2020		December 31, 2019
ASSETS				
Current				
Cash	$	828,329	$	202,730
Receivables		25,466		12,257
Prepaid expenses		69,784		66,887
Advances (Note 11)		4,336		4,336
		927,915		286,210
Equipment (Note 4)		37,344		47,098
Right-of-use assets (Note 5)		8,833		14,722
Exploration and evaluation assets (Note 6)		741,948		741,948
	$	1,716,040	$	1,089,978
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities (Notes 7 and 11)	$	343,459	$	737,387
Lease liability (Note 5)		-		12,688
Taxes payable		71,200		71,200
		414,659		821,275
Equity				
Share capital (Note 8)		14,581,920		12,260,266
Reserves (Note 8)		841,445		371,932
Deficit		(14,221,665)		(12,464,598)
Equity attributable to the Company's shareholders		1,201,700		167,600
Non-controlling interest (Note 10)		99,681		101,103
		1,301,381		268,703
	$	1,716,040	$	1,089,978

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENT (Note 16)

Approved and authorized on behalf of the Board:

"*Ranjeet Sundher*"
Director

"*Steve Vanry*"
Director

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

BOLT METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
EXPENSES				
Consulting fees (Note 11)	$ 4,500	$ 141,464	$ 412,797	$ 320,928
Corporate development (Note 11)	22,500	52,500	46,500	110,000
Exploration expenditures (Note 6)	74,126	258,525	133,732	600,165
Foreign exchange	22,909	(3,722)	8,502	(4,717)
Interest and bank charges	669	757	1,548	1,185
Investor relations	-	475	149	940
Office and miscellaneous	17,732	23,030	44,542	71,714
Management fees (Note 11)	74,788	91,802	164,111	183,354
Marketing	10,500	284,361	314,809	456,719
Professional fees (Note 11)	54,006	49,662	115,761	89,382
Property investigation costs (Notes 9 and 11)	4,500	4,500	9,000	9,000
Rent	2,250	2,250	4,500	4,500
Share-based payments (Notes 8 and 11)	13,544	11,549	711,539	25,787
Shareholder liaison and filing fees	10,328	21,975	24,069	35,108
Transfer agent	3,253	3,157	7,921	6,231
Travel	1,170	14,570	24,631	37,020
	(316,775)	(956,855)	(2,024,111)	(1,947,316)
Gain on settlement of accounts payable (Note 8)	-	374,269	107,000	362,269
	-	374,269	107,000	362,269
Loss and comprehensive loss for the period	$ (316,775)	$ (582,586)	$ (1,917,111)	$ (1,585,047)
Loss and comprehensive loss attributable to:				
Equity holders of the Company	$ (305,399)	$ (688,605)	$ (1,915,689)	$ (1,691,066)
Non-controlling interest (Note 10)	(11,376)	106,019	(1,422)	106,019
	$ (316,775)	$ (582,586)	$ (1,917,111)	$ (1,585,047)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)	$ (0.03)	$ (0.03)
Weighted average number of common shares outstanding	79,467,726	63,259,193	76,526,089	60,522,258

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

BOLT METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)
FOR THE SIX MONTHS ENDED JUNE 30,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,917,111)	$ (1,585,047)
Items not affecting cash:		
Depreciation	15,643	9,754
Share-based payments	711,539	25,787
Gain on settlement of accounts payable	(107,000)	(362,269)
Interest on lease liability	212	-
Changes in non-cash working capital items:		
Receivables	(13,209)	(23,503)
Prepaid expenses	(2,897)	19
Accounts payable and accrued liabilities	191,072	247,640
Net cash used in operating activities	(1,121,751)	(1,687,619)
CASH FLOWS FROM INVESTING ACTIVITY		
Advance non-controlling interest payment	(83,404)	(81,273)
Net cash used in investing activity	(83,404)	(81,273)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of common shares	742,164	1,265,000
Proceeds from exercise of warrants	1,121,066	-
Share issue costs	(19,576)	(27,932)
Lease payments	(12,900)	-
Net cash provided by financing activities	1,830,754	1,237,068
Change in cash for the period	625,599	(529,324)
Cash, beginning of period	202,730	1,481,206
Cash, end of period	$ 828,329	$ 951,882

Supplemental disclosure with respect to cash flows (Note 12)

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

BOLT METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital					
	Number	Amount	Reserves	Deficit	Non-controlling interest	Total
Balance at December 31, 2018	51,952,691	$ 10,355,641	$ 1,159,858	$ (9,833,124)	$ 23,705	$ 1,706,080
Shares issued for cash	10,541,667	1,265,000	-	-	-	1,265,000
Share issuance costs	-	(27,932)	-	-	-	(27,932)
Shares issued for settlement of accounts payable	1,200,000	222,000	-	-	-	222,000
Share-based payments	-	-	25,787	-	-	25,787
Advance non-controlling interest payment (Note 6)	-	-	-	(81,273)	-	(81,273)
Loss for the period	-	-	-	(1,691,066)	106,019	(1,585,047)
Balance at June 30, 2019	63,694,358	$ 11,814,709	$ 1,185,645	$ (11,605,463)	$ 129,724	$ 1,524,615
Balance at December 31, 2019	64,777,691	$ 12,260,266	$ 371,932	$ (12,464,598)	$ 101,103	$ 268,703
Shares issued for cash	6,184,704	742,164	-	-	-	742,164
Shares issued for exercise of warrants	5,605,332	1,121,066	-	-	-	1,121,066
Share issuance costs	-	(19,576)	-	-	-	(19,576)
Shares issued for settlement of accounts payable	2,899,999	478,000	-	-	-	478,000
Share-based payments	-	-	711,539	-	-	711,539
Allocation of expired options	-	-	(242,026)	242,026	-	-
Advance non-controlling interest payment (Note 6)	-	-	-	(83,404)	-	(83,404)
Loss for the period	-	-	-	(1,915,689)	(1,422)	(1,917,111)
Balance at June 30, 2020	79,467,726	$ 14,581,920	$ 841,445	$ (14,221,665)	$ 99,681	$ 1,301,381

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Bolt Metals Corp. ("the Company") operates in the mineral resource industry and trades on the Canadian Securities Exchange ("CSE") under the symbol BOLT, on the OTCQB under the symbol PCRCF, and on the Frankfurt Exchange under the symbol NXFE. The Company's head office is located at Suite 300 - Bellevue Centre, 235 - 15th Street, West Vancouver, BC, V7T 2X1 and its registered records office is located at Pacific Centre, 400 - 725 Granville Street, Vancouver, BC, V7Y 1G5.

The Company's principal business activities include the acquisition and exploration of mineral exploration and evaluation assets in Indonesia. The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. These condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company's continuation as a going concern is dependent upon the successful results from its business activities, its ability to obtain profitable operations and generate funds, and/or complete financings sufficient to meet current and future obligations, which in turn is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. The Company will be required to raise funding to operate in the upcoming year. These material uncertainties may cast significant doubt as to the ability of the Company to continue as a going concern. Management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

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

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019, prepared in accordance with IFRS as issued by the IASB.

Approval of the financial statements

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on August 28, 2020.

2. BASIS OF PREPARATION (cont'd…)

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company and its subsidiaries.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

For partially owned subsidiaries, non-controlling interest represents the portion of a subsidiary's earnings and losses and net assets that is not held by the Company. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Name of Subsidiary	Country of Incorporation	Percentage of Ownership	Principal Activity
1121844 BC Ltd.	Canada	100%	Holding company
Cobalt Power (Asia) Limited ("CPA HK")	Hong Kong	100%	Holding company
Pacific Rim Mining Limited	Hong Kong	100%	Inactive
Pacific Rim Processing Limited	Hong Kong	100%	Holding company
Minerals Harvest Limited	Hong Kong	100%	Holding company
PT. Tablasufa Nickel Mining ("TNM")	Indonesia	65%	Exploration in Indonesia
PT. Pacific Rim Mineral Indonesia	Indonesia	100%	Exploration in Indonesia

Significant estimates

The preparation of these condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

2. BASIS OF PREPARATION (cont'd…)

Significant estimates (cont'd…)

Economic recoverability and probability 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, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require 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 earnings and equity reserves.

Accounting for acquisitions

The fair value of assets acquired and liabilities assumed requires that management make estimates based on the information provided by the acquiree. The determination of fair value as of the acquisition date requires management to make certain estimates about future events, including, but not restricted to, mineral reserves and resources acquired, exploration potential, future operating costs and capital expenditures, future metal prices, long-term foreign exchange rates and discount rates.

Determination of income taxes

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are, but are not limited to, the following:

Deferred acquisition costs

The Company has entered into an agreement to acquire a company holding a mineral project. The acquisitions are being accounted for as advances toward the purchase of a company interest in accordance with IFRS 10, Consolidated Financial Statements and capitalized to the statement of financial position. Upon gaining control, the Company will consolidate the entity.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (cont'd…)

Significant judgments (cont'd…)

Acquisition of company that does not meet the definition of a business

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The transaction with PT. Tablasufa Nickel Mining was determined to constitute an acquisition of net assets, as it did not meet the definition of a business.

Determination of functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES

There have been no significant changes to the Company's significant accounting policies from those disclosed in the consolidated financial statements for the year ended December 31, 2019.

4. EQUIPMENT

		Equipment		Total
Cost				
December 31, 2018, December 31, 2019, and June 30, 2020	$	78,033	$	78,033
Accumulated depreciation				
December 31, 2018	$	11,427	$	11,427
Depreciation		19,508		19,508
December 31, 2019		30,935		30,935
Depreciation		9,754		9,754
June 30, 2020	$	40,689	$	40,689
Net Book Value				
December 31, 2019	$	47,098	$	47,098
June 30, 2020	$	37,344	$	37,344

Depreciation is included in exploration expenditures.

(Expressed in Canadian Dollars)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

Set out below are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements.

		Right-of-use assets		Lease liabilities
January 1, 2019	$	26,500	$	24,173
Depreciation expense		(11,778)		-
Interest expense		-		1,415
Payments		-		(12,900)
December 31, 2019	$	14,722	$	12,688
Depreciation expense		(5,889)		-
Interest expense		-		212
Payments		-		(12,900)
June 30, 2020	$	8,833	$	-

Depreciation of right-of-use assets is included in exploration expenses. Interest expense related to lease liabilities is included in interest and bank charges.

6. EXPLORATION AND EVALUATION ASSETS

Property		Cyclops Property		Dina Pool Property		Doe Creek Property		Total
Balance, December 31, 2018	$	741,948	$	20,064	$	6,368	$	768,380
Option agreement		-		(1,250)		(1,250)		(2,500)
Disposition of exploration and evaluation assets		-		(18,814)		(5,118)		(23,932)
Balance, December 31, 2019 and June 30, 2020	$	741,948	$	-	$	-	$	741,948

Cyclops Property

CPA HK is party to an option agreement to acquire all of the issued and outstanding securities of TNM, which holds a mining permit for the Cyclops property located in the located in Depapre District, Jayapura Regency, Papua Province, Republic of Indonesia. TNM is a private Indonesia company holding an Izin Usaha Pertambangan Operation Production Mining Permit for the TNM Cobalt Project. On July 16, 2018, the Company acquired 65% of the issued and outstanding shares of TNM.

On June 17, 2019, the Company entered into an amended agreement with the vendor for the acquisition of the remaining 35% of TNM. Under the terms of the agreement, the Company is required pay US$1,220,000 as follows:

i. US$120,000 on or before June 15, 2020;
ii. US$120,000 on or before June 15, 2021; and
iii. US$980,000 on or before June 15, 2022.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Cyclops Property (cont'd…)

The Company has the right to defer the final payment date for a period of one year by delivering written notice and paying an additional USD$120,000 on or before June 15, 2022.

Pursuant to the amended agreement, to acquire the remaining 35% minority interest, the amount of debt due and owing from TNM to the vendor was reduced by $296,269, which resulted in a gain on settlement of accounts payable of $296,269 for the year ended December 31, 2019.

Payments made prior to signing the agreement and toward the acquisition of the 35% interest will be recorded to deficit as an advance non-controlling interest payment (six months ended June 30, 2020 - $83,404; year ended December 31, 2019 - $160,855).

Upon obtaining control, the Company will grant a 2% net smelter returns royalty on future production.

Dina Pool Property

On June 23, 2016, the Company purchased land in the Provost area of Alberta through a Province of Alberta land sale.

Doe Creek Property

On September 15, 2016, the Company purchased land in the Grande Prairie area of Alberta through a Province of Alberta Land sale.

On September 5, 2017, subsequently amended on December 11, 2019, the Company entered into a property option agreement with Drifter Way Holding Co. Ltd. ("Drifter"), in which a director has significant influence, to dispose of the Dina Pool property and the Doe Creek property by granting to Drifter the sole and exclusive option to acquire a 100% interest in such properties by making aggregate cash payments of $5,000 over a two year period.

On December 20, 2019, Drifter gave notice it would exercise its option for the acquisition of the Dina Pool property and the Doe Creek property. The properties were transferred to Drifter and, accordingly, the Company recorded a loss on disposition of exploration and evaluation assets of $23,932 for the year ended December 31, 2019.

Exploration and evaluation expenditures for the six months ended June 30, 2020 are as follows:

Property		**Cyclops Property**		**Total**
Equipment	$	10,188	$	10,188
Supplies and miscellaneous		10,570		10,570
Travel		2,801		2,801
Wages and benefits		110,173		110,173
Balance, June 30, 2020	$	133,732	$	133,732

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Exploration and evaluation expenditures for the six months ended June 30, 2019 are as follows:

Property	Cyclops Property	Dina Pool and Doe Creek Properties	Total
Community development	$ 90,205	$ -	$ 90,205
Drilling, sampling, analysis	36,902	-	36,902
Equipment	45,426	-	45,426
Metallurgy	51,016	-	51,016
Permitting	59	448	507
Professional	1,055	-	1,055
Supplies and miscellaneous	104,877	-	104,877
Travel	30,259	-	30,259
Wages and benefits	239,918	-	239,918
Balance, June 30, 2019	$ 599,717	$ 448	$ 600,165

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020	December 31, 2019
Accounts payable	$ 304,356	$ 664,855
Accrued liabilities	39,103	72,532
	$ 343,459	$ 737,387

8. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

During the six months ended June 30, 2020, the Company:

i. issued 6,184,704 units at a price of $0.12 per unit by way of a private placement for proceeds of $742,164. Each unit was comprised of one common share and one share purchase warrant, which will entitle the holder of each whole warrant to acquire an additional common share of the Company at a price of $0.16 per common share, for a period of 12 months from the date of issue. The Company paid a total of $19,576 in cash for finder's and legal fees;
ii. issued 5,605,332 common shares, for proceeds of $1,121,066, pursuant to the exercise of warrants; and
iii. issued 2,899,999 common shares, valued at $478,000, to settle accounts payable of $585,000, which resulted in a gain on settlement of accounts payable of $107,000.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Issued share capital (cont'd…)

During the six months ended June 30, 2019, the Company:

i. issued 10,541,667 units at a price of $0.12 per unit by way of a private placement for proceeds of $1,265,000. Each unit was comprised of one common share and one share purchase warrant, which will entitle the holder of each whole warrant to acquire an additional common share of the Company at a price of $0.20 per common share, for a period of 12 months from the date of issue. The Company paid a total of $27,932 in cash for finder's and legal fees; and
ii. issued 1,200,000 common shares, valued at $222,000, to settle accounts payable of $288,000, which resulted in a gain on settlement of accounts payable of $66,000.

Escrow shares

As at June 30, 2020, there are 2,475,000 (December 31, 2019 - 4,950,000) shares held in escrow. The escrow shares will be released from escrow based upon the passage of time at a rate of 2,475,000 common shares every six months.

Stock options

The Company has a stock option plan that provides for the issuance of options to directors, officers, employees and consultants of the Company to purchase common shares. The maximum aggregate number of plan shares that may be reserved for issuance under the plan at any point in time is 10% of the outstanding shares at the time. Vesting is determined at the discretion of the Board of Directors.

During the six months ended June 30, 2020, the Company granted 4,800,000 (2019 - nil) incentive stock options to consultants. The options have various vesting provisions. During the six months ended June 30, 2020, the Company expensed $711,539 (2019 - $25,787), which was recorded in share-based payments.

The weighted average fair value of stock options granted during the six months ended June 30, 2020 was $0.15 (2019 - $nil) per option.

The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Risk-free interest rate	1.48%	-
Expected option life in years	2.6	-
Expected stock price volatility	111%	-
Expected forfeiture rate	-	-

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

Stock option activities are summarized as follows:

	Number of options		Weighted average exercise price
Outstanding at December 31, 2018	3,993,750	$	0.42
Expired	(3,137,500)		0.38
Outstanding at December 31, 2019	856,250		0.57
Granted	4,800,000		0.25
Expired	(500,000)		0.69
Outstanding at June 30, 2020	5,156,250	$	0.26
Exercisable at June 30, 2020	4,956,250	$	0.26

The Company has outstanding options entitling the holder to purchase an aggregate of common shares at June 30, 2020 as follows:

Number of options		Exercise price	Expiry date	Contractual life remaining (years)
56,250	$	0.133	May 12, 2021	0.87
3,600,000		0.26	February 14, 2022	1.63
200,000		0.26	March 3,2022	1.67
300,000		0.45	June 12, 2023	2.95
1,000,000		0.20	January 15, 2025	4.55
5,156,250				

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Warrants

Warrant activities are summarized as follows:

	Number of warrants		Weighted average exercise price
Outstanding at December 31, 2018	14,921,992	$	0.57
Issued	10,541,667		0.20
Exercised	(1,083,333)		0.20
Expired	(14,583,660)		0.56
Outstanding at December 31, 2019	9,796,666		0.23
Issued	6,184,704		0.16
Exercised	(5,605,332)		0.20
Expired	(4,191,334)		0.26
Outstanding at June 30, 2020	6,184,704	$	0.16

The Company has outstanding warrants entitling the holder to purchase an aggregate of common shares at June 30, 2020 as follows:

Number of warrants	Exercise price	Expiry date	Contractual life remaining (years)
6,184,704	$ 0.16	February 6, 2021	0.61
6,184,704			

Unit Warrant activities are summarized as follows:

	Number of unit warrants		Weighted average exercise price
Outstanding at December 31, 2018	133,333	$	0.75
Expired	(133,333)		0.75
Outstanding at December 31, 2019 and June 30, 2020	-	$	-

(Expressed in Canadian Dollars)

9. PROPERTY INVESTIGATION COSTS

Property investigation costs for the six months ended June 30, 2020 are as follows:

Property		**Other**		**Total**
Geological	$	9,000	$	9,000
Balance, June 30, 2020	$	9,000	$	9,000

Property investigation costs for the six months ended June 30, 2019 are as follows:

Property		**Other**		**Total**
Geological	$	9,000	$	9,000
Balance, June 30, 2019	$	9,000	$	9,000

10. NON-CONTROLLING INTEREST

As at June 30, 2020, the equity attributable to the 35% non-controlling interest in TNM is $99,681 (December 31, 2019 - $101,103).

The following table presents the changes in equity attributable to the 35% non-controlling interest in TNM:

		June 30, 2020		**December 31, 2019**
Balance, beginning of the period	$	101,103	$	23,705
Share of income (loss) for the period		(1,422)		77,398
Balance, end of the period	$	99,681	$	101,103

(Expressed in Canadian Dollars)

10. NON-CONTROLLING INTEREST (cont'd…)

Summarized financial information about TNM is as follows:

		June 30, 2020		December 31, 2019
Current assets	$	1,949	$	1,928
Non-current assets		741,948		741,948
Current liabilities		220,350		218,780
Non-current liabilities		238,744		236,231
Income (loss) for the six months ended June 30, 2020 and 2019	$	(4,062)	$	302,910

The income (loss) allocated to non-controlling interest based on an interest of 35% (2019 - 35%) was $(1,422) (2019 - $106,019).

11. RELATED PARTY TRANSACTIONS

The Company defines its directors and officers as its key management personnel. The compensation costs for key management personnel is as follows:

		For the six months ended June 30, 2020		For the six months ended June 30, 2019
Consulting fees	$	9,000	$	18,000
Corporate development		15,000		30,000
Management fees		115,479		102,579
Professional fees		53,500		43,500
Property investigation costs		9,000		9,000
Share-based payments		228,830		-
	$	430,809	$	203,079

At June 30, 2020, included in advances are amounts owing from a director and officer of $4,336 (December 31, 2019 - $4,336).

At June 30, 2020, included in accounts payable and accrued liabilities are amounts owing to directors and officers of $15,808 (December 31, 2019 - $108,080).

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the six months ended June 30, 2020, the Company's significant non-cash transactions consisted of:

i. shares issued for settlement of accounts payable of $478,000; and
ii. allocation of expired options from reserves to deficit of $242,026.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd…)

For the six months ended June 30, 2019, the Company's significant non-cash transaction consisted of:

i. shares issued for settlement of accounts payable of $222,000.

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. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values because of the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

Financial risk factors

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and price risk.

<u>Credit risk</u>

The Company is exposed to industry credit risks arising from its cash holdings and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's primary receivable consists of goods and service tax receivable due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital and financing to continue its operations and discharge its commitments as they become due. The Company is subject to liquidity risk.

<u>Market risk</u>

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes:

(a) *Interest rate risk* - this risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference in interest income for the six months ended June 30, 2020.

(b) *Foreign currency risk* - this risk relates to any changes in foreign currencies in which the Company transacts. The effect of a 10% change in foreign exchange rates would be approximately $26,000 for the six months ended June 30, 2020.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Market risk (cont'd…)

(c) *Price risk* - this risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices in relation to its exploration and evaluation assets.

14. CAPITAL MANAGEMENT

The Company considers its components within shareholders' equity as capital. The Company's objective when managing capital is to fund its operations and corporate overhead costs, meet obligations as they come due, and to maintain a flexible capital structure, which optimizes the cost of capital at an acceptable risk. The Company has no earnings and therefore it must finance its activities and corporate overhead costs by the sale of common shares or loans.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, or acquire or dispose of assets. In order to maximize ongoing development efforts, the Company does not pay out dividends. Given its objectives, the Company determines the amount of capital to be raised and retained based on the scope of operating activities and potential acquisitions management's assessment of the expected availability of acceptably priced capital in future periods.

There were no changes in the Company's approach to capital management for the six months ended June 30, 2020. The Company is not subject to externally imposed capital requirements.

15. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment being the acquisition and exploration of exploration and evaluation assets located in Indonesia and Canada. Geographical information is as follows:

June 30, 2020	Indonesia	Canada	Total
Equipment	$ 37,344	$ -	$ 37,344
Right-of-use assets	8,833	-	8,833
Exploration and evaluation assets	741,948	-	741,948
Total	$ 788,125	$ -	$ 788,125

December 31, 2019	Indonesia	Canada	Total
Equipment	$ 47,098	$ -	$ 47,098
Right-of-use assets	14,722	-	14,722
Exploration and evaluation assets	741,948	-	741,948
Total	$ 803,768	$ -	$ 803,768

16. SUBSEQUENT EVENT

Subsequent to June 30, 2020, the Company:

i. made payments of USD $30,000 towards the Cyclops property (Note 6).