Cartier Iron Corporation

Condensed Interim Financial Statements

June 30, 2020
(expressed in Canadian dollars)
(unaudited)

Management's Comments on Unaudited Condensed Interim Financial Statements

These unaudited condensed interim financial statements of Cartier Iron Corporation (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

Cartier Iron Corporation
Statements of Financial Position
(expressed in Canadian dollars)
(unaudited)

	Notes	As at June 30, 2020 $	As at December 31, 2019 $
Assets			
Current			
Cash		98,160	19,614
Receivables	4	14,663	15,854
Due from Eloro Resources Ltd.	5	43,765	65,804
Prepaid expenses		125,356	33,008
		281,944	134,280
Investment in associate	6	267,879	430,272
Right-of-use asset	7	63,489	84,653
Exploration and evaluation	8	1,041,644	978,410
		1,654,955	1,627,615
Liabilities			
Current			
Accounts payable and accrued liabilities	15	854,770	710,053
Due to a related party	9	57,000	25,000
Current portion of lease liabilities	10	42,914	42,276
Unrenounced flow-through share premium		76,197	91,734
		1,030,880	869,063
Canada Emergency Business Account loan	11	40,000	-
Lease liabilities	10	23,424	44,884
		1,094,305	913,947
Shareholders' equity			
Share capital	12	10,107,371	10,107,371
Contributed surplus	12	196,149	196,149
Warrants	12	371,000	371,000
Deficit		(10,113,869)	(9,960,851)
		560,651	713,669
		1,654,955	1,627,615

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Approved by the Board:

Thomas G. Larsen
Director

Francis Sauve
Director

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

Cartier Iron Corporation
Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)
(unaudited)

	Notes	3 months ended June 30, 2020 $	3 months ended June 30, 2019 $	6 months ended June 30, 2020 $	6 months ended June 30, 2019 $
Expenses					
Professional fees		7,441	1,804	14,441	8,888
Consulting fees	15	78,000	86,100	156,000	164,100
General and administrative		38,992	52,744	90,895	68,653
Investor relations		23,880	6,847	24,060	19,956
Interest		1,100	1,709	2,356	3,565
Depreciation	7	10,582	10,582	21,164	21,164
Gain on sale of marketable securities		-	(8,033)	-	(8,033)
Gain on sale of investment in associate	6	(111,690)	-	(173,061)	-
Decrease in fair value of marketable securities		-	19,671	-	8,991
Impairment of exploration and evaluation		560	10,329	560	13,623
Other recoveries		(6,727)	(8,162)	(11,227)	(8,162)
Part XII.6 tax		1,724	-	2,884	-
		43,862	173,592	128,071	292,747
Loss before loss on investment of an associate		(43,862)	(173,592)	(128,071)	(292,747)
Dilution gain on change in interest in associate	6	28,989	-	26,186	13,261
Share of loss of an associate	6	(23,889)	(16,906)	(66,669)	(33,556)
Loss before income taxes		(38,761)	(190,498)	(168,555)	(313,041)
Deferred income tax recovery		8,722	-	15,537	-
Loss and comprehensive loss		(30,039)	(190,498)	(153,018)	(313,041)
Loss per common share-basic and diluted		(0.001)	(0.003)	(0.002)	(0.005)
Weighted average number of common shares-basic and diluted		65,727,529	59,510,496	65,631,375	58,497,238

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

Cartier Iron Corporation
Statements of Changes in Equity
(expressed in Canadian dollars)
(unaudited)

	Share capital $	Contributed surplus $	Warrants $	Deficit $	Total $
Balance, December 31, 2019	10,107,371	196,149	371,000	(9,960,851)	713,669
Loss for the period	-	-	-	(153,018)	(153,018)
Balance, June 30, 2020	10,107,371	196,149	371,000	(10,113,869)	560,651
Balance, December 31, 2018	9,201,955	256,000	624,000	(9,334,343)	747,612
Private placement of units	325,000	-	-	-	325,000
Private placement of flow-through units	400,000	-	-	-	400,000
Fair value of warrants issued	(78,000)	-	78,000	-	-
Fair value of broker warrants issued	(4,000)	-	4,000	-	-
Flow-through unit premium	(40,000)	-	-	-	(40,000)
Fair value of expired warrants	320,000	-	(320,000)		-
Share issue costs	(32,830)	-	-	-	(32,830)
Loss	-	-	-	(313,042)	(313,042)
Balance, June 30, 2019	10,092,125	256,000	386,000	(9,647,385)	1,086,740

Cartier Iron Corporation
Statements of Cash Flows
(expressed in Canadian dollars)
(unaudited)

	6 months ended June 30, 2020 $	2019 $
Cash provided by (used in)		
Operating activities		
Loss	(153,018)	(313,041)
Items not affecting cash		
Depreciation	21,164	21,164
Gain on sale of investment in associate	(173,061)	-
Gain on sale of marketable securities	-	(8,033)
Increase in fair value of marketable securities	-	8,991
Impairment of exploration and evaluation	560	13,623
Dilution gain on change in interest in associate	(26,186)	(13,261)
Share of loss of an associate	66,669	33,556
Deferred income tax recovery	(15,537)	-
Changes in non-cash working capital		
Receivables	1,192	61,797
Prepaid expenses	(92,348)	8,206
Accounts payable and accrued liabilities	144,717	137,142
	(225,847)	(49,856)
Financing activities		
Private placement of units	-	325,000
Private placement of flow-through units	-	400,000
Share issue costs	-	(32,830)
Advances from Eloro Resources Ltd.	-	(116,005)
Advance from a related party	32,000	-
Canada Emergency Business Account loan	40,000	-
Repayment of lease liabilities	(20,822)	(19,612)
	51,178	556,553
Investing activities		
Proceeds on sale of marketable securities	-	16,292
Purchase of interest in associate	-	(51,502)
Junior Exploration Assistance grant	-	58,839
Purchase investment in associate	(13,450)	-
Proceeds on sale of investment in associate	308,420	-
Repayment of advances to Eloro	22,039	-
Exploration and evaluation	(63,794)	(78,704)
	253,216	(55,075)
Net increase in cash	78,546	451,622
Cash, beginning of period	19,614	18,489
Cash, end of period	98,160	470,111
Supplementary information		
Interest paid	2,356	3,565
Income taxes paid	-	-

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

1. Nature of operations

Cartier Iron Corporation (the “Company”) is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the laws of Ontario and its registered office is located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

2. Going concern

These financial statements have been prepared on a going concern basis, 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 business.

The Company is in the exploration stage and does not generate revenue. As at June 30, 2020, the Company had a working capital deficit of $748,937(December 31, 2019 - $734,783) and for the 6 months ended June 30, 2020, the Company recorded a loss of $153,018 (2019 - $313,041) and incurred a cashflow deficit from operations of $225,847 (2019 - $49,856). The working capital deficit, loss and cashflow deficit from operations limit the Company’s ability to fund its operations and the acquisition, exploration and development of mineral resource properties.

The continued operation of the Company is dependent upon the support of the Company’s creditors and the Company’s ability to secure equity financing and advances from related parties to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

These uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

3. Basis of presentation

Statement of compliance

These interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these interim condensed financial statements are consistent with those disclosed in the Company’s audited financial statements for the year ended December 31, 2019.

These interim condensed financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2019.

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on August 31, 2020.

4. Receivables

The Company files a Québec Corporation Income Tax Return claiming a refundable tax credit on eligible exploration expenditures incurred in Québec ("Refundable Tax Credits") and a Québec Mining Duties Return claiming a credit on duties refundable for losses ("Credit on Duties"). It is the Company's policy to record an estimate of amounts to be received for unassessed claims for Refundable Tax Credits and Credits on Duties as a receivable and a reduction to exploration and evaluation assets when there is reasonable assurance that the Company has complied with all conditions needed to obtain the credits. The amounts of the unassessed claims are subject to audit by Revenu Québec and Ressources naturelles de la Faune Québec.

	In respect returns filed for years ended December 31,			
	2018	2017	2016	2015
		$	$	$
Refundable Tax Credits				
As filed	–	166,069	22,476	251,079
As assessed	–	–	–	251,079
Received	–	–	–	(251,079)
Included in receivables at June 30, 2020	–	–	–	–
Credit on Duties				
As filed	–	34,162	4,641	71,699
As assessed	–	–	–	–
Received during the period	–	–	–	–
Included in receivables at June 30, 2020	–	–	–	–

Notices of assessment

On November 8, 2018, the Company received notices of assessments from Revenu Québec for the repayment of $135,750 ("Notices") for the return of refunds of $79,754 and $34,818 received by the Company for the refundable tax credit on eligible exploration expenditures incurred in Québec in respect of 2014 and 2015, respectively and interest thereon of $21,178.

The Company has filed notices of objection with respect to the Notices and it is not yet possible for the Company to make any realistic prediction about the outcome of the Notices. Accordingly, no amount has been recorded as a liability in these consolidated financial statements.

5. Due from Eloro Resources Ltd. ("Eloro")

The amount due from Eloro is unsecured, non-interest bearing and payable on demand. Three directors of the Company are directors of Eloro.

6. Investment in associate

As at June 30, 2020, the Company held 2,033,500 Eloro common shares (December 31, 2019 - 3,000,000) with a fair value of $2,094,505 (December 31, 2019 - $650,900), representing 4.36% (December 31, 2019 – 7.66%) of the outstanding Eloro common shares (December 31, 2019 - 7.76%). The Company continues to account for its investment in Eloro as an investment in associate. Although the Company holds less than 20% of the voting rights of Eloro, the Company continues have significant influence in Eloro as three directors (2019 - three directors) of the Company are also directors of Eloro.

	Number of Eloro common shares held	$
Balance at December 31, 2019	3,000,000	430,272
Purchases	21,000	13,450
Dispositions	(987,500)	(135,358)
Dilution gain	–	26,186
Share of loss	–	(66,669)
Balance at June 30, 2020	2,033,500	(267,880)

The following is a summary of the consolidated statement of position of Eloro and a reconciliation to carrying amounts as at June 30, 2020:

	$
Assets	
Cash	1,502,341
Other current assets	234,327
	1,736,668
Right-of-use assets	63,953
Exploration and evaluation	5,267,406
	7,068,026
Liabilities and shareholders' equity	
Current liabilities	461,745
Due to Cartier	43,765
Lease liabilities	22,777
Shareholders' equity	6,539,738
	7,068,026

Reconciliation to carrying amount:

Share percentage ownership of Eloro	4.36%
	$
Company's share of net assets of Eloro	308,166
Difference between the Company's share of net assets of Eloro and carrying value	(42,657)
Carrying value of investment in Eloro	265,509

The following is a summary of the consolidated statement of loss of Eloro for the 3 months ended June 30, 2020:

	$
Expenses	
Expenses	180,489
Stock-based compensation	356,000
Depreciation	10,659
Foreign exchange loss	3,247
Interest	1,100
Financing fee	30,000
Loss on sales of marketable securities	(5,805)
Unrealized gain on marketable securities	(27,700)
Impairment of exploration and evaluation	528
Pre-acquisition exploration and evaluation	–
Refundable tax credit notices of assessment	–
Other	–
	548,518
Loss	(548,518)
Other comprehensive loss	(39,179)
Comprehensive loss	(587,697)

7. Right-of-use assets

	June 30, 2020 $	December 31, 2019 $
Right-of-use assets	126,981	126,981
Accumulated depreciation	(63,490)	(42,328)
	63,489	84,653

8. Exploration and evaluation

	$	December 31, 2019 $	Exploration expenditures $	Impairment $	June 30, 2020 $
Property					
Gagnon		–	560	(560)	—
Big Easy		978,410	63,234	—	1,041,644
		978,410	63,794	(560)	1,041,644

Gagnon, Quebec
The Company owns a 55% interest in Round Lake (formerly known as Penguin Lake, Black Dan and Aubrey-Ernie) and Jeannine, consisting of 126 claims covering 66.73 square kilometres in the Fermont Iron Ore District in the Labrador Trough in northeastern Québec ("Gagnon").

A joint venture was formed between the Company and Champion to incur additional exploration expenditures. If a joint venture partner does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest would be reduced solely to a 1% royalty. The other joint venture partner will have the option to reduce the royalty from 1% to 0.5% by making a payment of $3,000,000.

In the event that a joint venture partner proposes to acquire any property within 10 kilometres of Gagnon, the acquirer must offer the property at cost to the other party for inclusion in Gagnon.

As at June 30, 2020, facts and circumstances suggested that the carrying amount of Gagnon may exceed its recoverable amount. As required by International Financial Reporting Standard 6, *Exploration for and Evaluation of Mineral Resources* ("IFRS 6"), the Company assessed Gagnon for impairment. The Company concluded that there were a number of indicators of impairment, and accordingly, recorded an impairment of exploration and evaluation of $Nil (2019 - $3,294).

The Company has incurred the following cumulative exploration and evaluation expenditures on Gagnon:

	$
Balance, December 31, 2019	3,896,172
Exploration expenditures	560
Balance, June 30, 2020	3,896,732

As at June 30, 2020, Champion held 14,644,971 common shares of the Company (December 31, 2019 - 14,644,971), representing 22.35% of the outstanding common shares of the Company (December 31, 2019 -22.35%). Pursuant to a standstill agreement, Champion may not sell or transfer more than 2,000,000 common shares during any 30-day period.

Big Easy, Newfoundland and Labrador
The Company owns a 100% interest in Big Easy consisting of 507 mining claims (December 31, 2019 - 507) covering 126.8 square kilometres (December 31, 2019 - 126.8) located in Newfoundland and Labrador.

On May 1, 2020, the, the Company and the vendors of the Big Easy amended the terms of the definitive agreement. Pursuant to the amendment, in order to complete the acquisition of Big Easy, the Company must issue common shares and incur exploration expenditures, as follows:

	Common shares		Exploration
	Number	Fair value	expenditures $
Upon signing of definitive agreement (issued)	500,000	12,500	–
November 21, 2018 (issued and incurred)	500,000	56,000	500,000
May 15, 2020 (issued)	500,000	15,000	–
September 6, 2021	500,000	–	500,000
September 6, 2022	500,000	–	500,000
September 6, 2023	–	–	500,000
	2,500,000	83,500	2,000,000

Upon completion of the acquisition, the Company agreed to issue 100,000 common shares as a finder's fee, of which, 50,000 common shares with a fair value of $4,500 have been issued and 50,000 common shares will be issued.

In the event that the Company does not issue common shares or incur exploration expenditures, the definitive agreement will terminate and the Company will transfer the mining licences and claims to the vendor.

In the event that the Company wishes to sell any or all of the property prior to November 21, 2020, the Company must obtain the permission of the vendor.

With respect to the common shares issued or to be issued to the vendor:

a) the vendor will not grant a security interest in the common shares;
b) the vendor has the right to sell tranches of less than 300,000 common shares;
c) until November 21, 2021, the Company has a right of first refusal in the event that the vendor receives a third party offer to acquire any tranche of more than 300,000 common shares; and
d) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote against any resolution put before the shareholders of the Company upon the recommendation of the Board of Directors
e) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote in favour of:
   (i) the election of board nominees that have not been proposed by the then Board of Directors, or
   (ii) any shareholder resolution or proposal unless the Board of Directors recommends voting in favour of such shareholder resolution or proposal.

Big Easy is subject to a 3% net smelter royalty ("NSR"). The Company has options to reduce the NSR by:

a) 0.25% by making a payment of $250,000 by November 21, 2021; and
b) a further 0.25% by making a payment of $250,000 by November 21, 2022.

9. Due to related party
The amount due to a related party, advanced by a director and officer, is unsecured, non-interest bearing and has no fixed terms of repayment.

10. Lease liabilities

	$
Balance, December 31, 2019	87,160
Accretion of interest	2,356
Lease payments	(23,178)
Balance, June 30, 2020	66,338
Current portion of lease liabilities	33,830
Long-term lease liabilities	26,508
	60,338

The lease for premises is a joint and several commitment with Eloro. The remaining lease term is 1.5 years.

11. Canada Emergency Business Account loan
The Government of Canada announced that it will be providing the Canada Emergency Business Account ("CEBA") to support Canadian businesses that have been adversely affected by COVID-19. On April 20, 2020, the Company received a $40,000 CEBA term loan. The term loan is government guaranteed, interest-free until December 31, 2022, and if not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing interest at the rate of 5%. The term loan can be repaid at any time without penalty, and if, $30,000 is repaid by December 31, 2022, the remaining $10,000 will be forgiven.

12. Share capital

Authorized
An unlimited number of common shares.
An unlimited number of Class A preferred shares 5% voting, redeemable, convertible, non-cumulative dividend, which are redeemable at $0.10 per share and convertible on the basis of one common share for each Class A preferred share.

Issued

	Number of common shares	$
Balance, December 31, 2019	65,535,221	10,092,371
Option payment	500,000	15,000
Balance, June 30, 2020	66,035,221	10,107,371

Stock options

The Company may grant options to its directors, officers, employees and consultants for up to 10% of the number of common shares outstanding. Options granted vest immediately and the maximum term of each option is 5 years. The exercise price shall not be less than the closing price of the common shares on a stock exchange in Canada on the last trading day immediately preceding the date of the grant, less any discount permissible under the rules of the principal stock exchange on which the common shares are listed for trading. In the event that the common shares are not listed for trading on any stock exchange, the exercise price shall be the fair market value as determined by the Board of Directors. As at June 30, 2020, there were 6,603,522 stock options (December 31, 2019 - 6,553,522) authorized to be issued under the stock option plan, of which, 2,375,000 stock options (December 31, 2019 - 2,375,000) were outstanding.

A summary of the Company's stock options is presented below:

	Weighted-average exercise price	Number of stock options outstanding and exercisable
Balance, December 31, 2019 and June 30, 2020	0.10	2,375,000

A summary of the Company's outstanding stock options is presented below:

Exercise price	Expiry date	Number of stock options
$0.10	July 9, 2020	2,175,000
$0.15	April 10, 2023	200,000
		2,375,000

Warrants

A continuity of the Company's warrants is presented below:

	Weighted-average exercise price $	Number of warrants
Balance, December 31, 2019	0.13	11,217,625
Expired	0.13	(7,000,000)
Balance, June 30, 2020	0.13	4,217,625

A summary of the Company's outstanding warrants is presented below:

Exercise price	Expiry date	Number of warrants
$0.12	December 7, 2020	2,126,625
$0.15	December 7, 2020	2,091,000
		4,217,625

The weighted average remaining contractual life of the outstanding warrants is 0.4 year.

13. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash, due from Eloro, accounts payable and accrued liabilities and due to a related party

The fair values of cash, due from Eloro, accounts payable and accrued liabilities and due to a related party at June 30, 2020 approximated their respective carrying value due to their short term to maturity.

Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3: inputs for the asset or liability that are not based on observable market data

14. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company’s maximum exposure to credit risk is equal to the Company’s cash and due from Eloro. The Company limits its exposure to credit risk on its cash by holding deposits with high credit quality Canadian chartered bank.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company’s ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of oil and properties. Accounts payable and accrued liabilities are subject to normal trade terms.

The following table sets out financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Accounts payable and accrued liabilities $	**Due to a related party $**	**Lease liability $**	**Canada Emergency Business Account loan**	**Total $**
Less than 1 year	854,770	57,000	42,914	–	954,684
1-5 years	–	–	23,424	40,000	63,424
More than 5 years	–	–	–	–	–
Balance at June 30, 2020	854,770	57,000	66,338	40,000	1,018,108

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Equity price risk
Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. At June 30, 2020, the Company owned shares of Eloro (note 6).

Currency risk
Currency risk arises from the Company's financial instruments and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. As all of the Company's purchases are in Canadian dollars, the Company limits it exposure to currency risk by maintaining its cash in Canadian dollars.

Interest rate risk
The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

Capital management
Capital of the Company consists of share capital, contributed surplus, warrants and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issuance of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

15. Related party transactions

Compensation of key management personnel
The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	6 months ended June 30, 2020 $	2019 $	June 30, 2020	Outstanding at December 31, 2019 $
Consulting fees	156,000	156,000	589,924	454,477

Additional related party transactions are disclosed in notes 5, 6, and 9. These transactions were in the normal course of business.

16. Commitment

Flow-through expenditures
Pursuant to a flow-through financing completed on June 7, 2019, the Company is committed to make eligible Canadian Exploration Expenditures of $336,766 by December 31, 2021, (extended from December 31, 2020 in recognition of the potential delays in making expenditures that could occur as a result of the COVID 19).