One World Lithium Inc.

Unaudited Condensed Interim Consolidated Financial Statements
(*Expressed in Canadian Dollars, unless otherwise noted*)

For the Three and Nine Months Ended September 30, 2020 and 2019

One World Lithium Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – expressed in Canadian Dollars)

	Notes		**September 30, 2020 $**		**December 31, 2019 $**
ASSETS					
Current assets					
Cash		$	4,828	$	21,026
Receivables			165,314		172,843
Prepaid expenses and deposits			3,331		11,668
Total current assets		**$**	**173,473**	**$**	**205,537**
Non-current assets					
Exploration and evaluation assets	5		3,156,729		3,107,654
Total non-current assets		**$**	**3,156,729**	**$**	**3,107,654**
TOTAL ASSETS		**$**	**3,330,202**	**$**	**3,313,191**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	6,11	$	1,930,371	$	1,619,456
Loans payable	7		10,000		60,553
Share subscriptions payable			17,000		5,000
Credit facility	8		12,501		12,501
Total current liabilities		**$**	**1,969,872**	**$**	**1,697,510**
TOTAL LIABILITIES		**$**	**1,969,872**	**$**	**1,697,510**
SHAREHOLDERS' EQUITY					
Share capital	9(a)		18,797,923		18,446,426
Share-based payments and warrants reserve	9(b),10		1,089,054		1,222,286
Contributed surplus			55,555		55,555
Deficit			(18,582,202)		(18,108,586)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**3,330,202**	**$**	**3,313,191**

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved on behalf of the Board by:

"Douglas Fulcher"
Douglas Fulcher, Director

"Kevin Milledge"
Kevin Milledge, Director

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

One World Lithium Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – expressed in Canadian Dollars)

	Notes	Three months ended September 30, 2020 $	Three months ended September 30, 2019 $	Nine months ended September 30, 2020 $	Nine months ended September 30, 2019 $
Expenses					
Consulting fees		$ 70,502	$ 50,524	$ 155,348	$ 171,086
Exploration and evaluation expenses and impairment	5	3,969	92,431	24,148	445,901
Interest, accretion and financing costs	7,8	8,858	10,303	16,097	50,443
Investor relations		12,000	20,000	36,000	57,817
Legal fees		7,720	4,360	15,016	23,426
Management fees	11(a)	60,000	60,000	180,000	180,000
Office, rent and phone	11(b)	40,157	77,008	107,160	137,783
Professional fees		17,000	37,530	47,000	70,530
Share-based payments	10	13,171	26,755	68,207	349,095
Transfer agent and filing fees		21,323	13,690	38,663	34,000
Loss before other items		**$ 254,700**	**$ 392,601**	**$ 687,639**	**$ 1,520,081**
Foreign exchange loss					
Gain on debt settlement	7(ii)	(7,209)	-	(7,209)	(39,000)
Total loss and comprehensive loss for the period		**$ 247,491**	**$ 392,601**	**$ 680,430**	**$ 1,481,081**
Basic and diluted loss per common share		$ 0.00	$ 0.00	$ 0.01	$ 0.02
Weighted average number of common shares outstanding		101,165,385	92,654,369	98,581,617	87,754,039

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

One World Lithium Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited – expressed in Canadian Dollars)

	Share capital	Share-based payments and warrants reserve	Contributed Surplus	Deficit	Total
	$	$	$	$	$
Balance - December 31, 2018	**$16,359,655**	**$979,297**	**$-**	**$(14,841,187)**	**$2,497,765**
Shares issued in private placement, net issuance costs	1,544,940	-	-	-	1,544,940
Shares issued to settle liabilities	47,113	-	-	-	47,113
Warrants issued	-	25,390	-	-	25,390
Warrants exercised	35,000	-	-	-	35,000
Warrants expired	-	(55,555)	55,555	-	-
Stock options exercised	75,000	(67,500)	-	-	7,500
Stock options expired	-	(87,040)	-	87,040	-
Share-based payments	-	349,095	-	-	349,095
Loss for the period	-	-	-	(1,481,081)	(1,481,081)
Balance - September 30, 2019	**$18,061,708**	**$1,143,687**	**$55,555**	**$(16,235,228)**	**$3,025,722**
Balance - December 31, 2019	**$18,446,426**	**$1,222,286**	**$55,555**	**$(18,108,586)**	**$1,615,681**
Shares issued in private placement, net issuance costs	335,497	-	-	-	335,497
Shares issued for property	16,000	-	-	-	16,000
Warrants issued	-	5,375	-	-	5,375
Share-based payments	-	68,207	-	-	68,207
Stock options expired	-	(206,814)	-	206,814	-
Loss for the period	-	-	-	(680,430)	(680,430)
Balance - September 30, 2020	**$18,797,923**	**$1,089,054**	**$55,555**	**$(18,582,202)**	**$1,360,330**

One World Lithium Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2020 and 2019
(Unaudited – expressed in Canadian Dollars)

	2020 $	2019 $
OPERATING ACTIVITES		
Net loss for the period	(686,430)	(1,481,081)
Non-cash items:		
Gain on debt settlement (Note 7(ii))	(7,209)	(39,000)
Interest, accretion and financing costs	16,097	50,443
Share-based payments	68,207	349,095
Changes in non-cash working capital items:		
Receivables	7,529	(281,414)
Prepaid expenses and deposits	8,333	14,686
Accounts payable and accrued liabilities	309,849	45,613
	(283,624)	**(1,341,658)**
INVESTING ACTIVITIES		
Exploration and evaluation advance	(33,071)	(143,664)
	(33,071)	**(143,664)**
FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net of share issuance costs (Note 9(a)(ix))	330,497	1,544,940
Advances for private placement	17,000	5,000
Proceeds from exercise of stock options	-	7,500
Proceeds from exercise of warrants	-	35,000
Advances from (repayment to) related parties	-	-
Proceeds from loans	10,000	-
Repayment of loans (Note 7(ii))	(57,000)	(50,000)
	300,497	**1,542,440**
Foreign exchange effect on cash	-	-
Increase (decrease) in cash in the period	(16,198)	57,118
Cash – beginning of the period	21,026	107,654
Cash – end of the period	**$ 4,828**	**$ 164,772**

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

1. Nature of operations and going concern

One World Lithium Inc., together with its subsidiary (collectively referred to as the "Company") was incorporated under the laws of the province of British Columbia on November 9, 1982. The Company is focused on the acquisition, exploration and development of resource properties in Mexico. The Company is considered to be in the exploration stage. The Company's head office and records offices are located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6. On February 28, 2017, the Company voluntarily delisted its common shares from the NEX Board of the TSX Venture Exchange ("Exchange"). On February 28, 2018, One World Lithium Inc. began trading on the Canadian Securities Exchange ("CSE") at market open under the trading symbol OWM. On January 19, 2018, the Company changed its name to One World Lithium Inc. to align with its primary exploration and evaluation asset and the trading symbol on the CSE was changes to OWLI. On March 7, 2019, the Company also began trading on the OTCQB Venture Market under the trading symbol OWRDF.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates the realization of assets and discharge liabilities at their carrying values in the ordinary course of operations for the foreseeable future rather than through the process of forced liquidation.

During the nine months ended September 30, 2020, the Company generated a net loss of $680,430 and negative cash flows from operating activities of $283,620. As at September 30, 2020, the Company has an accumulated deficit of $18,582,202 and a working capital deficiency of $1,796,399. As a result, the Company may not have sufficient capital to fund its current planned operations during the twelve-month period subsequent to September 30, 2020. In addition, the outbreak of COVID-19 at the beginning of this fiscal year has resulted in a challenging global economic climate.

These unaudited condensed interim financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, as well as the successful results from exploration activities, and its ability to attain profitable operations and generate funds therefrom, and raise equity capital or obtain the necessary financing sufficient to meet current and future obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful at raising funds in the past through the issuance of securities, it is uncertain whether it will be successful in doing so in the future.

2. Basis of presentation, statement of compliance

Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including IAS 34, Interim Financial Reporting and interpretations of the IFRS Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Lithium Investments Ltd., a Canadian company.

These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended December 31, 2019. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in notes of these condensed interim consolidated financial statements.

These condensed interim consolidated financial were reviewed by the Board of Directors and approved and authorized for issuance on November 30, 2020.

Use of estimates, assumptions and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. While management believes that the judgment, assumptions and estimates made are reasonable, actual results could differ from those estimates, and could impact future results of comprehensive income and cash flows. 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. Management of the Company assesses the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Adoption of new IFRS pronouncements

The same accounting policies have been used in the preparation of these condensed consolidated financial statements as those used in the most recent audited annual financial statements and in the opinion of management reflect all the adjustments considered necessary for the fair presentation in accordance with IFRS of the result of the interim periods presented.

3. Financial instruments

The Company has classified and measured its financial instruments as described below:

- Cash and receivables are classified as and measured at amortized cost.

- Accounts payable and accrued liabilities, loans payable, shares subscriptions and other payables are classified as and measured at amortized cost. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. The liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(Unaudited – expressed in Canadian Dollars)

The Company's financial instruments at September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020 ($)	December 31, 2019 ($)
Financial assets		
Cash	4,828	21,026
Receivables	165,314	172,843
	$ 170,142	**$ 193,869**
Financial liabilities		
Accounts payable and accrued liabilities	1,930,371	1,619,456
Loans payable	10,000	60,553
Credit facility	12,501	12,501
Share subscriptions payable	17,000	5,000
	$ 1,969,872	**$ 1,697,510**

4. Financial risk management

(a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk as it relates to its accounts payable and loans payable.

The Company's current and expected remaining contractual maturities for its financial liabilities with agreed repayment periods are presented below. The table includes the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to satisfy the liabilities.

At September 30, 2020	**1 - 6 months $**
Accounts payable and accrued liabilities	$ 1,930,371
Loans payable	10,000
Credit facility	12,501
Share subscriptions payable	17,000
	$ 1,969,872

(c) Market risk

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

(i) Interest rate risk

Interest rate risk consists of two components:

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

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

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

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

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

5. Exploration and evaluation assets

	Salar del Diablo Property ($)
Balance - December 31, 2018	**$ 3,107,654**
Consideration paid	-
Acquisition costs	-
Balance - December 31, 2019	**$ 3,107,654**
Consideration paid	49,075
Acquisition costs	-
Balance – September 30, 2020	**$ 3,156,729**

Acquisition of the Salar del Diablo Property (formerly the Valle Del Diablo Property

On October 10, 2017, the Company completed the acquisition of Lithium Investments Ltd. ("LIL") by acquiring all of the shares of LIL from its shareholders ("original shareholders") in exchange for 10,000,000 common shares and a $100,000 cash payment made 30 days after the close (November 10, 2017). All shares issued on October 10, 2017 were measured at $0.235 per share, being the Company's closing price on that date on the CSE.

(Unaudited – expressed in Canadian Dollars)

The principal assets of LIL consist of the rights and interests under an option and joint venture agreement as amended (the “Option Agreement”) with third parties to acquire up to a 90% interest in the Salar del Diablo (formerly the Valle Del Diablo Property) in Mexico (the “Salar del Diablo Property”). In order to earn an 80% interest in the Salar del Diablo, the Company is required to issue 1,800,002 shares (1,000,002 shares were issued on October 10, 2017, 200,000 shares were issued on August 13, 2018 and 200,000 shares, as a penalty for late payment, see below, were issued on September 24, 2018 for a total value of $297,000, being the total value of the shares on the date of issuance) and make payments up to US$277,500 (as at December 31, 2018 US$230,000 has been paid with LIL paying US$102,500 and the Company paying US$127,500 of this balance) to the third parties in stages.

On November 1, 2019, the Company and Optionors (“the Parties”) agreed that the balance of 400,000 shares and a US$150,000 payment is due after completion of the Phase 3 drilling program or on June 30, 2020 at which time the Phase 3 drilling program would be deemed completed. Subsequently, on July 20, 2020 the Parties agreed to extend the deemed completion date from June 30, 2020 to December 31, 2020. For this extension, the Company agreed to issue 400,000 shares (200,000 shares were issued on August 17, 2020 for a total value of $16,000, being the total value of the shares on the date of issuance) and make a US$50,000 payment (US$25,000 was paid on August 20, 2020) leaving a net balance to pay of US$100,000. If the project goes to commercial production, the Company is also required to issue an additional 1,100,000 shares and make an additional payment of $1,050,000. In addition, up until the delivery of a bankable feasibility report (the “BS Report”) on the Salar del Diablo Property LIL is responsible for all exploration expenditures. After the delivery of the BS Report each Joint Venture party (“JV Party”) is responsible for their pro rata share of future funding. If either JV Party fails to contribute its share of the project cost, their interest shall be diluted proportionally until their interest reaches 10% or less. Should the underlying JV Party’s interest dilute below a 10% equity interest or less, a 2% NSR royalty replaces the 10% equity interest and the other party will have the right at any time prior to the commencement of commercial production but not the obligation to purchase one-half of the NSR for US$5,000,000.

The Company also incurred and capitalized $125,664 costs directly related to this acquisition in fiscal 2017.

Consideration paid:

	$ Amount
For value of 10,000,000 shares issued to LIL shareholders at $0.235 per share	2,350,000
For value of 1,000,002 shares issued to Joint Venture Third Party at $0.235 per share	235,000
Cash paid	100,000
Total consideration paid, December 31, 2017	**$ 2,685,000**
For value of 200,000 shares issued to Joint Venture Third Party at $0.16 per share	32,000
Cash paid	264,990
Total consideration paid, December 31, 2018, 2019	**$ 2,981,990**
For value of 200,000 shares issued to Joint Venture Third Party at $0.08 per share	16,000
Cash paid	33,075
Total consideration paid, September 30, 2020	**$ 3,031,065**

On August 21, 2018, the original optionors assigned their interest in the Option Agreement to Energy Metals Discovery Group, LLC, an unrelated entity and a Texas Limited Liability Company.

On September 24, 2018, the Company issued 200,000 shares as a penalty for late payment. The shares were valued at $30,000, using the issuance date to determine the fair value of the shares. The penalty was included in the exploration and evaluation expense for the year ended December 31, 2018.

(Unaudited – expressed in Canadian Dollars)

The LIL purchase agreement requires the Company to continue making the following additional payments and share issuance to the formal and original shareholders of LIL:

	Pay to former shareholders of LIL		
On or before date		**$ Amount**	**# of OWL Shares**
October 10, 2018 (paid)	$	200,000	-
October 10, 2020		300,000	-
December 31, 2020		500,000	16,000,000
	$	**1,000,000**	**16,000,000**

On April 24, 2019, the Company agreed to increase the share issuance by 3,500,000 shares to 16,000,000 shares in exchange for the LIL shareholders agreeing to extend the date of the share issuance of the 12,500,000 shares to July 31, 2019. As at December 31, 2019, the 16,000,000 shares have not been issued and the October 10, 2019 payment had not been made. On May 5, 2020 the LIL original shareholders agreed to extend the date of the issuance of the shares to December 31, 2020, to extend the October 10, 2019 payment of $300,000 to October 20, 2020 and to extend the October 10, 2020 payment to December 31, 2020 and the Company agreed to increase the final $400,000 payment by $100,000 to $500,000 for the LIL original shareholders agreeing to these extensions.

In connection with the Salar del Diablo property, the Company, advanced $Nil to the property (2018: $208,817) in respect of subsequent year drilling projects.

The following table shows the activity by category of exploration and evaluation and impairment provision for the nine months ended September 30:

Exploration and evaluation expenditures		**2020 ($)**		**2019 ($)**
Consulting	$	16,712	$	46,234
Drilling		3,240		342,338
Geophysics		-		5,618
Travel		3,448		34,464
Supplies and other		748		17,247
Total for the period	**$**	**24,148**	**$**	**445,901**

6. Accounts payable and accrued liabilities

		September 30, 2020 ($)		**December 31, 2019 ($)**
Accounts payable and accrued liabilities	$	1,464,437	$	1,359,848
Part XII.6 tax payable		228,131		221,065
Due to related parties (note 11)		237,803		38,543
	$	**1,930,371**	**$**	**1,619,456**

(Unaudited – expressed in Canadian Dollars)

7. Loans payable

The loans payables on September 30, 2020 and December 31, 2019 and the movements for the nine months and year then ended, respectively, are as follows:

	Nine months ended September 30, 2020	Year ended December 31, 2019
Opening balance	**$ 60,553**	**$ 102,939**
Additions (iv) (v)	10,000	7,000
Interest	3,906	4,407
Accretion	-	9,744
Repayments (ii) (iii)	(64,459)	(56,348)
Bonus warrants	-	(7,189)
Ending balance	**$ 10,000**	**$ 60,553**

(i) **Loan #1**

On August 24, 2017, the Company received $50,000 in respect of a convertible loan. The loan matured on December 1, 2017 with no demand for repayment. The convertible feature (to convert the loan into common shares) also expired on the maturity date of December 1, 2017. The loan was unsecured and bore interest of 8% per annum. On January 29, 2019, the Company settled $30,000 of the loan in cash. Interest of $923 was accrued during the year ended December 31, 2019 (December 31, 2018: $4,000). On June 18, 2019, the Company settled the remaining principal of $20,000 plus accumulated accrued interest of $6,348 in cash. As of December 31, 2019, the total loan balance outstanding had been repaid and settled.

(ii) **Loan #2**

On July 12, 2018, the Company received $50,000 in respect of a loan. The loan originally matured on October 31, 2018, which was subsequently extended to March 31, 2019 and further extended to July 1, 2019. The loan is unsecured and bears interest of 6% per annum. Interest of $2,527 was accrued during the period ended June 30, 2020 (December 31, 2019: $3,484). In consideration for the Loan, on July 12, 2018, the Company issued 312,500 share purchase warrants to the Lender. On November 1, 2018, in consideration for extending the maturity date, the Company issued an additional 312,500 share purchase warrants to the Lender. Each Warrant will entitle the Lender to purchase one common share at $0.16 per share for a period of 2 years. During the period ended June 30, 2020, 312,500 warrants expired.

On April 1, 2019, the note was extended for another three months, with a new maturity date of June 30, 2019. An additional 312,500 warrants were granted in consideration of the extension. Each warrant will entitle the Lender to purchase one common share at $0.165 per share for a period of 2 years. The bonus warrants were valued at $3,166, being the residual value of the warrants (Note 9d). On July 1, 2019, the note was extended until October 31, 2019.

On November 1, 2019, the note was extended a further three months, with a new maturity date of January 31, 2020 and the interest rate was increased to 12% per annum. In consideration for extending the maturity date, the Company issued an additional 312,500 share purchase warrants to the Lender. The bonus warrants were valued at $4,023, being the residual value of the warrants (Note 9d). Each Warrant will entitle the Lender to purchase one common share at $0.12 per share for a period of 2 years (Note 9d). The effective interest rate is 47%.

Interest of $3,656 was accrued on this loan during the period ended September 30, 2020 (September 30, 2019 - $6,143).

(Unaudited – expressed in Canadian Dollars)

On July 31, 2020, the Company repaid the full principal amount of the $50,000 to the lender. The lender agreed to forgive accrued interest totalling $7,209 on the date of settlement resulting in a gain on settlement of $7,209.

(iii) **Loan #3**

On December 12, 2019, the Company received $7,000 in respect of a loan. On April 21, 2020, the Company received an additional $250. The loan is unsecured and bears no interest. The loan is payable on demand. On June 3, 2020, the company settled the $7,250 in cash.

(iv) **Loan #4**

On August 24, 2020, the Company received $5,000 in respect of a loan. The loan is unsecured and bears interest at 8% per annum. The loan is repayable at maturity date on December 24, 2020. In consideration for the Loan the Company issued 62,500 share purchase warrants to the Lender. Each warrant will entitle the Lender to purchase one common share at $0.08 per share for a period of 2 years. The bonus warrants were valued using the Black-Scholes option-pricing model (Note 9(b)(v)).

(v) **Loan #5**

On August 24, 2020, the Company received $5,000 in respect of a loan. The loan is unsecured and bears interest at 8% per annum. The loan is repayable at maturity date on December 24, 2020. In consideration for the Loan the Company issued 62,500 share purchase warrants to the Lender. Each warrant will entitle the Lender to purchase one common share at $0.08 per share for a period of 2 years. The bonus warrants were valued using the Black-Scholes option-pricing model (Note 9(b)(v)).

8. Credit facility

On February 22, 2017, the Company entered into a credit facility ("Credit Facility"), pursuant to which it can borrow from SUI an aggregate of up to $250,000 in one or more tranches (each, a "Tranche"), at a rate of 8.0% per annum, with a maturity date for each Tranche of February 28, 2019. In consideration for the Credit Facility, the Company is required to issue share purchase warrants ("Warrants") permitting SUI to purchase up to, in the aggregate, 1,250,000 shares, in proportion with each Tranche of the Credit Facility. Each Warrant allows for the purchase of one common share at $0.20 per share for a period of 2 years from the date of the Tranche. On February 28, 2017 and under the terms of the Credit Facility, the Company borrowed $100,000 from SUI, and issued Warrants allowing for the purchase of up to, in the aggregate, 500,000 common shares in the capital of the Company at $0.20 per share until February 28, 2019. The warrants were valued at $55,555 being the residual value of the $100,000 credit facility present valued using a market interest rate of 40% for comparable debt with a similar risk profile of the Company.

Balance - December 31, 2018	**$**	**109,850**
Accretion of debt discount to February 28, 2019		4,844
Balance - February 28, 2019		114,694
Fair value adjustment on issuance of share purchase warrants		(15,524)
Accretion of debt discount to August 31, 2019		15,524
Accrued interest		8,000
Repayment		(110,193)
Balance - December 31, 2019 and September 30, 2020	**$**	**12,501**

(Unaudited – expressed in Canadian Dollars)

On February 28, 2019, 400,000 warrants expired unexercised and 100,000 warrants were extended for an additional year. The grant date fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.78%, expected life of 1 years, expected volatility of 99.37% and dividend yield of 0%. The total amount of the warrants, $6,700, of which was recognized during the year ended December 31, 2019. On February 28, 2020, 100,000 warrants relating to the Credit Facility expired.

On April 24, 2019 SUI agreed to extend the maturity date of the $100,000 principal plus interest from February 28, 2019 to August 31, 2019. For this extension, the Company issued Warrants allowing for the purchase of up to, in the aggregate, 500,000 common shares in the capital of the Company at $0.20 per share until February 28, 2021. The warrants were valued at $15,524 being the residual value of the $100,000 credit facility present valued using a market interest rate of 40% for comparable debt with a similar risk profile of the Company. The total amount of the warrants, $15,524, of which was fully recognized as an accretion expense during the year ended December 31, 2019. On December 31, 2019, the company repaid $110,193 of the credit facility. During the nine months ended September 30, 2020, the Company did not accrue any interest on the remaining amount.

9. Share Capital

a) Common shares

Authorized: unlimited common shares without par value

	Number of Shares		Amount ($)
Balance, December 31, 2018	**83,236,548**	**$**	**16,359,655**
Common shares upon private placement, net (i) (ii) (iii) (iv) (v)	13,460,758		1,929,658
Common shares issued on debt (vi) (vii) (viii) (ix)	253,231		47,113
Issued for cash, upon exercise of stock options	150,000		7,500
Issued for cash, upon exercise of warrants	175,000		35,000
Reclassification adjustment upon exercise of stock options	-		67,500
Balance, December 31, 2019	**97,275,537**	**$**	**18,446,426**
Common shares upon private placement, net of issuance costs (ix)	6,720,500		335,497
Common shares issued for property (Note 5)	200,000		16,000
Balance, September 30, 2020	**104,196,037**	**$**	**18,797,923**

(i) On April 11, 2019 – the Company closed a second tranche of its non-brokered private placement, as previously announced on June 29, 2018. The Company raised $ 525,675 through the issuance of 3,504,497 units at a price of $0.15 per unit. Each Unit consists of one common share of the Company and one-half of a non-transferable Common Share purchase warrant. A total of 1,752,257 one-half (1/2) warrants were issued in connection with the second tranche. Each Warrant will entitle the holder to purchase one Common Share at a price of $0.20 for a period of 24 months from the closing of the offering. All securities are subject to a four month and one day hold from the closing date. In connection with this private placement, the Company received $92,000 in share subscriptions in advance as at December 31, 2018, which has been included in this private placement. No finder's fees were paid in connection with the private placement.

(ii) On June 4, 2019 – the Company closed its third tranche of its non-brokered private placement, as previously announced on June 29, 2018. The Company raised $ 298,700 through the issuance of 1,991,331 units at a price of $0.15 per unit. Each Unit consists of one common share of the Company and one-half of a non- transferable Common Share purchase warrant. A total of 995,668 one-half (1/2) warrants were issued in connection with the third tranche. Each Warrant will entitle the holder to purchase one Common Share at a price of $0.20 for a period of 24 months from the closing of the offering. All securities are subject to a four month and one day hold from the closing date. No finder's fees were paid in connection with the private placement.

(iii) On July 8, 2019 – the Company closed its non-brokered private placement, as previously announced on June 7, 2019. The Company raised $ 734,586 through the issuance of 3,672,930 units at a price of $0.20 per unit. Each Unit consists of one common share of the Company and one-half of a non-transferable Common Share purchase warrant. A total of 1,836,465 one-half (1/2) warrants were issued in connection with this private placement. Each Warrant will entitle the holder to purchase one Common Share at a price of $0.25 for a period of 24 months from the closing of the offering. All securities are subject to a four month and one day hold from the closing date. No finder's fees were paid in connection with the private placement

(iv) On December 23, 2019 – the Company closed its non-brokered private placement. The Company raised $ 429,200 through the issuance of 4,292,000 units at a price of $0.10 per unit. Each Unit consists of one common share of the Company and one non-transferable Common Share purchase warrant. A total of 4,292,000 warrants were issued in connection with this private placement. Each Warrant will entitle the holder to purchase one Common Share at a price of $0.10 for a period of 24 months from the closing of the offering. All securities are subject to a four month and one day hold from the closing date. No finder's fees were paid in connection with the private placement.

(v) A total of $15,583 was paid in share issuance costs relating to the 2019 private placements.

(vi) On March 1, 2019, the Company in connection with the settlement of services with a third party issued 71,058 common shares at $0.19, the fair value of the shares on the grant date and paid $9,000 in cash. The fair value of the debt was $45,000, not including GST of $2,250. A portion of the debt ($22,500) was forgiven and treated as a gain on debt settlement.

(vii) On March 1, 2019, the Company settled a portion of debt owing to a related party by issuing 132,178 common shares at $0.19, the fair value of the shares on the grant date. The fair value of the debt was $25,114 (Note 10b).

(viii) On March 18, 2019, the Company in connection with the settlement of services with a third party issued 50,000 common shares at $0.17, the fair value of the shares on the grant date. The fair value of the debt was $25,000. A portion of the debt ($16,500) was forgiven and treated as a gain on debt settlement

(ix) On August 11, 2020 – the Company closed its non-brokered private placement. The Company received a total of $336,025 cash proceeds through the issuance of 6,720,500 units at a price of $0.05 per unit. Each Unit consists of one common share of the Company and one non-transferable Common Share purchase warrant. Five thousand ($5,000) of the total proceeds was received in December 2019 and was initially recognized as share subscription payable. The Company incurred $528 of share issuance costs in connection with the private placement. A total of 6,720,500 warrants were issued in connection with the private placement. Each Warrant will entitle the holder to purchase one Common Share at a price of $0.10 for a period of 36 months from the closing of the offering. As the fair value of the shares was greater than the consideration received, no residual amount existed, and the warrants were valued at $Nil. All securities are subject to a four month and one day hold from the closing date.

(Unaudited – expressed in Canadian Dollars)

b) Warrants

The Company's warrants outstanding as at September 30, 2020 and December 31, 2019 and the changes for the nine months ended September 30, 2020 are as follows:

	Number of Warrants		Weighted Average Exercise Price $
Balance, December 31, 2018	**15,626,233**	**$**	**0.14**
Issued (i), (ii), (iii), (iv), (Note 9(a)(i), (a)(ii), (a)(iii) and (a)(iv))	10,101,390		0.16
Exercised	(175,000)		0.20
Expired	(500,000)		0.20
Balance, December 31, 2019	**25,052,623**	**$**	**0.15**
Issued (Note 9(a)(x)), (v)	6,845,500		0.10
Expired	(412,500)		0.17
Balance, September 30, 2020	**31,485,623**	**$**	**0.14**

(i) The Company, in connection with the Credit Facility (Note 8), issued 500,000 warrants, with each warrant entitling the holder to purchase one common share at a price of $0.20 per share until on February 28, 2021. The warrants were valued at $15,524 being the residual value of the present value of the Credit Facility

(ii) The Company, in connection with the Credit Facility (Note 8), extended the maturity date of 100,000 warrants for an additional year, with each warrant entitling the holder to purchase one common share at a price of $0.20 per share until on February 28, 2020. The warrants were valued at $6,700. The grant date fair value was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk- free interest rate of 1.78%, expected life of 1 years, expected volatility of 99.37% and dividend yield of 0%.

(iii) On April 1, 2019, the Company issued 312,500 share purchase warrants to the Lender (Note 7(ii)), each warrant will entitle the Lender to purchase one common share at $0.165 per share for a period of 2 years. The warrants were valued at $3,166 being the residual value of the $50,000 loan present valued using a market interest rate of 40% for comparable debt with a similar risk profile of the Company.

(iv) On November 1, 2019, the Company issued 312,500 share purchase warrants to the Lender (Note 7(ii)), each warrant will entitle the Lender to purchase one common share at $0.12 per share for a period of 2 years. The warrants were valued at $4,023 being the residual value of the $50,000 loan present valued using a market interest rate of 40% for comparable debt with a similar risk profile of the Company.

(v) On August 24, 2020, the Company issued a total of 125,000 share purchase warrants as part of consideration for two loans provided (Note 7(iv) and (v)) in the year. Each lender received 62,500 share purchase warrants; each warrant will entitle the Lender to purchase one common share of the at $0.08 per share for a period of 2 years. The total grant date fair value of the warrants was $5,375, estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: risk- free interest rate of 0.28%, expected life of 2 years, expected volatility of 117% and dividend yield of 0%.

(Unaudited – expressed in Canadian Dollars)

Warrants outstanding at September 30, 2020 were as follows:

Expiry Date		Exercise Price $	Outstanding Warrants
November 1, 2020		0.16	312,500
February 28, 2021		0.20	500,000
March 22, 2021		0.15	6,682,667
April 1, 2021		0.17	312,500
April 10, 2021		0.20	1,752,257
May 23, 2021		0.15	3,480,665
June 4, 2021		0.20	995,668
July 8, 2021		0.25	1,836,465
November 1, 2021		0.12	312,500
November 8, 2021		0.15	4,162,901
December 23, 2021		0.10	4,292,000
August 24, 2022		0.08	125,000
August 10, 2023		0.10	6,720,500
	$	**0.14**	**31,485,623**

The weighted average remaining contractual life of warrants outstanding at September 30, 2020 is 1.22 years (December 31, 2019 - 1.04 years).

10. Share-Based Payments

On February 4, 2013, the Company adopted a "rolling" stock option plan for its employees, directors, officers and self-employed consultants, which plan received regulatory approval in 2013. The terms of the plan provide for options to be granted to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the Exchange. The options may be granted for a maximum term of ten years from the date of grant, and at the Board's election, may include vesting provisions. The total amount of share-based payments expense, if any, which is expected to be recognized over the vesting period of options, is recognized during the period in which it occurs.

On October 31, 2018, at the Company's Annual General Meeting the shareholders approved a new stock option plan to incorporate the polices of the Canadian Stock Exchange ("CSE"). Under the new stock option plan the maximum number of shares of the Company reserved for issuance will be limited to 10% of the issued shares of the Company at the time of any granting of options (on a non-diluted basis). In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Board may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The exercise price of each option shall be determined by the Board provided that such exercise price shall be not lower than the greater closing price of the Company's shares on the CSE on the trading day prior to the date of grant. The options may be granted for a maximum term of ten years from the date of grant, and at the Board's election, may include vesting provisions. The total amount of share-based payments expense, if any, which is expected to be recognized over the vesting period of options, is recognized during the period in which it occurs.

(Unaudited – expressed in Canadian Dollars)

The Company's recorded share-based compensation for the three and nine months ended September 30, 2020 and 2019 as follows:

	Three months ended September		Nine months ended September	
	2020	**2019**	**2020**	**2019**
Stock options	$ 13,171	$ 26,755	$ 68,207	$ 349,095

a) Stock Options

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	Number of options	Weighted Avg exercise price $
Balance, December 31, 2018	**3,649,000**	**$ 0.14**
Granted	4,565,000	0.19
Exercised	(150,000)	0.05
Expired	(1,200,000)	0.19
Balance, December 31, 2019	**6,864,000**	**$ 0.16**
Granted (i) (ii) (iii)	2,200,000	0.10
Forfeited (i)	(500,000)	0.10
Expired	(1,899,000)	0.19
Balance, September 30, 2020	**6,665,000**	**$ 0.14**

(i) On February 12, 2020, the Company granted 500,000 incentive stock options of the Company in at an exercise price of $0.10 per common share. The stock options are exercisable on or before February 12, 2022 with 125,000 vesting on June 12, 2020, 125,000 vesting on September 12, 2020, 125,000 vesting on December 12, 2020 and the balance vesting on March 12, 2021. Subsequent to the grant all 500,000 stock options were forfeited due to a termination of services with the consultant for which options were granted.

(ii) On February 12, 2020, the Company also granted 200,000 incentive stock options at an exercise price of $0.10 per common share. The stock options are exercisable on or before February 12, 2021 and are fully vested.

(iii) On April 23, 2020, the Company granted 1,500,000 incentive stock options at an exercise price of $0.10 per common share. The stock options are exercisable on or before April 23, 2022 and are fully vested.

(Unaudited – expressed in Canadian Dollars)

The Company fair valued the options using the Black-Scholes option pricing model with the following inputs:

	2020	**2019**
Grant date share price	$0.07 - $0.08	$0.16 - $0.20
Exercise Price	$0.10 - $0.10	$0.18 - $0.20
Risk free rate	0.33% - 1.51%	1.48% - 1.69%
Expected life (years)	1.00 - 2.00	0.75 - 2.00
Expected volatility	105% - 117%	92% - 96%
Expected dividends	0%	0%
Forfeiture rate	0%	0%

Total fair value of stock options granted during the three months and nine months ended September 30, 2020 was $Nil and $72,700 respectively (three months ended September 30, 2019 - $Nil and nine month ended September 30, 2019 - $389,427). As at September 30, 2020, unrecognized share-based payments expense related to non-vested stock options granted is $Nil (December 31, 2019 - $13,506).

Stock options outstanding and exercisable at September 30, 2020 are as follows:

Number of Options Outstanding and Exercisable	**Exercise Price**	**Expiry Date**
400,000	0.13	December 3, 2020
200,000	0.10	February 12, 2021
2,450,000	0.19	March 1, 2021
15,000	0.20	April 30, 2021
400,000	0.19	March 22, 2021
400,000	0.20	May 31, 2021
1,300,000	0.05	February 28, 2022
1,500,000	0.10	April 23, 2022
6,665,000	**$ 0.14**	

Stock options outstanding and exercisable at December 31, 2019 are as follows:

Number of Options Outstanding and Exercisable	**Exercise Price**	**Expiry Date**
799,000	0.20	March 22, 2020
300,000	0.20	April 11, 2020
100,000	0.15	May 23, 2020
600,000	0.20	May 31, 2020
100,000	0.15	June 22, 2020
100,000	0.13	December 3, 2020
2,450,000	0.19	March 1, 2021
400,000	0.19	March 22, 2021
15,000	0.20	April 30, 2021
400,000	0.20	May 31, 2021
1,300,000	0.05	February 28, 2022
6,564,000	**$ 0.16**	

The weighted average remaining contractual life of stock options outstanding and exercisable at September 30, 2020 is 0.88 years (December 31, 2019 - 1.12 years).

(Unaudited – expressed in Canadian Dollars)

11. Related party transactions

a) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including stock-based compensation, of key management personnel during the periods ended September 30, 2020 and 2019 were as follows:

	For the three months ended September 30				For the nine months ended September 30			
		2020		2019		2020		2019
Management fees	$	60,000	$	60,000	$	180,000	$	180,000
Share-based payments		-		-		-		91,280
	$	**60,000**	**$**	**60,000**	**$**	**180,000**	**$**	**271,280**

At September 30, 2020, $90,028 (December 31, 2019: $24,938) is owed to the CEO of the Company, $64,395 (December 31, 2019: $5,470) is owed to the CFO of the Company and $2,671 (December 31, 2019: $2,671) is owed to a director of the Company. These amounts are included in accounts payable and accrued liabilities (see Note 6).

b) Other related party transactions

Effective May 1, 2016, the Company entered into an office rental agreement in which an officer and director is a shareholder. The Company was charged rent and office expenses for the following periods:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
	($)	($)	($)	($)
Rent and office	22,164	27,044	79,700	64,442

At September 30, 2020, the Company owes $57,671 (December 31, 2019: $5,464) for rent and office. These amounts are included in accounts payable and accrued liabilities (see Note 6)

(Unaudited – expressed in Canadian Dollars)

12. Segmented information

All the Company's operations are in the resource sector. The Company's mineral exploration and development operations are in Mexico. The assets and total assets identifiable with these geographical areas are as follows:

	September 30, 2020	December 31, 2019
	$	$
Exploration and evaluation assets		
Canada	-	-
Mexico	3,156,729	3,107,654
	3,156,729	**3,107,654**

	September 30, 2020	December 31, 2019
	$	$
Total assets		
Canada	173,473	205,537
Mexico	3,156,729	3,107,654
	3,330,202	**3,313,191**

13. Subsequent events

- Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position, and cash flows in 2020. The Company continues to operate its business, and in response to Canadian Federal and Provincial and Mexico emergency measures, has requested its employees and consultants work remotely wherever possible. These government measures, which could include government-mandated closures of the Company or its contractors, could impact the Company's ability to conduct its exploration programs in a timely manner, and the Company is evaluating the best way to move its exploration activities forward when the emergency measures are lifted.

- On October 21, 2020, the Company granted stock options to purchase up to 800,000 common shares in the Company at an exercise price of $0.075 per common share. The stock options are exercisable on or before October 21, 2022 with 150,000 vesting on December 21, 2020, 150,000 vesting on February 21, 2021, 250,000 vesting on March 21, 2021 and the balance vesting on April 21, 2021.