Trifecta Gold Ltd.

Condensed Interim Financial Statements

For the nine months ended

September 30, 2020

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

Trifecta Gold Ltd.
#1016 – 510 West Hastings Street
Vancouver, British Columbia
V6B 1L8

November 10, 2020

To the Shareholders of
Trifecta Gold Ltd.

The attached condensed interim financial statements have been prepared by the management of Trifecta Gold Ltd. and have not been reviewed by the auditor of the Company.

Yours truly,

Richard Drechsler
Interim Chief Executive Officer

Trifecta Gold Ltd.

Condensed Interim Statements of Financial Position

Unaudited – Prepared by Management

As at September 30, 2020 and December 31, 2019

	Note	**September 30, 2020 $**	December 31, 2019 $
Assets			
Current assets			
Cash and cash equivalents	3	875,375	92,561
Receivables and prepayments	4	10,315	8,106
		885,690	100,667
Non-current assets			
Mineral property interests	6	2,288,953	1,907,424
Total assets		**3,174,643**	2,008,091
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		2,531	15,446
Accounts payable to related parties	9	42,013	10,670
Total liabilities		**44,544**	26,116
Shareholders' equity			
Share capital	7	5,268,398	4,031,310
Contributed surplus	7	266,038	276,449
Deficit		(2,404,337)	(2,325,784)
Total shareholders' equity		**3,130,099**	1,981,975
Total liabilities and shareholders' equity		**3,174,643**	2,008,091
Nature of operations and going concern	1		

Approved on behalf of the Board of Directors on November 10, 2020:

"Bruce J. Kenway" **Director** *"Graham Downs"* **Director**

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

Trifecta Gold Ltd.

Condensed Interim Statements of Changes in Shareholders' Equity

Unaudited – Prepared by Management

For the nine months ended September 30, 2020 and September 30, 2019

	Number of shares #	Share capital $	Contributed surplus $	Deficit $	Total shareholders' equity $
January 1, 2019	35,317,857	3,935,310	310,802	(1,817,876)	2,428,236
Common shares issued to settle debt	200,000	12,000	-	-	12,000
Common shares issued for severance	1,500,000	75,000	-	-	75,000
Re-allocated on cancellation of options	-	-	(34,353)	34,353	-
Loss and comprehensive loss for the period	-	-	-	(503,890)	(503,890)
September 30, 2019	37,017,857	4,022,310	276,449	(2,287,413)	2,011,346
January 1, 2020	37,317,857	4,031,310	276,449	(2,325,784)	1,981,975
Common shares/units issued for cash	15,571,429	910,000	-	-	910,000
Share issue costs - cash	-	(32,733)	-	-	(32,733)
Common shares issued for mineral property	4,797,611	359,821	-	-	359,821
Re-allocated on cancellation of options	-	-	(10,411)	10,411	-
Loss and comprehensive loss for the period	-	-	-	(88,964)	(88,964)
September 30, 2020	**57,686,897**	**5,268,398**	**266,038**	**(2,404,337)**	**3,130,099**

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

Trifecta Gold Ltd.

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

For the three and nine months ended September 30,

	Note	Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019	**September 30, 2020**	September 30, 2019
		$	$	**$**	$
Expenses					
Administration expenses		598	9,726	783	13,208
Insurance		2,000	3,714	5,854	12,285
Investor relations and shareholder information		3,302	3,415	6,934	19,145
Management, administrative and corporate development fees	9	12,620	416	13,470	3,707
Management, administrative and corporate development salaries	9	-	-	-	174,850
Office rent	9	4,500	2,500	13,500	16,500
Professional fees	9	17,245	6,292	42,215	30,468
Transfer agent and filing fees		2,490	2,987	6,822	9,836
Loss from operating expenses		**(42,755)**	(29,050)	**(89,578)**	(279,999)
Interest income		314	358	614	2,035
Mineral property write-offs	6(d)(i)	-	-	-	(36,046)
Loss on marketable securities	5	-	(1,970)	-	(5,940)
Loss on sale of mineral property interests	6	-	(183,940)	-	(183,940)
Loss and comprehensive loss for the period		**(42,441)**	(214,602)	**(88,964)**	(503,890)
Loss per share					
Weighted average number of common shares outstanding					
- basic #	8	**46,534,364**	37,017,857	**41,020,589**	36,281,227
- diluted #	8	**46,534,364**	37,017,857	**41,020,589**	36,281,227
Basic loss per share $	8	**(0.00)**	(0.01)	**(0.00)**	(0.01)
Diluted loss per share $	8	**(0.00)**	(0.01)	**(0.00)**	(0.01)

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

Trifecta Gold Ltd.

Condensed Interim Statements of Cash Flows

Unaudited – Prepared by Management

For the nine months ended September 30,

	Note	**2020** $	2019 $
Operating activities			
Loss and comprehensive loss for the period		(88,964)	(503,890)
Mineral property write-offs		-	36,046
Loss on marketable securities		-	5,940
Loss on sale of mineral properties		-	183,940
Shares issued for severance		-	75,000
Interest income		(614)	(2,035)
Net change in non-cash working capital items	11	(1,324)	(34,923)
		(90,902)	(239,922)
Financing activities			
Shares/units issued for cash		910,000	-
Share issue costs		(16,733)	(8,500)
		893,267	(8,500)
Investing activities			
Interest received		614	2,035
Proceeds from sale of mineral property interests	6	-	100,000
Proceeds from sale of marketable securities	5	-	28,560
Mineral property acquisition costs		(17,787)	(14,335)
Deferred exploration and evaluation expenditures		(2,378)	(63,389)
		(19,551)	52,871
Net increase (decrease) in cash and cash equivalents		**782,814**	(195,551)
Cash and cash equivalents, beginning of period		**92,561**	341,493
Cash and cash equivalents, end of period		**875,375**	145,942

Supplemental cash flow information	11

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

1. Nature of operations and going concern

Trifecta Gold Ltd. (the “Company” or “Trifecta”) was incorporated on October 4, 2016 under the laws of the Province of British Columbia, Canada and was registered extra-territorially in the Yukon Territory on January 6, 2017. The Company’s head office is located at 1016 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. The Company was a wholly-owned subsidiary of Strategic Metals Ltd. (“Strategic”), until June 9, 2017, at which time Strategic’s ownership position was reduced to approximately 9.19% through a Plan of Arrangement, which concluded with each Strategic shareholder receiving one Trifecta common share for every four and one-half Strategic common shares they owned as of May 31, 2017. The Company was listed on the TSX Venture Exchange (“TSX-V”) on June 15, 2017.

The Company’s principal business activity is the acquisition, exploration and evaluation of mineral properties. The Company has been exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition or option of the mineral property interests. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

These condensed interim financial statements (the “financial statements”) are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company does not have revenues and has incurred operating losses since incorporation. As at September 30, 2020, the Company had working capital of $841,146 (December 31, 2019 – $74,551), and shareholders’ equity of $3,130,099 (December 31, 2019 - $1,981,975). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it could be necessary to restate the Company’s assets and liabilities on a liquidation basis.

In March 2020, there was a global outbreak of COVID-19 which has had a significant impact on businesses through the restrictions put in place by the American, Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. 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 ability to raise capital or conduct exploration activities. There are travel restrictions and health and safety concerns in all areas in which the Company operates, including the Yukon Territory, Canada and Nevada, USA, that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services and safeguarding all personnel during the outbreak, which may be prohibitive or too costly. To date, the Company has not experienced any significant delays in carrying out its operations, and to date, the restricted nature of the Company’s activities has not qualified it for the various Government wage and loan subsidies.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company‘s annual audited financial statements for the year ended December 31, 2019, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited financial statements.

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss (“FVTPL”). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Significant accounting policies (continued)

(a) Basis of presentation (continued)

All amounts on these financial statements are presented in Canadian dollars which is the functional currency of the Company.

(b) Significant accounting policies

The accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited financial statements and are those the Company expects to adopt in its financial statements for the year ended December 31, 2020. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited financial statements.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	September 30, 2020	December 31, 2019
	$	$
Bank and broker balances	375,061	92,561
Cashable investment certificates	500,314	-
	875,375	92,561

4. Receivables and prepayments

Receivables and prepayments consist of the following:

	September 30, 2020	December 31, 2019
	$	$
Prepaid expenses	6,634	5,688
Sales tax recoverable	3,681	2,418
	10,315	8,106

5. Marketable securities

Marketable securities consist of common shares received on the option of mineral property interests as follows:

	Cost	**Fair value**	**(Loss) gain**
	$	**$**	**$**
January 1, 2019	53,750	37,500	
Proceeds on sale	(28,560)	-	
Cost of disposals	-	(43,000)	
Realized loss on sale	(14,440)	-	(14,440)
Unrealized gain for the period	-	8,500	8,500
September 30, 2019	10,750	3,000	(5,940)
January 1, 2020 and September 30, 2020	**-**	**-**	**-**

The fair value of the marketable securities was based on the bid price of the shares on the TSX-V at each period end.

6. Mineral property interests

The Company's mineral property interests consist of exploration stage properties located in Canada (Yukon Territory and British Columbia) and the United States (Nevada). The properties have been grouped into those which are wholly-owned projects, wholly-owned and under option, projects under option from other parties and others. Properties which are in close proximity and could be developed as a single economic unit are grouped into projects.

Changes in the project carrying amounts for the nine months ended September 30, 2019 are summarized as follows:

	January 1, 2019 $	Acquisitions/ staking/ assessments $	Exploration and evaluation $	Proceeds from sale $	Loss on sale $	Write-offs $	September 30, 2019 $
Wholly-owned projects							
Eureka	1,219,817	-	4,362	-	-	-	1,224,179
Treble	155,879	-	131	-	-	-	156,010
Triple Crown	283,940	-	-	(100,000)	(183,940)	-	-
Total	**1,659,636**	**-**	**4,493**	**(100,000)**	**(183,940)**	**-**	**1,380,189**
Wholly-owned and under option project							
Trident - wholly-owned claims							
Squid	212,142	-	81,600	-	-	-	293,742
Trident - under option claims							
CH Claims	88,075	-	-	-	-	-	88,075
	300,217	**-**	**81,600**	**-**	**-**	**-**	**381,817**
Projects under option from other parties							
Yuge	118,081	14,335	2,643	-	-	-	135,059
Eureka Dome	35,921	-	125		-	(36,046)	-
	154,002	**14,335**	**2,768**	**-**	**-**	**(36,046)**	**135,059**
Total all projects	**2,113,855**	**14,335**	**88,861**	**(100,000)**	**(183,940)**	**(36,046)**	**1,897,065**

Exploration and evaluation expenditures on the projects consisted of the following:

Nine months ended September 30, 2019	Eureka $	Treble $	Trident $	Yuge $	Eureka Dome $	Total $
Equipment demobilization	-	-	64,617	-	-	64,617
Labour	3,815	131	13,578	2,643	125	20,292
Travel and accommodation	547	-	3,405	-	-	3,952
Total	4,362	131	81,600	2,643	125	88,861

6. Mineral property interests (continued)

Changes in the project carrying amounts for the nine months ended September 30, 2020 are summarized as follows:

	January 1, 2020 $	Acquisitions/ staking/ assessments $	Exploration and evaluation $	September 30, 2020 $
Wholly-owned projects				
Eureka	1,224,179	-	136	1,224,315
Treble	156,010	-	-	156,010
Total	**1,380,189**	**-**	**136**	**1,380,325**
Wholly-owned and under option project				
Trident - wholly-owned claims				
Squid	294,992	4,228	1,575	300,795
Trident - under option claims				
CH	97,075	-	-	97,075
	392,067	**4,228**	**1,575**	**397,870**
Project under option from other parties				
Yuge	135,168	373,380	2,210	510,758
	135,168	**373,380**	**2,210**	**510,758**
Total all projects	**1,907,424**	**377,608**	**3,921**	**2,288,953**

Exploration and evaluation expenditures on the projects consisted of the following:

	Eureka	Trident	Yuge	Total
Nine months ended September 30, 2020	$	$	$	$
Field	-	38	-	38
Labour	136	1,537	2,210	3,883
Total	**136**	**1,575**	**2,210**	**3,921**

6. Mineral property interests (continued)

(a) Wholly-owned projects

By an agreement dated December 9, 2016, the Company agreed to purchase the Eureka, Treble and Triple Crown mineral properties from Strategic by issuing Strategic 14,500,000 of its common shares at a value of $0.10 per share, giving the transaction a total value of $1,450,000. The agreed amount approximated the cumulative acquisition and exploration costs incurred on the properties by Strategic.

Transactions between related parties take place at a fair market value, where such values can be determined. The purchased properties are in the exploration stage with no proven economic mineral reserves, so there was insufficient information to determine a fair value less cost to sell, or a value in use. Under IFRS 6, mineral property interests can be carried at cost until such time the properties become impaired. Given the properties were, and are not considered impaired, and given a fair value could not be determined, the Company used the cumulative property costs to Strategic as the transfer value of the properties.

(i) Eureka

The Eureka project consists of a 100% interest in the Eureka mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 11,250,000 common shares at $0.10 per share for an aggregate cost of $1,125,000. The claims are subject to a 1% net smelter return royalty ("NSR").

(ii) Treble

The Treble project consists of a 100% interest in the LLL mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 1,150,000 common shares at $0.10 per share for an aggregate cost of $115,000. The claims are not subject to any royalty interests.

(b) Wholly-owned and under option project

Trident

The Trident project consists of the Squid claims, which are wholly-owned, and the CH claims which are being acquired under an option agreement.

Wholly-owned claims

The Squid claims are located in the Dawson Mining District, Yukon Territory, and were acquired by staking.

Under option claims

By an agreement dated December 8, 2016, and amended on April 27, 2017, the Company may acquire a 100% interest in the CH mineral claims located in the Dawson Mining District, Yukon Territory from Coureur Des Bois Ltee Ltd. ("Coureur"), for consideration of:

- The issuance of 1,500,000 common shares to Coureur as follows:
    - 150,000 shares upon completion of a TSX-V listing (issued June 15, 2017);
    - 150,000 shares on or before December 8, 2017 (issued December 8, 2017);
    - 200,000 shares on or before December 8, 2018 (issued December 6, 2018);
    - 300,000 shares on or before December 8, 2019 (issued December 2, 2019); and
    - 700,000 shares on or before December 8, 2020.

Upon completion of the agreement, the Company will attain a 100% interest in the claims and Coureur will retain a 2% NSR from any precious metal commercial production and a 1% NSR from any non-precious metal commercial production. The Company would have the right at any time to purchase one-half of the NSR for $1,000,000.

6. Mineral property interests (continued)

(c) Project under option from other parties

Yuge

On February 27, 2018, the Company signed a letter of intent, which was subsequently replaced with a definitive agreement (the "Option Agreement"), to option from Silver Range Resources Ltd. ("Silver Range") up to a 75% interest in Silver Range's Yuge property, which is located in Nevada, USA.

Under the agreement, the Company reimbursed Silver Range staking and recording costs of $9,066.

On July 7, 2020, the Option Agreement was replaced with a Property Purchase Agreement (the "PP Agreement"). Pursuant to the terms of the PP Agreement, the Company can acquire a 100% interest in the Yuge Property by:

- Issuing to Silver Range that number of common shares equal to 9.9% of the total number of issued and outstanding common shares of the Company immediately following the closing of the first $500,000 of a financing (issued 4,797,611 shares at a fair value of $359,821);
- Reimbursing Silver Range for property maintenance payments, rentals and filing fees made to maintain the property in good standing until September 1, 2021; and
- Paying Silver Range $250,000 on or before July 7, 2021 (the "Final Payment").

Upon completion of the PP Agreement, Silver Range will retain a 2% NSR from the commercial production of any mineral products on the property. At any time following the closing of the PP Agreement, the Company will have the right to purchase one-half of the NSR for $1,000,000.

(d) Others

(i) Eureka Dome

In April 2019, the Company terminated an option agreement to earn a 70% interest in the Eureka Dome property located in the Dawson Mining District, Yukon Territory, and wrote-off its cumulative acquisition and exploration expenditures of $36,046. During the option period, the Company made cash payments totaling $20,000, and issued 200,000 of its common shares to the optionor.

(ii) Triple Crown

The Triple Crown project consisted of a 100% interest in the OOO mineral claims located in the Dawson Mining District, Yukon Territory. The project was acquired in December 2016 from Strategic by the issue of 2,100,000 common shares at $0.10 per share for an aggregate cost of $210,000.

By Agreement dated September 16, 2019, the Company sold its Triple Crown project back to Strategic for cash consideration of $100,000. The Company retains a 0.5% NSR on the claims, which Strategic can purchase at any time for $500,000.

(iii) Handsome Jack

The Company retains a 1% NSR on the Handsome Jack project which consists of a 100% interest in the Never Sweat mineral claims located in the Golden Triangle region of British Columbia. One-half of the NSR can be purchased by the claim owner at any time for a cash payment of $500,000.

7. Share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. All issued shares are fully paid.

Transactions for the issue of share capital during the nine months ended September 30, 2020:

On June 9, 2020, the Company completed a private placement consisting of the issue of 4,000,000 common shares at a price of $0.025 per share for gross proceeds of $100,000. In connection with the financing, the Company incurred legal fees of $8,000 which were recorded as share issue costs.

On September 1, 2020, the Company completed a private placement consisting of the issue of 11,571,429 units at a price of $0.07 per unit for gross proceeds of $810,000. Each unit is comprised of one common share and one share purchase warrant exercisable at a price of $0.14 until September 1, 2021. No value was allocated to the warrant component of the units sold.

Finders' fees totaling $4,983 were incurred in respect of the unit offering. Also, legal and filing fees amounted to $19,750 and were recorded as a share issue costs and deducted from share capital.

On September 1, 2020, the Company issued 4,797,611 common shares at a value of $0.075 per share for a total of $359,821 to Silver Range in connection with the PP Agreement in respect of the Yuge Property (note 6(c)). The price of the shares was determined by the closing price of the shares on the TSX-V as of the date of issue.

Transactions for the issue of share capital during the nine months ended September 30, 2019:

On February 14, 2019, the Company entered a Debt Settlement Agreement (the "Debt Settlement") with Silver Range whereby the Company issued a total of 200,000 common shares to settle an amount owing to Silver Range of $12,000 ($0.06 per share). No gain or loss was recognized in connection with the Debt Settlement.

On May 7, 2019, the Company issued 1,500,000 to its former President and CEO in connection with a Severance Settlement Agreement (the "Severance Settlement") (see note 9). The common shares were issued at a value of $0.05 per share, for an aggregate value of $75,000. No gain or loss was recognized in connection with the Severance Settlement.

Stock options

The Company has an incentive stock option plan (the "Plan"), under which the maximum number of stock options issued cannot exceed 10% of the Company's currently issued and outstanding common shares. The exercise period for any options granted under the Plan cannot exceed ten years. The exercise price of options granted under the Plan cannot be less than the "discounted market price" of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, or the date of grant in respect of options granted to consultants, less a discount of from 15% to 25%), unless otherwise agreed to by the Company and accepted by the TSX-V.

A participant who is not a consultant conducting investor relations activities, who is granted an option under the plan with exercise prices at or above "Market Price" will have their options vest immediately, unless otherwise determined by the Board of Directors. A participant who is granted an option under the plan with exercise prices below "Market Price" will become vested with the right to exercise one-sixth of the option upon conclusion of every three months subsequent to the grant date. A participant who is a consultant conducting investor relations activities who is granted options under the plan will become vested with the right to exercise one-quarter of the options upon conclusion of every three months subsequent to the grant date.

7. Share capital (continued)

Stock options (continued)

A summary of the status of the Company's stock options as at September 30, 2020 and December 31, 2019 and changes during the period/year then ended is as follows:

	Period ended September 30, 2020		Year ended December 31, 2019	
	Options #	Exercise price $	Options #	Exercise price $
Options outstanding, beginning of period/year	2,015,000	0.25	2,345,000	0.25
Cancelled	(100,000)	0.25	(330,000)	0.25
Options outstanding, end of period/year	**1,915,000**	**0.25**	2,015,000	0.25

As at September 30, 2020, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
1,915,000	**1,915,000**	**0.25**	**1.90**	**August 25, 2022**

No stock options were granted during the nine months ended September 30, 2020 or September 30, 2019.

During the nine months ended September 30, 2020, 100,000 stock options (2019 – 330,000) were cancelled. As a result, the original share-based payment expense of $10,411 (2019 - $34,353) has been reversed from contributed surplus and credited to deficit.

Warrants

As an incentive to complete private placements, the Company may issue units which consist of common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to private placement units.

A summary of the status of the Company's warrants as at September 30, 2020 and December 31, 2019, and changes during the period/year then ended is as follows:

	Period ended September 30, 2020		Year ended December 31, 2019	
	Warrants #	Exercise price $	Warrants #	Exercise price $
Warrants outstanding, beginning of period/year	4,352,856	0.10	5,852,856	0.11
Private placement warrants issued	11,571,429	0.14	-	-
Private placement warrants expired	-	-	(1,500,000)	0.15
Warrants outstanding, end of period/year	**15,924,285**	**0.13**	4,352,856	0.10

As at September 30, 2020, the Company had private placement warrants outstanding and exercisable as follows:

Warrants outstanding #	Exercise price $	Weighted average remaining life (years)	Expiry date
4,352,856	0.10	0.20	December 13, 2020
11,571,429	0.14	0.98	September 1, 2021
15,924,285	**0.13**	**0.76**	

7. Share capital (continued)

Contributed surplus

Contributed surplus, when applicable, includes the accumulated fair value of stock options recognized as share-based payments and the fair value of warrants issued on private placements. Contributed surplus is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants expire or are exercised or cancelled.

8. Loss per share

The calculation of basic and diluted loss per share for the nine months ended September 30, 2020 is based on the loss attributable to common shareholders of $88,964 (2019 - $503,890) and a weighted average number of common shares outstanding of 41,020,589 (2019 – 36,281,227).

All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

9. Related party payables and transactions

The Company's related parties include key management personnel and Directors, and companies in which they have control or significant influence over the financial or operating policies of those entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the nine months ended September 30, 2020 or September 30, 2019.

Dylan Arnold-Wallinger ("Wallinger"), the Company's former President and CEO was a salaried employee until April 30, 2019. No other key management personnel or Directors receive salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no contracts with them that cannot be terminated without penalty on thirty days' notice. Key management personnel and Directors participate in the Company's stock option plan.

Effective April 30, 2019, the Company and Wallinger agreed to terminate his Employment Agreement and the Company made a one-time cash payment of $60,000 and issued a total of 1,500,000 common shares with a fair value of $75,000 as consideration for the early termination. All 300,000 stock options of Wallinger were cancelled on him leaving employment. The options had a fair value on grant date of $31,221, which were reversed from contributed surplus and credited to deficit.

There were no stock options granted to key management personnel and Directors during the nine months ended September 30, 2020 or September 30, 2019.

The Company transacted with the following related parties:

(a) Archer Cathro & Associates (1981) Limited ("Archer Cathro") is a geological consulting firm that is a related party through its management contracts, which confer significant influence over operations. Charges are for mineral property management, office rent and administration.

(b) Glenn Yeadon is the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp"), which provides the Company with legal services.

(c) Larry Donaldson is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA") a firm in which he has significant influence. DBM CPA provides the Company with accounting and tax services.

(d) Richard Drechsler is the Company's interim CEO. He controls Drechsler Consulting Ltd. ("Drechsler Consulting"), which commencing July 1, 2020 is charging the Company for the management, administrative and corporate development services of Richard Drechsler.

(e) Wallinger was the Company's President and CEO. He provided the Company with management, administrative, corporate development and technical services.

9. Related party payables and transactions (continued)

The aggregate value of transactions and outstanding balances with related parties are as follows:

		Transactions 9 months ended September 30, 2020 $	Transactions 9 months ended September 30, 2019 $	**Balances outstanding, September 30, 2020 $**	Balances outstanding, December 31, 2019 $
	Archer Cathro				
	- geological services	3,885	23,876	1,543	-
	- office and administration	17,423	20,483	1,967	344
		21,308	44,359	3,510	344
(1)	Yeadon Law Corp	49,734	20,073	28,401	4,326
	DBM CPA	16,250	12,200	5,000	6,000
	Drechsler Consulting	11,070	-	5,102	-
(2)	Wallinger	-	177,830	-	-
		98,362	254,462	**42,013**	10,670

(1) Transactions include share issue costs of $24,000 for the nine months ended September 30, 2020 (2019 - $nil).

(2) Transactions include geological services of $2,979 for the nine months ended September 30, 2019.

All related party balances are unsecured and are due within thirty days without interest. The related party transactions do not include expense reimbursements or recoverable sales tax amounts that are included in the period/year end related party payable balances. The transactions with the key management personnel and Directors are included in operating expenses as follows:

(a) Management, administrative and corporate development fees
- Includes charges by Archer Cathro for administrative personnel.
- Includes services provided by Drechsler Consulting.

(b) Management, administrative and corporate development salaries
- 2019 includes Wallinger's salary related to management, administrative and corporate development services. The remainder of Wallinger's salary is allocated to deferred exploration and evaluation expenditures for his project technical services.

(c) Office rent
- Charged by Archer Cathro.

(d) Professional fees
- Includes the legal services of the Company's Secretary, Glenn Yeadon, charged to the Company by Yeadon Law Corp.
- Includes the accounting and tax services of the Company's CFO, Larry Donaldson, charged to the Company by DBM CPA.

10. Income taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	September 30, 2020 $	September 30, 2019 $
Loss for the period before income taxes	(88,964)	(503,890)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated income tax recovery	24,020	136,050
Change in tax resulting from:		
Share issue costs incurred	8,838	-
Unrecognized items for tax purposes	-	(802)
Tax benefits unrecognized	(32,858)	(135,248)
Income tax recovery	-	-

The significant components of the Company's unrecognized deferred income tax assets are as follows:

	September 30, 2020 $	December 31, 2019 $
Mineral property interests	192,987	202,840
Capital loss carry forwards	3,143	3,143
Non-capital loss carry forwards	317,710	280,671
Share issue costs	11,118	5,444
Tax benefits unrecognized	(524,958)	(492,098)
Net deferred tax assets	-	-

As at September 30, 2020, the Company has unused non-capital losses of approximately $1,177,000 (December 31, 2019 – $1,040,000) of which $43,000 expire in 2036, $305,000 in 2037, $355,000 in 2038, $337,000 in 2039 and $137,000 in 2040.

As at September 30, 2020, the Company has unused capital losses of approximately $12,000 (December 31, 2019 - $12,000), which have no expiry dates and can only be used to reduced future income from capital gains.

As at September 30, 2020, the Company has unclaimed resource deductions in the amount of approximately $3,004,000 (December 31, 2019 – $2,659,000), which may be deductible against future taxable income.

As at September 30, 2020, there are share issue costs totaling approximately $41,000 (December 31, 2019 – $20,000), which have not been claimed for tax purposes.

Income tax attributes are subject to review, and potential adjustments, by tax authorities.

11. Supplemental cash flow information

Changes in non-cash operating working capital during the nine months ended September 30, 2020 and September 30, 2019 were comprised of the following:

	September 30, 2020	September 30, 2019
	$	$
Receivables and prepayments	(2,209)	(5,442)
Accounts payable and accrued liabilities	(12,915)	(6,230)
Accounts payable to related parties	13,800	(23,251)
Net change	**(1,324)**	(34,923)

The Company incurred non-cash financing and investing activities during the nine months ended September 30, 2020 and September 30, 2019 as follows:

	September 30, 2020	September 30, 2019
	$	$
Non-cash financing activities:		
Share issue costs included in related party payables	16,000	-
Share capital issued for mineral property acquisition	359,821	-
Share capital issued to settle debt	-	12,000
Share capital issued for severance	-	75,000
	375,821	87,000
Non-cash investing activities:		
Deferred exploration expenditures included in accounts payable and related party payables	1,543	37,718
	1,543	37,718

During the nine months ended September 30, 2020 and September 30, 2019, no amounts were paid for interest or income tax expenses.

12. Financial risk management

Capital management

The Company is a resource exploration company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at September 30, 2020 is comprised of shareholders' equity of $3,130,099 (December 31, 2019 - $1,981,975).

The Company currently has no source of revenues. In order to fund future projects and pay for operating costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets (see note 1).

12. Financial risk management (continued)

Financial instruments - fair value

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, and accounts payable to related parties. The carrying value of accounts payable and accrued liabilities, and accounts payable to related parties approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
September 30, 2020				
Cash and cash equivalents	875,375	-	-	875,375
	875,375	**-**	**-**	**875,375**
December 31, 2019				
Cash	92,561	-	-	92,561
	92,561	-	-	92,561

Financial instruments - risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and market and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash. All of the Company's cash is held in financial institutions in Canada, and management believes the exposure to credit risk with respect to such institutions is not significant. The Company has minimal receivable exposure as its refundable credits are due from the Canadian government.

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents. For the nine months ended September 30, 2020, every 1% fluctuation in interest rates up or down would have impacted loss for the period, up or down, by approximately $4,000.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. See note 1 for further details.

12. Financial risk management (continued)

Financial instruments – risk (continued)

(d) Market and currency risk

The Company is not exposed to market risk as it no longer holds marketable securities.

The Company is exposed to currency risk because it holds funds in United States Dollars (“USD”), which, because of fluctuating exchange rates can create gains or losses at the time the funds are converted to Canadian dollars. The Company has no control over these fluctuations and does not hedge its foreign currency holdings. Based on its September 30, 2020 USD holdings, every 5% increase or decrease in the exchange rate would have had an insignificant impact on profit or loss for the period.