Winston Gold Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

(unaudited)

For the Nine and Three Months ended September 30, 2019 and 2018

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements; they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

Winston Gold Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(unaudited)

As at	September 30, 2019	December 31, 2018
Assets		
Current assets		
Cash	**$ 885,404**	$ 63,970
Cash equivalents (Note 6)	**77,208**	-
Accounts receivable	**2,649**	-
Deposits	**85,147**	19,231
Total current assets	**1,050,408**	83,201
Non-current assets		
Loan receivable (Note 7)	**52,972**	**-**
Equipment (Note 8)	**129,914**	154,604
Reclamation bonds (Note 12)	**38,511**	39,671
Total non-current assets	**221,397**	194,275
Total Assets	**$ 1,271,805**	$ 277,476
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 22)	**$ 196,411**	$ 226,213
Debenture interest payable (Note 11)	**50,019**	13,093
Embedded derivative liability - current (Note 11)	**207,166**	7,357
Debentures payable, current (Note 11)	**1,427,025**	783,590
Due to directors (Note 9)	**21,795**	98,592
Total current liabilities	**1,902,416**	1,128,845
Non-current liabilities		
Debentures payable (Note 11)	**-**	532,362
Embedded derivative liability (Note 11)	**-**	950
Restoration liabilities (Note 12)	**38,511**	39,671
Total non-current liabilities	**38,511**	572,983
Total Liabilities	**1,940,927**	1,701,828
Shareholders' Deficiency		
Share capital (Note 15)	**21,154,927**	19,802,404
Share purchase warrants (Note 17)	**2,021,466**	681,699
Share subscriptions received (Note 14)	**581,280**	678,158
Contributed surplus (Note 18)	**1,490,587**	1,333,097
Accumulated other comprehensive income (loss)	**2,585**	5,773
Deficit	**(25,919,967)**	(23,925,483)
Total Shareholders' Deficiency	**(669,122)**	(1,424,352)
Total Liabilities and Shareholders' Deficiency	**$ 1,271,805**	$ 277,476

Nature of operations and going concern (Note 1)

Subsequent events (Note 23)

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

Approved by The Board of Directors on November 25, 2019

"Murray Nye"	*"Max Polinsky"*
Director	Director

Winston Gold Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the nine and three months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(unaudited)

	Nine months ended September 30		Three months ended September 30	
	2019	2018	**2019**	2018
Expenses				
Exploration and evaluation expenses (Note 19)	**$ 760,640**	$ 621,342	**$ 519,876**	$ 351,973
Office and administrative costs	**165,845**	189,401	**85,427**	98,729
Management fees (Note 20)	**180,000**	200,000	**60,000**	60,000
Professional and consulting fees	**316,433**	272,924	**245,686**	125,546
Travel	**24,547**	66,832	**19,129**	10,439
Depreciation expense (Note 8)	**24,264**	28,553	**4,609**	9,659
Interest and accretion expense (Note 11)	**268,956**	242,290	**92,490**	83,343
Share based payments (Notes 16,20)	**157,490**	-	**49,153**	-
Loss (gain) on embedded derivative (Note 11)	**198,859**	(23,461)	**65,582**	(255)
Gain on disposal of subsidiary (Note 13)	**(94,899)**	-	**(94,899)**	-
Loss (gain) on revaluatioin of securities (Note 6)	**17,691**	-	**17,691**	-
Foreign exchange loss	**(25,342)**	33,452	**30,439**	(23,112)
Loss for the period	**(1,994,484)**	(1,631,333)	**(1,095,183)**	$ (716,322)
Foreign exchange on translation of subsidiaries	**(3,188)**	1,677	**(438)**	(1,963)
Loss and comprehensive loss for the period	**$ (1,997,672)**	$ (1,629,656)	**$ (1,095,621)**	$ (718,285)
Basic and diluted loss per share	**$(0.016)**	$(0.017)	**$(0.008)**	$(0.007)
Weighted average number of common shares outstanding				
Basic and diluted	**123,436,709**	97,322,907	**138,102,101**	103,589,601

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

Winston Gold Corp.

(An Exploration Stage Company)

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

As at September 30, 2019

(Expressed in Canadian Dollars)

(unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Share Purchase Warrants	Accumulated Other Comprehensive Income	Share Subscriptions Received	Deficit	Total
	(Note 15)	(Note 15)	(Note 18)	(Note 17)		(Note 14)		
Balance, January 1, 2018	**82,908,122**	**$ 19,256,358**	**$ 826,329**	**$ 714,877**	**$ (1,862)**	**$ 327,167**	**(22,141,887)**	**$ (1,019,018)**
Shares issued for cash (Note 15)	19,888,001	994,400	-	-	-	(327,167)	-	667,233
Allocated to warrants	-	(443,339)	-	443,339	-	-	-	-
Warrants expired (Note 17)	-	-	457,983	(457,983)	-	-	-	-
Shares issued for stock option exercise	750,000	63,046	(25,546)	-	-	-	-	37,500
Shares issued for debt settlement	500,000	25,000	-	-	-	-	-	25,000
Share subscriptions received	-	-	-	-	-	275,658	-	275,658
Share issue costs (Note 15)	-	(69,809)	-	20,045	-	-	-	(49,764)
Loss and comprehensive loss for the period	-	-	-	-	1,677	-	(1,631,333)	(1,629,656)
Balance, September 30, 2018	**104,046,123**	**19,825,656**	**1,258,766**	**720,278**	**(185)**	**275,658**	**(23,773,220)**	**(1,693,047)**
Share issue costs (Note 15)	-	(1,630)	-	1,630	-	-	-	-
Allocated to warrants	-	(34,122)	-	34,122	-	-	-	-
Warrants expired (Note 17)	-	-	74,331	(74,331)	-	-	-	-
Shares issued for debt settlement	500,000	12,500	-	-	-	-	-	12,500
Share subscriptions received	-	-	-	-	-	402,500	-	402,500
Loss and comprehensive loss for the period	-	-	-	-	5,958	-	(152,263)	(146,305)
Balance, December 31, 2018	**104,546,123**	**19,802,404**	**1,333,097**	**681,699**	**5,773**	**678,158**	**(23,925,483)**	**(1,424,352)**
Shares issued for cash (Notes 14, 15)	54,395,000	2,719,750	-	-	-	(678,158)	-	2,041,592
Share issue costs (Note 15)	-	(60,865)	-	33,405	-	-	-	(27,460)
Allocated to warrants	-	(1,306,362)	-	1,306,362	-	-	-	-
Share-based payments (Note 16)	-	-	157,490	-	-	-	-	157,490
Share subscriptions received	-	-	-	-	-	581,280	-	581,280
Loss and comprehensive loss for the period	-	-	-	-	(3,188)	-	(1,994,484)	(1,997,672)
Balance, September 30, 2019	**158,941,123**	**$ 21,154,927**	**$ 1,490,587**	**$ 2,021,466**	**$ 2,585**	**$ 581,280**	**(25,919,967)**	**$ (669,122)**

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

Winston Gold Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash flows

For the nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(unaudited)

	Nine months ended September 30	
	2019	2018
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Loss for the period	**$ (1,994,484)**	$ (1,631,333)
Items not affecting cash:		
Depreciation	**24,264**	28,342
Accrued interest expense	**36,926**	48,893
Accretion expense	**156,160**	132,501
Accrued management fees	**180,000**	180,000
Share-based payments	**157,490**	-
Shares issued for debt settlement	**-**	25,000
Restoration liability	**-**	24,046
Foreign exchange	**(40,807)**	15,656
Loss(gain) on embedded derivative liability	**198,859**	(23,461)
Net changes in non-cash working capital items:		
Amounts receivable	**(2,649)**	-
Deposits	**(65,916)**	(16,181)
Deferred consideration	**-**	258,900
Accounts payable and accrued liabilities	**(29,802)**	(84,721)
Net cash used in operating activities	**(1,379,959)**	(1,042,358)
Investing Activities		
Purchase of equipment	**(3,973)**	-
Advance of loans receivable	**(52,972)**	-
Reclamation bonds	**-**	(24,046)
Net cash provided by (used in) investing activities	**(56,945)**	(24,046)
Financing Activities		
Proceeds from share issuances	**2,041,592**	667,233
Exercise of stock options	**-**	37,500
Share issuance costs	**(27,460)**	(49,764)
Proceeds from share subscriptions received	**581,280**	275,658
Repayment of shareholder loans	**-**	(36,068)
Proceeds from director loans	**15,000**	-
Repayment of director loans	**(271,678)**	(134,500)
Net cash provided by financing activities	**2,338,734**	760,059
Effect of foreign exchange on cash	**(3,188)**	13,920
Net change in cash and cash equivalents	**898,642**	(292,425)
Cash and cash equivalents, beginning of period	**63,970**	458,921
Cash and cash equivalents, end of period	**$ 962,612**	$ 166,496

Change in liabilities from financing activities (Note 5)

Non-Cash Transactions		
Issuance of private placement warrants	1,339,767	463,384
Expiry of warrants	-	457,983
Loan repayment applied as share subscription received in advance	70,000	200,000
Shares issued for debt settlement	-	25,000
Share subscriptions applied to private placement	678,158	327,167
Reversal of contributed surplus on exercise of options	-	25,546

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Winston Gold Corp. (the "Company") was incorporated in the Province of Manitoba on January 31, 2013 under the name of 6649930 Manitoba Ltd. On September 19, 2014, the Company changed its name to Winston Gold Mining Corp. On September 25, 2014, Winston Gold Mining USA Corp. was incorporated in the State of Montana, USA and is a wholly owned subsidiary. On October 4, 2016, the Company acquired 100% of the outstanding shares of Goldridge Holdings Limited ("Goldridge"), incorporated in the Province of British Columbia, Canada, and its subsidiary, Goldridge Holdings (USA) Limited ("Goldridge USA"), incorporated in the State of Nevada, USA. On November 5, 2018, the Company sold 100% of its shares in Goldridge and Goldridge USA. Effective August 24, 2017 the Company continued out of the Province of Manitoba into the jurisdiction of the Province of British Columbia and changed its name to Winston Gold Corp. Effective September 1, 2017, the common shares of the Company commenced trading on the Canadian Securities Exchange under the same stock symbol of WGC. The Company is in the process of exploring mining claims which are under lease and has not yet determined whether or not the leased properties will contain economically recoverable reserves.

The principal address of the Company is 919 Notre Dame Avenue, Suite 201, Winnipeg, Manitoba R3E 0M8.

The condensed interim consolidated financial statements of the Company were approved by the Board of Directors on November 25, 2019.

Going Concern of Operations

While these financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends on its ability to raise adequate financing and to develop profitable operations.

The Company is in the exploration stage and has not generated revenue from operations. During the period ended September 30, 2019, the Company incurred a net loss of $1,997,672 (September 30, 2018 - $1,629,656), and as of that date, the Company had a deficit of $25,919,967 (December 31, 2018 - $23,925,483), working capital deficiency of $852,008 (December 31, 2018 – deficiency of $1,045,644) and negative cash flow from operations of $1,379,960 (December 31, 2018 – negative $1,574,979).

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production and on being able to make payments required under the mining lease agreements and debenture agreements. The Company continues to evaluate various options in order to address its financing needs. There can be no assurance that the Company's financing activities will be successful or sufficient.

These unaudited condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the going concern assumption not be appropriate. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements of the Company present the Company's financial results of operations and financial position under IFRS as at and for the period ended September 30, 2019.

These unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee.

A summary of the Company's significant account policies under IFRS are consistent with those of the Company's consolidated financial statements for the year ended December 31, 2018. Refer to those consolidated financial statements for significant accounting policies and recent accounting pronouncements. These policies have been consistently applied to all periods presented.

Basis of Measurement and Presentation

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars which is also the Company's functional currency. Winston USA's functional currency is the US dollar. The unaudited condensed interim consolidated financial statements are prepared on the historical cost basis except for financial instruments measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its 100% owned subsidiary Winston Gold Mining (USA) Corp. Under the guidance of IFRS 10 *Condensed interim consolidated Financial Statements*, control is established by having power over the acquiree, exposure or rights to variable returns from its involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquirer's returns. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases. On November 5, 2018 the former subsidiaries Goldridge Holdings Limited and Goldridge Holdings (USA) were de-consolidated (Notes 6,13,19).

All intercompany transactions and balances are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company makes estimates, judgments and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont'd)

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i) Title to mineral property interests
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

ii) Going Concern
The Company applies judgment in assessing whether material uncertainties exist that would cause doubt as to whether the Company could continue as a going concern.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information regarding significant areas of estimation and uncertainty made in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are the following:

<u>Share-based payments</u>

Management uses the Black-Scholes Pricing Model for valuation of share based compensation and warrants, which requires the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

<u>Recovery of deferred tax assets</u>

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (cont'd)

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company is the Canadian dollar. Management also determined that the functional currency of Winston USA is the US dollar. Prior to the sale of Goldridge Holdings and its subsidiary, the Company determined that the functional currency of Goldridge is the Canadian dollar.

4. RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, amendments to standards and interpretations applicable to the Company are effective for the period ended September 30, 2019 and have been applied in preparing these condensed interim consolidated financial statements. The new and revised standards are as follows:

- IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The adoption of this standard did not have a material effect on the Company's condensed interim consolidated financial statements.

- IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The adoption of this standard did not have a material effect on the Company's condensed interim consolidated financial statements.

5. CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES

The following is a continuity of changes in liabilities arising from financing activities for the period ended September 30, 2019 and 2018:

For the nine months ended September 30, 2019

			Non-cash changes			
	January 1, 2019	Cash flows	Management fees accrual	Foreign exchange movements	Amortization of deferred financing costs	September 30, 2019
	$	$	$	$	$	$
Due to directors	**98,592**	**(256,678)***	**180,000**	**(119)**	**-**	**21,795**
Non-convertible debentures	**1,315,952**	**-**	**-**	**(45,087)**	**156,160**	**1,427,025**
	1,414,544	**(256,678)**	**180,000**	**(45,206)**	**156,160**	**1,448,820**

* $70,000 was applied as share subscriptions received in advance

(Expressed in Canadian Dollars)

5. CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES (cont'd)

For the nine months ended September 30, 2018

			Non-cash changes			
	January 1, 2018	Cash flows	Management fees accrual	Foreign exchange movements	Amortization of deferred financing costs	September 30, 2018
	$	$	$	$	$	$
Shareholder loans	36,068	(36,068)	-	-	-	-
Due to directors	208,763	(334,500)*	180,000	120	-	54,383
Non-convertible debentures	1,011,053	-	-	45,200	132,501	1,188,754
	1,255,884	(370,568)	180,000	45,320	132,501	1,243,137

* $200,000 was applied as share subscriptions received in advance.

6. CASH EQUIVALENTS

On November 5, 2018, the Company sold all interest in Goldridge Holdings and its subsidiary to MetalNRG ("MNRG") (Notes 13, 19(c)). In addition to the cash consideration received, MNRG was to issue 21,942,576 MNRG ordinary shares of which 19,748,318 shares were issued on July 30, 2019. These consideration shares were valued at $0.00481 (GBX 0.3000) each for total consideration of $94,899.

The following is a continuity of the revaluation of marketable securities for the period ended September 30, 2019:

	Date	Number of Shares	CAD value per share	Value of Securities	Market gain (loss)
Balance at December 31, 2018	30/Dec/18	-			
Securities received subsequent to sale of subsidiary	30/Jul/19	19,748,318	$0.00481	$ 94,899	
Value of Securities at September 30, 2019	30/Sep/19	19,748,318	$0.00391	$ 77,208	$ (17,691)
Net Gain(Loss) on marketable securities	30/Sep/19				**$ (17,691)**

7. LOAN RECEIVABLE

On September 23, 2019, an arms-length party borrowed $52,972 (USD 40,000) from the Company for the purpose of refurbishing and transportation of equipment owned by the arms-length party. The interest and terms of repayment are pending.

(Expressed in Canadian Dollars)

8. EQUIPMENT

For the period ended September 30, 2019

Cost	**Exploration Equipment**	**Vehicles**	**Computer Equipment**	**Total**
	$	**$**	**$**	**$**
At December 31, 2018	**272,813**	**9,959**	**1,390**	**284,161**
Additions/Disposals	**-**	**3,973**	**-**	**3,973**
Foreign exchange	**7,979)**	**(291)**	**(41)**	**(8,311)**
At September 30, 2019	**264,834**	**13,640**	**1,349**	**279,823**

Accumulated Amortization	**Exploration Equipment**	**Vehicles**	**Computer Equipment**	**Total**
At December 31, 2018	**(123,453)**	**(5,212)**	**(893)**	**(129,558)**
Amortization for the period	**(22,131)**	**(1,536)**	**(364)**	**(24,031)**
Additions/Disposals	**-**	**(199)**	**-**	**(199)**
Foreign exchange	**3,691**	**160**	**28**	**3,879**
At September 30, 2019	**(141,893)**	**(6,787)**	**(1,229)**	**(149,909)**
Net Book Value	**122,941**	**6,853**	**121**	**129,914**

For the year ended December 31, 2018

Cost	Exploration Equipment	Vehicles	Computer Equipment	Total
	$	$	$	$
At December 31, 2017	250,875	9,158	1,278	261,311
Foreign exchange	21,938	801	112	22,851
At December 31, 2018	272,813	9,959	1,390	284,162

Accumulated Amortization	Exploration Equipment	Vehicles	Computer Equipment	Total
At December 31, 2017	(77,688)	(2,961)	(502)	(81,151)
Amortization for the year	(37,036)	(1,892)	(330)	(39,258)
Foreign exchange	(8,729)	(359)	(61)	(9,149)
At December 31, 2018	(123,453)	(5,212)	(893)	(129,558)
Net Book Value	149,360	4,747	497	154,604

8. EQUIPMENT (cont'd)

During the period ended September 30, 2019, the Company purchased vehicles totaling $3,973 (2018 - $Nil).

During the period ended September 30, 2019, the Company recorded depreciation expenses of $24,264 (2018 - $28,553).

9. DUE TO DIRECTORS

As at September 30, 2019, the amounts due to directors were $17,822 and $3.973 (USD 3,000) (December 31, 2018 - $94,500 and $4,092 (USD 3,000)). These loans are unsecured, non-interest bearing and have no fixed terms of repayment. (Note 20).

During the period ended September 30, 2019, the Company repaid $271,678 in director loans of which $70,000 was applied as share subscriptions received in advance.

During the year ended December 31, 2018, the Company repaid $350,500 in director loans of which $200,000 was applied as share subscriptions received in advance.

10. SHAREHOLDER LOANS

During the period ended September 30, 2019, the Company repaid $Nil in shareholder loans (December 31, 2018 - $36,068).

11. DEBENTURES PAYABLE

During the year ended December 31, 2017, the Company entered into non-convertible USD debentures payable agreements. The Series 1 debentures will mature on December 1, 2019 and the Series 2 debentures will mature on March 31, 2020. The debentures are secured on a general lien basis by all property and assets of the Company, non-convertible and pay annual interest at 10% calculated from the date the Subscription Agreement is executed and the funds are received from the investor. The interest is payable semi-annually on June 1 and December 1 of each year until maturity. On the maturity date, in addition to the interest rate, the Company is obligated to pay a bonus to the lenders in an amount equal to the difference between the Principal Amount and the gold price differential calculated as the difference between the gold price on the Closing Date and the gold price on the Maturity Date to a maximum of USD 1,600 per troy ounce. The Bonus Payment is calculated as Principal Amount x [(Gold Price on Maturity – Gold Price on Closing)/Gold Price on Closing]. If the debentures are not re-paid on the Maturity Dates, the Company shall pay 10% semi-annual interest on the outstanding portion of the principal amount on December 1 and June 1 of each year until the date of repayment.

In connection with the non-convertible debenture financing, the Company incurred total transaction costs of $470,031 which were netted with the debentures and amortized over the term of the debentures.

The following is a continuity of non-convertible debentures due from the Company for the period ended September 30, 2019:

(Expressed in Canadian Dollars)

11. DEBENTURES PAYABLE (cont'd)

	September 30, 2019	December 31, 2018
Debentures:	**$**	$
Non-convertible debentures, beginning of period	**1,541,546**	1,417,585
Additions	**-**	-
Foreign exchange	**(45,087)**	123,961
Non-convertible debentures, end of period	**1,496,459**	1,541,546
Loan transaction costs:		
Loan transaction costs, beginning of period	**(225,594)**	(406,532)
Costs incurred during the period	**-**	-
Accretion expense during the period	**156,160**	180,938
Loan transaction costs, end of period	**(69,434)**	(225,594)
Non-convertible debentures balance (net of transaction costs), end of period	**1,427,025**	1,315,952
Current Portion	**1,427,025**	783,590
Long Term Portion	**-**	532,362
Total Non-convertible debentures balance	**1,427,025**	1,315,952

During the period ended September 30, 2019, the Company recorded $112,796 (2018 – $109,789) in interest expense.

The Company has recorded an embedded derivative liability that arose from the Company's obligation to pay the Bonus Payment which is indexed to the gold price. The embedded derivative liability is subject to fair value adjustment based on the gold price at the end of each reporting period, with changes recorded as unrealized gain or loss on embedded derivative liability in the statement of loss and comprehensive loss. During the period ended September 30, 2019, the Company recorded an unrealized loss on embedded derivative liability in the amount of $198,859 (2018 – unrealized gain $23,461).

12. RESTORATION LIABILITIES AND RECLAMATION BONDS

As at September 30, 2019, management estimated site restoration costs relating to evaluation work completed on the exploration of the Winston property to be $38,511 (USD 29,080) (December 31, 2018 - $39,671 (USD 29,080)) which has been accrued. These costs are estimated by management and approved by the Montana Department of Environmental Quality ("DEQ"). The Company is required to issue reclamation bonds to the DEQ to cover these estimated restoration costs.

The reclamation bonds issued relating to this exploration amount to $38,511 (USD 29,080) (December 31, 2018 - $39,671 (USD 29,080)). The reclamation bonds will be returned to the Company upon the DEQ being satisfied with the site restoration work performed.

(Expressed in Canadian Dollars)

13. GAIN ON DISPOSAL OF SUBSIDIARY

On July 24, 2018, the Company entered into a Sale and Purchase Agreement with MNRG, an arms-length third party, wherein MNRG purchased the Company's 100% interest in Goldridge Holdings Limited ("GRH") and its subsidiary, Goldridge Holdings (USA) Limited ("GRH US"), including all interests in the Gold Ridge Project located in SE Arizona, for cash consideration of USD 200,000 and 21,942,576 shares in MNRG of which 19,748,318 shares were received (Note 6). The transaction closed on November 5, 2018 and Goldridge Holdings, including its subsidiary, was de-consolidated on that date. Cash consideration in the amount of $261,920 (USD 200,000) was received.

During the period ended September 30, 2019, the Company recognized a gain on the disposal of Goldridge Holdings and its subsidiary in the amount of $94,899. During the year ended December 31, 2018, the Company recognized a gain on the disposal of Goldridge Holdings and its subsidiary in the amount of $324,126.

14. SHARE SUBSCRIPTIONS

During the period ended September 30, 2019, the Company received $581,280 for units to be issued at a value of $0.08 each. Each unit consists of one common share and one 5-year warrant with an exercise price of $0.20. These units were issued on October 8, 2019 (Note 23)

During the year ended December 31, 2018, the Company received $678,158 for units to be issued at a value of $0.05 each. Each unit consisted of one common share and one 5-year warrant with an exercise price of $0.10. These units were issued on March 26, 2019 (Note 15).

15. SHARE CAPITAL

Authorized
Unlimited Common shares, voting
Unlimited Preferred shares

Issued and outstanding – Common shares

	Number of Shares		Value
Balance, December 31, 2017	**82,908,122**	**$**	**19,256,358**
Shares issued for cash [d,e]	19,888,001		994,400
Shares issued for option exercise [g]	750,000		63,046
Shares issued for debt settlement [i,j]	1,000,000		37,500
Share issue costs [f]	-		(71,439)
Allocated to warrants	-		(477,461)
Balance, December 31, 2018	**104,546,123**	**$**	**19,802,404**
Shares issued for cash [a,b]	40,831,842		2,041,592
Shares issued for subscriptions due [a]	13,563,158		678,158
Share issue costs [c]			(60,865)
Allocated to warrants			(1,306,362)
Balance, September 30, 2019	**158,941,123**	$	**21,154,927**

15. SHARE CAPITAL (cont'd)

As at September 30, 2019, the Company has Nil (December 31, 2018 - 1,199,265) common shares held in escrow.

September 30, 2019

a) On March 26, 2019, the Company issued 21,340,000 units at a price of $0.05 per unit for total proceeds of $1,067,000. $678,158 of these proceeds were in settlement of share subscriptions due (Note 13). Each unit consists of one common share and one common share purchase warrant. The 21,340,000 warrants were assigned a relative fair value of $507,843 or $0.0238 per warrant. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.10, exercisable on or before March 26, 2024.

b) On August 28, 2019, the Company issued 33,055,000 units at a price of $0.05 per unit for total proceeds of $1,652,750. Each unit consists of one common share and one common share purchase warrant. The 33,055,000 warrants were assigned a relative fair value of $798,519 or $0.02416 per warrant. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.10, exercisable on or before August 28, 2024.

c) Share issue costs associated with the above financings total $60,865.

December 31, 2018

d) On February 2, 2018, the Company issued 7,310,001 Units for total gross proceeds of $365,500 at a price of $0.05 per unit. Each Unit consists of one common share and one common share purchase warrant. The 7,310,001 warrants were assigned a relative fair value of $174,595. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.10, exercisable on or before February 2, 2023.

e) On April 17, 2018, the Company issued 12,578,000 Units for total gross proceeds of $628,900 at a price of $0.05 per unit. Each Unit consists of one common share and one common share purchase warrant. The 12,578,000 warrants were assigned a relative fair value of $302,866. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.10, exercisable on or before April 17, 2023.

f) Share issue costs associated with the above financings total $71,439.

g) On July 26, 2018, the Company issued 750,000 common shares pursuant to stock options exercised at a value of $0.05 per option for proceeds of $37,500. The fair value of these stock options is $25,546 (Note 16).

h) On July 17, 2018 the Company extended the expiry date of 1,000,000 warrants to August 3, 2021.

i) On August 30, 2018, the Company issued 500,000 common shares at a value of $17,500 to settle debt of $25,000. The Company recognized a gain on the debt settlement in the amount of $7,500.

j) On October 3, 2018, the Company issued 500,000 common shares at a value of $20,000 to settle debt of $25,566. The Company recognized a gain on the debt settlement in the amount of $5,566.

(Expressed in Canadian Dollars)

16. STOCK OPTIONS

The Company has a 10% "rolling" stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock (on a non-diluted basis) of the Company. Under the plan, the exercise price of each option equals the market price, minimum price or a discounted price of the Company's stock as calculated on the date of the grant. The options can be granted for a maximum term of ten years and vest as determined by the Board of Directors.

The following is a continuity of stock option activity for the period ended September 30, 2019.

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable December 31, 2017	7,480,000	$0.10
Cancelled	(100,000)	$0.05
Exercised	(750,000)	$0.05
Outstanding and exercisable December 31, 2018	6,630,000	$0.10
Granted	3,700,000	$0.05
Outstanding and exercisable September 30, 2019	10,330,000	$0.09

During the period ended September 30, 2019, the Company issued 2,900,000 stock options, vesting immediately, with an expiry date of March 26, 2024 to officers, directors and consultants of the Company. Each option entitles the holder to purchase one common share of the Company at a price of $0.05 per share. The total fair value of these stock options using the Black-Scholes option pricing model was $108,337 or $0.0374 per option. The Company also issued 800,000 stock options, vesting immediately, with an expiry date of August 28, 2024 to consultants of the Company. Each option entitles the holder to purchase one common share of the Company at a price of $0.07 per share. The total fair value of these stock options using the Black-Scholes option pricing model was $49,153 or $0.0614 per option.

No stock options were granted during the period ended September 30, 2018.

During the year ended December 31, 2018, 750,000 stock options were exercised at a value of $0.05 per option (Note 15) and 100,000 stock options were cancelled.

Annualized volatility is estimated by considering historic average share price volatility of the Company's publicly traded shares.

The Company had the following stock options outstanding as at September 30, 2019:

(Expressed in Canadian Dollars)

16. STOCK OPTIONS (cont'd)

Number of Options	Exercise Price	Expiry Date
150,000	$0.20	August 24, 2021
900,000	$0.40	December 15, 2021
280,000	$0.10	November 27, 2022
5,300,000	$0.05	November 27, 2022
2,900,000	$0.05	March 26, 2024
800,000	$0.07	August 28, 2024
10,330,000	$0.09	

The following weighted average assumptions were used for the Black-Scholes valuation of the options granted during the period ended September 30, 2019.

	March 26, 2019	August 28, 2019
Share price	$0.040	$0.065
Risk-free interest rate	1.48%	1.23%
Expected life of options	5 years	5 years
Volatility	167%	172%
Dividend rate	0.0%	0.0%
Exercise price	$0.05	$0.07
Fair value per option	$0.0374	$0.0614
Forfeiture rate	0%	0%

17. SHARE PURCHASE WARRANTS

During the year ended December 31, 2018, 1,115,053 broker warrants expired and 1,000,000 warrants with an expiry date of August 3, 2018 were extended for a period of 3 years to expire on August 3, 2021.

The following is a continuity of share purchase warrant activity for the period ended September 30, 2019:

(Expressed in Canadian Dollars)

17. SHARE PURCHASE WARRANTS (cont'd)

Expiry Date	Exercise price	January 1, 2019	Granted	Exercised	Expired	September 30, 2019
March 23, 2021	$0.10	551,030	-	-	-	551,030
August 3, 2021	$0.20	1,000,000	-	-	-	1,000,000
September 15, 2022	$0.10	3,372,104	-	-	-	3,372,104
February 2, 2023	$0.10	7,310,001	-	-	-	7,310,001
April 17, 2023	$0.10	12,578,000	-	-	-	12,578,000
April 17, 2023	$0.10	424,240	-	-	-	424,240
March 26, 2024	$0.10	-	21,340,000	-	-	21,340,000
August 28, 2024	$0.10	-	549,200	-	-	549,200
August 28, 2024	$0.10	-	33,055,000	-	-	33,055,000
Total		25,235,375	54,944,200	-	-	80,179,575
Weighted average exercise price			$0.10			$0.10

The following is a continuity of share purchase warrant activity for the year ended December 31, 2018:

Expiry Date	Exercise price	January 1, 2018	Granted/ Extended	Expired/ Extended	December 31, 2018
March 23, 2021	$0.10	551,030	-	-	551,030
August 3, 2018	$0.20	1,000,000	-	(1,000,000)	-
August 3, 2021	$0.20	-	1,000,000	-	1,000,000
August 3, 2018	$0.20	40,000	-	(40,000)	-
September 23, 2018	$0.15	873,853	-	(873,853)	-
November 18, 2018	$0.40	201,200	-	(201,200)	-
September 15, 2022	$0.10	3,372,104	-	-	3,372,104
February 2, 2023	$0.10	-	7,310,001	-	7,310,001
April 17, 2023	$0.10	-	12,578,000	-	12,578,000
April 17, 2023	$0.10	-	424,240	-	424,240
Total		6,038,187	21,312,241	(2,115,053)	25,235,375
Weighted average exercise price			$0.10	($0.10)	$0.10

(Expressed in Canadian Dollars)

17. SHARE PURCHASE WARRANTS (cont'd)

The Company had the following warrants outstanding as at September 30, 2019:

Number of Warrants		Exercise Price	Expiry Date	Fair Value
551,030	(i)	$0.10	March 23, 2021	$ 52,102
1,000,000		$0.20	August 3, 2021	$ 47,643
3,372,104		$0.10	September 15, 2022	$ 82,818
7,310,001		$0.10	February 2, 2023	$ 174,595
12,578,000		$0.10	April 17, 2023	$ 302,866
424,240	(ii)	$0.10	April 17, 2023	$ 21,675
21,340,000		$0.10	March 26, 2024	$ 507,843
549,200	(ii)	$0.10	August 28, 2021	$ 33,405
33,055,000		$0.10	August 28, 2024	$ 798,519
80,179,575				$2,021,466

(i) These are broker warrants in connection with the Company's financings
(ii) These are finders warrants in connection with the Company's financings

The following weighted average assumptions were used for the Black-Scholes valuation of the warrants granted during the periods. Warrants included in Units are valued based on the relative fair value Allocation:

	February 2, 2018 (PP)	April 17, 2018 (PP)	April 17, 2018 (finders)	March 26, 2019 (PP)	August 28, 2019 (finders)	August 28, 2019 (PP)
Share Price	$0.04	$0.055	$0.055	$0.040	$0.065	$0.065
Risk-free interest rate	2.05%	2.06%	2.06%	1.48%	1.23%	1.23%
Expected life of warrants	5 years	5 years	5 years	5 years	2 years	5 years
Percentage of warrants (PP)	47.77%	48.16%	N/A	47.60%	N/A	48.31%
Volatility	172%	171%	171%	167%	173%	172%
Dividend rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Forfeiture rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fair value per warrant	$0.0239	$0.0241	$0.0511	$0.0238	$0.0608	$0.0242

(Expressed in Canadian Dollars)

18. CONTRIBUTED SURPLUS

Contributed surplus consists of the fair value of stock options granted and broker warrants expired less the fair value of options exercised. The following summarizes the changes in contributed surplus.

	September 30, 2019	December 31, 2018
Balance, beginning of period	**$ 1,333,097**	$ 826,329
Share-based payments	**157,490**	-
Broker warrants expired	**-**	532,314
Stock options exercised	**-**	(25,546)
Balance, end of period	**$ 1,490,587**	$ 1,333,097

19. EXPLORATION AND EVALUATION EXPENSES

Properties	**September 30, 2019**	**Three months ended September 30, 2019**	September 30, 2018	Three months ended September 30, 2018
Holmes Property [(a)]	**$ 45,386**	**$ 7,955**	$ 16,540	$ 3,920
Winston Property [(b)]	**715,254**	**511,921**	578,188	343,570
Goldridge Property [(c)]	**-**	**-**	26,614	4,483
	$ 760,640	**$ 519,876**	$ 621,342	$ 351,973

(a) Holmes Property:

On May 14, 2014, the Company entered into a five-year Mining Lease Agreement (“H Lease”) with Marcus P. Holmes (“Holmes”), an arm’s length party, whereby Holmes leased five (5) unpatented mining claims located in Broadwater County, Montana, USA to the Company for exploration. Per the terms of the agreement, the Company will keep the minerals extracted except oil and gas. To explore the property, the Company paid Holmes an advance royalty payment of $11,191 (USD 10,000) and issued 1,000,000 common shares valued at $100,000.

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of USD 1,000 monthly from June 2014 to May 2019 [Paid - $77,548 (USD 60,000)]. The H Lease is renewable for additional 5 year terms at USD 20,000 per renewal [accrued $26,754 (USD 20,000)] with an advanced royalty payment of USD 2,000 monthly from June 2019 to June 2024 [Paid $13,273 (USD 10,000) to September 30, 2019].

The Company will pay Holmes a production royalty of 2% of Net Smelter Returns (NSR). Advance royalty payments are credited towards the 2% NSR payable on production. The Company has the option to purchase the 2% NSR from Holmes for a payment of USD 2,500,000.

The Company has the option to terminate the H Lease at any time by providing 30 days written notice to Holmes.

19. EXPLORATION AND EVALUATION EXPENSES (cont'd)

(b) Winston Property:

On July 15, 2014, the Company entered into a five-year Mining Lease Agreement ("W Lease") with Winston Realty L.L.C. ("Winston", a limited liability company), an arm's length party, whereby Winston leased sixteen (16) patented lode mining claims located in Broadwater County, Montana U.S.A. to the Company for exploration. Per the terms of the agreement, the Company will keep the minerals extracted except oil and gas. To explore the property the Company paid Winston an advance royalty payment of $10,729 (USD 10,000) and issued 2,000,000 common shares in the Company valued at $200,000.

In addition to assuming all underlying payment obligations including governmental taxes, levies and fees, the Company will pay additional advance royalty payments of USD 1,000 monthly from August to October 2014 [Paid $3,300 (USD 3,000)] and USD 2,500 monthly from November 2014 to July 2019 [Paid $188,643 (USD 142,500)] based on minimum quarterly expenditures on the property of USD 50,000 or USD 200,000 annually [Paid $4,779,201 (USD 3,656,385) to September 30, 2019]. The minimum expenditures are paid up to 2032.

The W Lease is renewable for additional 5 year terms at USD 20,000 per renewal [paid and accrued $26,408 (USD 20,000)] with an advanced royalty payment of USD 5,000 monthly [paid $19,806 (USD 15,000) to September 30, 2019].

On May 18, 2016, the Company amended the W Lease. The amendment extends the W Lease for an additional 10 years until July 15, 2034 with USD 20,000 due at the end of each 5 year period and the continuation of advanced royalty payments of USD 5,000 monthly. For consideration of 1,500,000 common shares in the Company valued at $150,000, the amendment superseded the number of contiguous patented lode mining claims to thirteen (13) and the Company acquired the option to purchase the thirteen (13) Leased claims and the subsurface rights in the Leased property as well as 100 acres of the Company's choice out of 400 acres of land held by Winston for a purchase price of USD 2,000,000. Winston has the right to buy back all rights and terminate the W Lease for USD 1 where there is a cessation of all mining, mineral exploration and mineral processing activities for a period of five (5) consecutive years.

The Company will pay Winston a production royalty of 3% NSR if the price of gold is USD 2,000 or less and 4% NSR if the price of gold exceeds USD 2,000. Advance royalty payments are credited towards the 3% or 4% NSR payable on production.

The Company has the option to terminate the W Lease at any time by providing 30 days written notice to Winston.

19. EXPLORATION AND EVALUATION EXPENSES (cont'd)

(c) Goldridge Property:

On February 14, 2014, Goldridge entered into an asset purchase and sale agreement (the "Agreement") with Pan American Fertilizer Corp. ("Pan American") whereby Goldridge purchased the Goldridge property from Pan American for $100,000.

The Goldridge property is located in north-central Cochise County in Arizona and is comprised of certain patented mining claims, 112 unpatented mining claims, and one leased group of 12 unpatented mining claims.

With respect to the 12 leased unpatented mining claims, the Company is required to make advance royalty payments of USD 8,800 annually. The life of the lease is for as long as the Company owns the rights to the Goldridge property. The lease for the 12 leased unpatented mining claims was originally entered into on June 3, 1993 with the first lessor and the lease was passed along to the Company on the acquisition of the Goldridge property on February 14, 2014. The Company will pay the lessor a production royalty of 3% of net smelter returns ("NSR"). The advance royalty payments are credited towards the 3% NSR payable on production. As the probability of production is currently remote, the advance royalty payment is currently expensed.

On August 1, 2016 (the "Effective Date"), Goldridge entered into a royalty agreement (the "Royalty Agreement") with 1051730 BC Ltd. (the "Royalty Holder"), an arm's length party to compensate the Royalty Holder for their assistance in acquiring the mining properties listed above. The Company agreed to grant a perpetual 1% net smelter return royalty (the "Royalty") on all ores, metals, minerals, mineral rights and other materials under or upon the surface or subsurface of the Goldridge property.

The Company agreed to pay the Royalty Holder an annual advance royalty of USD 25,000 (the "Advance Royalty") due on each anniversary of the Effective Date. The amount of the Advance Royalty shall be adjusted every year on January 1st to reflect changes in the Consumer Price Index (the "CPI"), as computed by Statistics Canada for Vancouver, British Columbia, using as the base for the adjustment the CPI on the Effective Date. The Company has the option, at any time until the date that is five years following the commencement of commercial production, to purchase the Royalty from the Royalty Holder for a purchase price of USD 1,000,000 (the "Purchase Price"). The amount of the Purchase Price shall be adjusted every year on January 1st to reflect changes in the CPI, as computed by Statistics Canada for Vancouver, British Columbia, using as the base for the adjustment the CPI on the Effective Date. Any amount payable under the Royalty Agreement which is not paid on time shall be subject to interest at a rate of 15% per annum calculated from the due date until the date of the payment.

On November 5, 2018, the Company sold all interest in the Goldridge Property to MNRG for cash consideration of $261,920 (USD 200,000) and recognized a gain on disposal of $324,126. On July 30, 2019, the Company recognized an additional gain for share consideration received of $94,899. (Notes 6, 13).

20. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business. Related party transactions have been listed below, unless they have been disclosed elsewhere in the condensed interim consolidated financial statements. During the period ended September 30, 2019, the Company incurred the following charges with related parties that include officers, directors or companies with common directors of the Company:

Included in due to directors is $3,973 (USD 3,000) (December 31, 2018 - $4,092 (USD 3,000)) and $17,822 (December 31, 2018 - $94,500) due to directors of the Company. (See Note 9 for amounts due to directors).

During the period ended September 30, 2019, the Company received $15,000 in director loans.

During the period ended September 30, 2019, management fees to directors were $180,000 (2018 - $180,000).

During the period ended September 30, 2019 the Company granted 2,300,000 stock options to directors, officers and major shareholders of the Company, resulting in share-based payments of $85,924.

During the year ended December 31, 2018, the Company did not grant stock options to directors and officers of the Company.

21. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes items in shareholders' deficiency in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company will attempt to raise additional funds through the issuance of equity, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended September 30, 2019.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks by virtue of its activities. In particular: market risk (composed of currency risk), liquidity risk, fair value risk and credit risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies reviewed by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

a) Market risk:

Currency risk:

Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

The Company is exposed to currency risk through the following financial assets and liabilities denoted in United States dollars:

	September 30 2019	December 31, 2018
	$	$
Cash	**215,795**	43,191
Accounts receivable	**2,000**	-
Deposits	**57,500**	7,500
Loan receivable	**40,000**	-
Accounts payable and accrued liabilities	**70,680**	46,763
Debenture interest	**37,770**	9,597
Embedded derivative liability	**156,435**	697
Debenture principal	**1,130,000**	1,130,000
Due to directors	**3,000**	3,000

The above balances were translated into US dollars at the period-end rate of $1.3243 (December 31, 2018 - $1.3642) Canadian dollars to every US dollar.

Based on the above net exposures as at September 30, 2019, assuming that all other variables remain constant, a +/- 5% change in the Canadian dollar against the United States dollar would result in an increase/decrease in net loss of approximately $71,680 (December 31, 2018 - $77,720).

b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at September 30, 2019, the Company had working capital deficiency of $852,008 (December 31, 2018 – deficiency of $1,045,644). As at September 30, 2019, the Company had cash of $885,404 (December 31, 2018 - $63,970) to settle current liabilities of $1,902.416 (December 31, 2018 - $1,128,845) that are considered short term and expected to be settled within 30 to 90 days.

As a result, the Company has liquidity risk at this time and is dependent on raising funds from external sources. Since the Company does yet earn revenue, it will be required to raise additional capital to fund exploration and operations.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

c) Fair value risk:

Fair value represents the amounts at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods.

The carrying values of cash, accounts receivable, reclamation bonds, accounts payable and accrued liabilities and due to directors approximate fair values due to the relatively short term maturities of these instruments. The fair value of the Company's debenture embedded derivative liability is indexed to the gold spot price at the end of each reporting period.

d) Credit risk:

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its cash, and reclamation bonds. The Company reduces its credit risk by maintaining its primary bank accounts at large financial institutions and its reclamation bonds with government agencies.

e) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash and debentures payable, so its exposure to interest rate risks is insignificant. The Company's debentures payable bear a fixed interest rate.

23. SUBSEQUENT EVENTS

Subsequent to September 30, 2019, the Company completed the following transactions:

a) On October 4, 2019 the Company received a director loan in the amount of $399,180 (USD 300,000). The loan bears simple interest at an annual rate of 10%. Principal and interest is repayable monthly, amortized for 36 months commencing January 4, 2020.

b) Issued 7,724,500 units at a price of $0.08 per unit for total proceeds of $617,960, $581,280 of which were share subscriptions received in advance (Note 14). Each unit consists of one common share and one common share purchase warrant. The warrants were assigned a relative fair value of $298,332 or $0.0386 per warrant. Each warrant entitles the holder to purchase one additional share in the Company at an exercise price of $0.20, exercisable on or before October 8, 2024.

c) Received $181,860 for units to be issued at a value of $0.08 each.

23. SUBSEQUENT EVENTS (cont'd)

d) Repaid $30,000 in director loans.