AMERICAN PACIFIC MINING CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2020

(Expressed in Canadian Dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated condensed consolidated interim financial statements of American Pacific Mining Corp. for the six months ended June 30, 2020 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

Table of Contents

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)

As at	Note(s)	June 30, 2020 $	December 31, 2019 $
ASSETS			
Current assets			
Cash and cash equivalents	4	2,442,624	513,021
Amounts receivable		30,163	29,317
Prepaid expenses	5	55,285	381,422
		2,528,072	**923,760**
Non-current assets			
Prepaid expenses	5	-	324,000
Reclamation deposits	6	27,283	26,032
Equipment	7	67,610	4,044
Exploration and evaluation assets	8	9,903,486	961,657
		9,998,379	**1,315,733**
TOTAL ASSETS		**12,526,451**	**2,239,493**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		161,347	160,439
TOTAL LIABILITIES		**161,347**	**160,439**
SHAREHOLDERS' EQUITY			
Share capital	9	17,937,638	7,871,934
Stock options reserve	9	861,081	816,631
Warrants reserve	9	1,688,081	28,580
Accumulated deficit		(8,089,370)	(6,606,469)
Accumulated other comprehensive loss		(32,326)	(31,622)
TOTAL SHAREHOLDERS' EQUITY		**12,365,104**	**2,079,054**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**12,526,451**	**2,239,493**

Corporate information and continuance of operations	1
Commitments	8
Segmented information	11
Subsequent events	8, 9

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Warwick Smith Director **/s/ Norman Wareham Director**

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)
(Expressed in Canadian Dollars)

		For the three months ended		For the six months ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	Note(s)	$	$	$	$
Expenses					
Bank charges		895	572	1,791	1,323
Consulting fees	5, 10	195,610	140,632	356,599	275,097
Depreciation	7	592	593	1,184	1,185
Directors' fees	10	8,099	7,852	16,560	7,852
Exploration and evaluation costs	8, 10	62,639	80,669	142,281	156,387
General and administrative costs		21,673	32,780	45,026	67,294
Professional fees		36,370	89,421	90,654	134,465
Project evaluation costs		757	3,344	757	7,256
Share-based payments	9, 10	44,450	156,098	44,450	156,098
Shareholder information and investor relations	5	106,174	150,195	252,190	208,727
Transfer agent, regulatory and listing fees		43,860	27,366	63,789	52,536
Travel		582	28,767	6,312	54,570
		(521,701)	**(718,289)**	**(1,021,593)**	**(1,122,790)**
Other income (expenses)					
Foreign exchange gain (loss)		1,450	(2,283)	751	(6,469)
Finance income		797	3,046	797	3,190
Income from interest in mineral property		-	65,432	-	65,432
Write-off of advance payments	5	(462,856)	-	(462,856)	-
		(460,609)	**66,195**	**(461,308)**	**62,153**
Loss for the period		**(982,310)**	**(652,094)**	**(1,482,901)**	**(1,060,637)**
Other comprehensive loss					
Foreign currency translation differences for foreign operations		(704)	(6)	(704)	(1,992)
		(704)	**(6)**	**(704)**	**(1,992)**
Total comprehensive loss		**(983,014)**	**(652,100)**	**(1,483,605)**	**(1,062,629)**
Basic and diluted loss per share for the period attributable to common shareholders ($ per common share)		**(0.03)**	**(0.04)**	**(0.05)**	**(0.07)**
Weighted average number of common shares outstanding - basic and diluted		**33,034,258**	**17,806,778**	**26,988,360**	**15,533,268**

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

		Share capital						
	Note(s)	Number of shares	Amount	Options	Warrants	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
Balance at December 31, 2019		**20,915,112**	**7,871,934**	**816,631**	**28,580**	**(6,606,469)**	**(31,622)**	**2,079,054**
Shares and warrants issued for acquisition	3, 9	20,000,000	7,400,000	-	1,404,851	-	-	**8,804,851**
Shares issued for finders' fees	9	450,800	-	-	-	-	-	**-**
Shares issued for cash	9	23,918,035	2,989,754	-	-	-	-	**2,989,754**
Share issue costs	9	-	(81,400)	-	-	-	-	**(81,400)**
Fair value of finders' warrants	9	-	(254,650)	-	254,650	-	-	**-**
Shares issued for exploration and evaluation assets	8, 9	88,889	12,000	-	-	-	-	**12,000**
Share-based payments	9	-	-	44,450	-	-	-	**44,450**
Loss		-	-	-	-	(1,482,901)	-	**(1,482,901)**
Other comprehensive loss		-	-	-	-	-	(704)	**(704)**
Balance at June 30, 2020		**65,372,836**	**17,937,638**	**861,081**	**1,688,081**	**(8,089,370)**	**(32,326)**	**12,365,104**

Balance at December 31, 2018	**11,250,556**	**4,656,090**	**618,769**	**28**	**(4,093,290)**	**(33,121)**	**1,148,476**
Shares issued for cash	4,867,333	1,460,200	-	-	-	-	**1,460,200**
Share issue costs	-	(78,374)	-	-	-	-	**(78,374)**
Shares issued for exploration and evaluation assets	422,222	278,666	-	-	-	-	**278,666**
Shares issued for services	1,266,666	654,000	-	-	-	-	**654,000**
Fair value of finders' warrants	-	(22,000)	-	22,000	-	-	**-**
Share-based payments	-	-	156,098	-	-	-	**156,098**
Loss	-	-	-	-	(1,060,637)	-	**(1,060,637)**
Other comprehensive loss	-	-	-	-	-	(1,992)	**(1,992)**
Balance at June 30, 2019	**17,806,777**	**6,948,582**	**774,867**	**22,028**	**(5,153,927)**	**(35,113)**	**2,556,437**

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

		For the six months ended	
	Note(s)	June 30, 2020 $	June 30, 2019 $
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Net loss for the period		(1,482,901)	(1,060,637)
Adjustments for items not affecting cash:			
Depreciation	7	1,184	1,185
Share-based payments	9	44,450	156,098
Effects of currency exchange rate changes on reclamation deposit	6	(1,251)	1,087
Write-off of advance payments	5	462,856	-
Change in non-cash working capital			
Amounts receivable		(846)	(96,880)
Prepaid expenses		191,753	(209,036)
Accounts payable and accrued liabilities		(131,032)	(6,040)
Cash flow used in operating activities		**(915,787)**	**(1,214,223)**
INVESTING ACTIVITIES			
Exploration and evaluation assets	8	-	(150,398)
Term deposit		-	500,000
Net cash paid for acquisition	3	(61,717)	-
Cash flow provided by (used in) investing activities		**(61,717)**	**349,602**
FINANCING ACTIVITIES			
Proceeds on issuance of common shares, net of cash share issue costs	9	2,908,354	1,381,826
Cash flow provided by financing activities		**2,908,354**	**1,381,826**
Effects of exchange rate changes on cash and cash equivalents		(1,247)	(2,036)
Change in cash and cash equivalents		**1,929,603**	**515,169**
Cash and cash equivalents, beginning of period		**513,021**	**135,556**
Cash and cash equivalents, end of period		**2,442,624**	**650,725**
SUPPLEMENTAL CASH FLOW			
Shares and warrants issued for acquisition	3	8,804,851	-
Payment of finder’s fees through issue of finder’s warrants	9	254,650	22,000
Shares issued for exploration and evaluation assets	8, 9	12,000	278,666
Shares issued for services		-	684,000

1) CORPORATE AND INFORMATION AND CONTINUANCE OF OPERATIONS

American Pacific Mining Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017, and is in the business of mineral exploration and development.

The Company's head office, principal address, registered address and records office is Suite 910 - 510 Burrard Street, Vancouver, B.C., V6C 3A8, Canada.

At the date of the unaudited condensed consolidated interim financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

On April 13, 2020, the Company signed a definitive agreement (the "Definitive Agreement") with Madison Metals Inc. ("Madison") to acquire the Madison Copper Gold project (the "Madison Project") near Silver Star, Montana, USA (the "Transaction"). The Transaction was completed on June 26, 2020 (Note 3).

On April 16, 2020, the Company implemented the share consolidation of one post-consolidation common share for three pre-consolidation common shares. The number of shares and relevant information including but not limited to the share price, number of warrants and options and exercise price per warrant and option presented in these unaudited condensed consolidated interim financial statements had been adjusted accordingly.

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at June 30, 2020, the Company had working capital of $2,366,725 and an accumulated deficit of $8,089,370. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to funds operating costs over the next twelve months with cash and cash equivalents and through further equity financings. Management believes that the Company has sufficient working capital to meet its liabilities for the next twelve months.

COVID-19

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

These unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2020 were approved by the Board of Directors on August 28, 2020.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

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

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2019.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2020 that impacted these condensed consolidated interim financial statements.

3) ACQUISITION OF BROADWAY GOLD CORP.

On April 13, 2020, the Company signed the Definitive Agreement with Madison to acquire all of the issued and outstanding shares of Broadway Gold Corp. ("Broadway") which owns the Madison Project.

On June 23, 2020, the shareholders of Madison approved the Transaction.

On June 26, 2020 (the "Closing Date"), the Company completed the Transaction with Madison by issuing 20,000,000 common shares of the Company, which are subject to a six-month hold period from the Closing Date, and 5,000,000 common share purchase warrants exercisable within 18-month from the Closing Date to acquire the Company's common shares at a price of $0.25 per share to Madison.

As Broadway was a non-operating private entity it did not meet the definition of a business under IFRS 3 Business Combinations; accordingly, the Company has accounted for the Transaction in accordance with IFRS 2 Share-based Payment.

As a share-based payment transaction the Company measures the goods or services received at the more reliable measure of the fair value of the good and services received, or the fair value of the equity instruments granted. Management has determined that the fair value of the 20,000,000 common shares ($7,400,000) and the 5,000,000 warrants ($1,404,851) granted was the more reliable measure, which results in a total consideration of $8,804,851.

The Company estimated the grant date fair value of the 5,000,000 warrants, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.26% an expected life of 18 months, an expected volatility of 170% and an expected dividend yield of 0%.

(Expressed in Canadian Dollars)

3) ACQUISITION OF BROADWAY GOLD CORP. (CONTINUED)

The total consideration of $8,804,851 and the transaction costs of $92,297 associated with the Transaction has been allocated as follows:

	$
Cash	30,580
Prepaid expenses	4,471
Equipment	64,738
Exploration and evaluation assets	8,929,111
Accounts payable and accrued liabilities	(131,752)
Purchase price	**8,897,148**
Consideration comprised of:	
20,000,000 common shares	7,400,000
5,000,000 warrants	1,404,851
Transaction costs	92,297
	8,897,148

4) CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019
	$	$
Cash	339,938	110,875
Cash equivalents	2,102,686	402,146
	2,442,624	**513,021**

5) PREPAID EXPENSES

Prepaid expenses consist of amounts paid in advance for services which will be amortized over the term of the contract.

During the year ended December 31, 2019, the Company entered into an arm's-length agreement with Wallace Hill Partners Ltd. and affiliates (collectively "Wallace"), a media specialist in the natural resources sector. The agreement is for a three-year term. The Company paid $329,142 (US$250,000) and issued a total of 933,333 of its common shares with a fair value of $504,000 in consideration for the consulting services. These amounts were initially classified as prepaid expenses and will be amortized over 3 years. During the six months ended June 30, 2020, $138,858 was charged to the statement of loss and comprehensive loss as shareholder information and investor relations expenses. As of June 30, 2020, the Company decided to terminate the agreement with Wallace; as a result, the Company recognized a write-off of advance payments of $462,856 in the statement of loss and comprehensive loss during the six months ended June 30, 2020. As of June 30, 2020, the unamortized amount was $nil (December 31, 2019 – $601,714 of which $324,000) was classified as long term).

(Expressed in Canadian Dollars)

5) PREPAID EXPENSES (CONTINUED)

During the year ended December 31, 2019, the Company entered into an arm's-length agreement with Capital Pearl Investments Inc. ("Capital Pearl"). The agreement is for a one-year term. The Company paid $40,000 and issued a total of 333,333 of its common shares with a fair value of $180,000 in consideration for the consulting services. These amounts were initially classified as prepaid expenses and will be amortized over 12 months. During the six months ended June 30, 2020, $18,333 was charged to the statement of loss and comprehensive loss as consulting fees. As of June 30, 2020, the unamortized amount was $nil (December 31, 2019 – $18,333).

During the year ended December 31, 2019, the Company entered into a second arm's-length agreement with Capital Pearl. The agreement is for a one-year term. The Company paid cash of $100,000 for the consulting services. These amounts were initially classified as prepaid expenses and will be amortized over 12 months. During the six months ended June 30, 2020, $50,000 was charged to the statement of loss and comprehensive loss as consulting fees. As of June 30, 2020, the unamortized amount was $8,333 (December 31, 2019 – $58,333).

6) RECLAMATION DEPOSITS

The Company has reclamation deposits of $27,283 (US$20,000). These bonds were put up as collateral for the Tuscarora project in the event of future operations (December 31, 2019 – $26,032 (US$20,000)).

7) EQUIPMENT

	Building	Computer equipment	Total
Cost			
As at December 31, 2019	-	7,897	**7,897**
Additions (Note 3)	64,738	-	**64,738**
Effect of movements in exchange rates	12	-	**12**
As at June 30, 2020	**64,750**	**7,897**	**72,647**
Depreciation			
As at December 31, 2019	-	(3,853)	**(3,853)**
Charged for the period	-	(1,184)	**(1,184)**
As at June 30, 2020	**-**	**(5,037)**	**(5,037)**
Net book value			
As at December 31, 2019	**-**	**4,044**	**4,044**
As at June 30, 2020	**64,750**	**2,860**	**67,610**

(Expressed in Canadian Dollars)

8) EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets as of June 30, 2020

	Gooseberry project	Madison project	South Lida claims	Tuscarora property	Total
	$	$	$	$	$
Balance as at December 31, 2019	**36,850**	**-**	**554,834**	**369,973**	**961,657**
Acquisition costs					
- shares and warrants (Note 3)	-	8,929,111	-	12,000	**8,941,111**
Effect of movements in exchange rate	-	718	-	-	**718**
Balance as at June 30, 2020	**36,850**	**8,929,829**	**554,834**	**381,973**	**9,903,486**

Exploration and evaluation costs incurred by the Company during the six months ended June 30, 2020

	For the six months ended June 30, 2020			
	Gooseberry project	Madison project	Tuscarora property	Total
	$	$	$	$
Consulting	44,556	27,983	19,883	**92,422**
Equipment rental	-	-	954	**954**
Field office administration	-	520	-	**520**
Geological	26,898	1,674	2,583	**31,155**
Sample analysis	-	-	12,174	**12,174**
Transportation	1,582	2,302	-	**3,884**
Travel	-	1,172	-	**1,172**
	73,036	33,651	35,594	**142,281**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

South Lida claims (Nevada, US)

On July 1, 2017, the Company entered into a Claims Purchase Agreement (the "SL Claims Purchase Agreement") with David Saderholm (the "Trustee"), Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (collectively, the "Vendors") whereby the Vendors agreed to sell the South Lida Property in exchange for shares in the Company.

Under the SL Claim Purchase Agreement, the Company will issue to the Vendors a total of 1,000,000 common shares (the "Property Shares") as follows:

a) 166,667 Property Shares on July 1, 2017 (issued);
b) 166,667 Property Shares on the listing date (issued);
c) 333,333 Property Shares on the earlier of (i) six months after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued); and
d) 333,333 Property Shares on the earlier of (i) the one-year anniversary after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued at a fair value of $220,000).

(Expressed in Canadian Dollars)

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

South Lida claims (Nevada, US) (continued)
The acquisition of the South Lida property is a related party transaction as two of the Vendors are officers and directors of the Company.

Tuscarora property (Nevada, US)
On November 6, 2017, the Company entered into an option agreement (the "Tuscarora Option Agreement") with Novo Resources Corp. The Tuscarora Option Agreement was amended on December 18, 2019 (the "Amended Tuscarora Option Agreement"). Pursuant to the Tuscarora Option Agreement, Novo Resources Corp. will grant the Company the exclusive right and option to acquire a 100% right, title, and interest in and to the Tuscarora Property (the "Tuscarora Option").

Pursuant to the Amended Tuscarora Option Agreement, to earn the Tuscarora Option, the Company will:

a) make $400,000 cash payments to Novo Resources Corp. as follows:

   i. $125,000 due on the earlier of the listing date and January 31, 2018 (paid);
   ii. $125,000 due on the earlier of the first anniversary of the listing date and January 31, 2019 (paid); and
   iii. $150,000 due on January 31, 2021;

b) issue 266,667 common shares of the Company to Novo Resources Corp. in three equal instalments, with one-third issued on each of the listing date (issued), the first anniversaries of the listing date (issued) and second anniversaries of the listing date (issued with a fair value of $12,000); and

c) incur US$100,000 in expenditures on the property annually, starting on the twelve-month period commencing on the first anniversary of the listing date and per each successive twelve-month period thereafter.

The property is subject to net smelter returns royalties of 0.5% which may be reduced to nil (0%) by paying US$500,000.

In addition, the Company is also required to make the following payments to the Ely Gold Royalties ("Ely Gold"), the owner of the Tuscarora property:

a) Annual minimum royalty payments

On or before:	**$**	
November 7, 2018	4,000	Paid
November 7, 2019	4,000	Paid
November 7, 2020	4,000	
November 7, 2021	8,000	
November 7, 2022	8,000	
November 7, 2023	8,000	
November 7, 2024	8,000	
November 7, 2025	8,000	
November 7, 2026 and each succeeding anniversary	12,000	

(Expressed in Canadian Dollars)

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora property (Nevada, US) (continued)

b) Production royalty based on the net smelter returns from the production and sale of minerals from the Tuscarora property. The royalty percentage rate for precious metals is based on the average daily price per troy ounce of gold during the period of production of minerals from the Tuscarora property for which the royalty is payable as follows:

- less than or equal to $1,500 — Two percent (2%)
- greater than $1,500 but less than or equal to $2,000 — Three percent (3%)
- greater than $2,000 — Four percent (4%)

The royalty percentage will apply for all other minerals is 2.5% of the net smelter returns.

On March 19, 2018, the Company expanded the Tuscarora Gold Project through the additional staking of 67 claims in Elko County, Nevada.

Joint Venture with OceanaGold U.S. Holdings Inc. ("OceanaGold")
On April 15, 2019, the Company entered into an earn-in agreement with OceanaGold, a US subsidiary of OceanaGold Corp.

According to earn-in agreement, OceanaGold can earn up to 51% of the Tuscarora Gold Project by investing US$4,000,000 over the next four years as follows:

On or before:	US$	
April 15, 2020	625,000	Incurred
April 15, 2021	750,000	
April 15, 2022	1,125,000	
April 15, 2023	1,500,000	

After Phase 1, OceanaGold has an option to earn an additional 24% interest by investing US$6,000,000 in the next four years.

To execute the earn-in agreement, OceanaGold made an initial cash payment of US$50,000 to the Company ($65,432) during the year ended December 31, 2019. OceanaGold will make a second payment of US$200,000 in cash or shares at Oceana's option when OceanaGold earns a 51-per-cent interest in the Tuscarora Gold Project.

OceanaGold will also make all payments to holders of underlying property interests and pay claim fees. OceanaGold will be the operator and, upon earning-in an interest, a joint venture management committee will be formed.

On January 13, 2020, OceanaGold decided not to terminate the earn-in agreement with the Company.

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora property (Nevada, US) (continued)

Earn-in Agreement with Elko Sun Mining Corp. ("Elko Sun")

On August 4, 2020, the Company entered into an earn-in agreement with Elko Sun, a private company in British Columbia, Canada.

According to the earn-in agreement, Elko Sun can earn up to a 51% interest in the Tuscarora Gold Project by making cash payments to or on behalf of the Company in the aggregate amount of $200,000, of which $50,000 must be made within 4 months from date of the earn-in-agreement, making share payments to the Company, and funding exploration expenditures of $1.35 million towards the Tuscarora Gold Project within 24 months from the date of the earn-in agreement ("Phase 1").

Subject to the completion of Phase 1, Elko Sun will have four years from the date of the earn-in agreement (the "Option Period") to exercise an option to earn an additional 14% interest by making additional share payments to the Company and further funding the exploration expenditures of $3 million towards the Tuscarora Gold Project ("Phase 2").

Subject to its completion of Phase 2, Elko Sun may exercise an option to earn a final 15% interest (for total interest of 80%) by completing a pre-feasibility study on the Tuscarora Gold Project before the end of the Option Period ("Phase 3").

In addition, Elko Sun will also responsible of making the payments to the Tuscarora property holders and pay the claim fees.

Elko Sun will be the operator of the Tuscarora project and, upon earning-in an interest, a joint venture management committee will be formed.

Madison Project (Montana, US)

As a result of the Transaction (Note 3), the Company acquired the fully permitted Madison Copper Gold Project ("Madison Project") near Silver Star, Montana. The Madison Project is located in the heart of Montana's prolific copper-gold belt only 38km southeast of the world-renowned Butte Mining District. The Project consists of 136 unpatented and 6 patented claims (2,514 acres), accessed via improved dirt roads. The Madison Project is currently under an earn-in, joint venture agreement signed by Broadway on April 30, 2019, whereby Kennecott Exploration Company ("Kennecott"), part of the Rio Tinto Group (ASX, LON: RIO) must spend US$30 million to earn up to 70% of the project.

According to the earn-in agreement, Kennecott earn-in milestones in order of dollar value are as follows:

- Kennecott will earn 70% interest of Madison Project and the remaining 30% will be retained by Broadway if Kennecott spends US$30 million over 11 years;
- Kennecott will earn 65% interest of Madison Project and the remaining 35% will be retained by Broadway if Kennecott spends US$15 million over 8 years;
- Kennecott will earn 55% interest of Madison Project and the remaining 45% will be retained by Broadway if Kennecott spends US$5 million over 5 years.

In addition, Kennecott is required to:

- Incur minimum of US$1 million of exploration expenditures in the first year;
- Make cash payment to Broadway in an amount of US$225,000 over the first five years.

8) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Madison Project (Montana, US) (continued)
Pursuant to the earn-in agreement:

- Kennecott may request Broadway to conduct exploration on its behalf during the first year in return for a 10% administration charge.
- Broadway has the right to conduct independent drilling and exploration of the skarn zones during the first year.
- Broadway has a right of first offer to acquire Kennecott's interest in the property in the event Kennecott wishes to divest its interest.
- The joint venture may be formed with 55% to Kennecott and 45% to Broadway upon the satisfaction of the first earn-in, 65% to Kennecott and 35% to Broadway upon the satisfaction of the second earn-in, or 70% to Kennecott and 30% to Broadway upon the satisfaction of the third earn-in.
- The joint venture will be managed by the Rio Tinto Group and financed by each participant in accordance with its interest.
- Broadway may elect to not finance its interest and be diluted down to a 10% interest. If Broadway is diluted below 10% interest, its interest will convert to a 2% net smelter royalty with a maximum amount to be capped at US$50 million.

Under the terms of the earn-in agreement, Kennecott has an option to acquire a 55% undivided interest in the property by incurring exploration and related expenditures of US$5 million within the first five years, including a minimum exploration budget of US$1 million in the first year. If Kennecott exercises the first option, it may elect to earn an additional 10% undivided interest, for a total undivided interest of 65%, by incurring additional expenditures of US$10 million within the following three years. If Kennecott exercises the second option, it may elect to earn an additional 5% undivided interest, for a total of 70%, by incurring additional expenditures of US$15 million within the subsequent three-year period. Kennecott may elect to create the joint venture after exercising each option to earn in.

The initial exploration program applications have been submitted to the Bureau of Land Management, Montana.

Gooseberry Gold Project (Nevada, US)
On April 23, 2019, the Company acquired through staking the historic Gooseberry Mine in Storey Nevada, US. The Gooseberry Gold project includes 42 unpatented claims, totaling approximately 708 acres.

9) SHARE CAPITAL

Authorized share capital
Unlimited number of common shares without par value.

Escrow shares
During the year ended December 31, 2018, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. During the six months ended June 30, 2020, 87,500 common shares were released from escrow (June 30, 2019 – 87,500). At June 30, 2020, there were 175,000 common shares held in escrow (December 31, 2019 – 262,500).

Issued share capital
On April 16, 2020, the Company implemented the share consolidation of one post-consolidation common share for three pre-consolidation common shares

At June 30, 2020, the Company had 65,372,836 common shares issued and outstanding (December 31, 2019 – 20,915,112) with a value of $17,937,638 (December 31, 2019 – $7,871,934).

During the six months ended June 30, 2020

- On March 4, 2020, the Company issued 88,889 common shares with a fair value of $12,000 in exchange for the Tuscarora Property (Note 8).

- On May 22, 2020, the Company completed a non-brokered private placement of 23,918,035 units at a price of $0.125 for gross proceeds of $2,989,754. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of $ $0.20 at any time prior to November 22, 2021.

  In connection with the private placement, the Company incurred the following transaction costs which were recorded as share issuance costs:
  - Paid cash of $57,925 as finders' fees;
  - Issued 450,800 finders' shares with fair value of $160,034;
  - Issued 914,200 finders warrants with fair value of $254,650; and
  - Paid cash of $23,475 for other expenses.

  The Company estimated the fair value of finders' warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.27%, an expected life of 18 months, an expected volatility of 171% and an expected dividend yield of 0%. The finders' warrants had the same term as the warrants issued for the non-brokered private placement

- As discussed in Note 3, on June 26, 2020, the Company issued 20,000,000 common shares, which are subject to a six-month hold period from the Closing Date, with fair value of $7,400,000 to Madison for the Transaction.

(Expressed in Canadian Dollars)

9) SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the six months ended June 30, 2019

- On March 1, 2019, the Company completed a non-brokered private placement of 4,867,333 units at a price of $0.30 for gross proceeds of $1,460,200. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of $0.60 at any time prior to February 28, 2020. In connection with the private placement, the Company paid $78,374 and issued 117,880 finders warrants priced at $0.60 as share issue costs.

  The Company estimated the fair value of finders' warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 1.78%, an expected life of 12 months, an expected volatility of 78% and an expected dividend yield of 0%, which totaled $22,000, and recorded these values as share issuance costs.

- On March 8, 2019, the Company issued 333,333 common shares with a fair value of $220,000 for the South Lida Property.

- On March 8, 2019, the Company issued 88,889 common shares with a fair value of $58,666 for the Tuscarora Property.

- The Company issued 933,333 common shares with a fair value of $504,000 to Wallace Hill Partners Ltd. and affiliates in consideration for a three-year consulting services agreement.

- The Company issued 333,333 common shares with a fair value of $180,000 to Capital Pearl Investments in consideration for a one-year consulting services agreement.

Warrants

The changes in warrants during the six months ended June 30, 2020, are as follows:

	Number outstanding	Weighted average exercise price ($)
Balance, beginning of period	**4,183,714**	**0.60**
Issued	29,832,235	0.21
Expired	(117,902)	0.60
Balance, end of period	**33,898,047**	**0.26**

During the six months ended June 30, 2020

- 117,902 warrants with an expiry date of February 28, 2020 expired unexercised.

- The Company extended the expiry date of 2,433,667 warrants with an expiry date of February 28, 2020 to February 28, 2021. The extension was approved by the Canadian Securities Exchange.

- As discussed in Note 3, on June 26, 2020, the Company issued 5,000,000 common share purchase warrants exercisable within 18-month from the Closing Date to acquire the Company's common shares at a price of $0.25 per share to Madison for the Transaction.

(Expressed in Canadian Dollars)

9) SHARE CAPITAL (CONTINUED)

Warrants (continued)

During the six months ended June 30, 2019

- 2,007,100 warrants expired unexercised.

The following summarizes information about warrants outstanding at June 30, 2020:

Expiry date	Exercise price ($)	Warrants outstanding	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
July 29, 2020 (1)	0.60	77,999	6,552	0.08
September 27, 2020 (2)	0.60	1,554,158	-	0.24
February 28, 2021	0.60	2,433,655	-	0.67
November 22, 2021	0.20	24,832,235	254,650	1.40
December 25, 2021	0.25	5,000,000	1,404,851	1.49
		33,898,047	**1,666,053**	**1.30**

(1) On July 29, 2020, 77,999 warrants expired unexercised.
(2) On July 23, 2020, the Company extended the expiry date of 1,554,158 warrants with an expiry date of July 29, 2020 to September 27, 2020.

Stock options

The Company has a Stock Option Plan (the "Plan") applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is ten years from the grant date. Under the stock option plan, management has the option of determining vesting periods.

The changes in stock options during the six months ended June 30, 2020, are as follows:

	Number outstanding	Weighted average exercise price ($)
Balance, beginning of period	1,316,667	0.737
Granted	350,000	0.325
Cancelled	(1,316,667)	0.737
Balance, end of period	**350,000**	**0.325**

During the six months ended June 30, 2020

- The Company cancelled 1,316,667 stock options.

- On May 14, 2020, the Company granted 350,000 options with an exercise price of $0.325 to a consultant. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

(Expressed in Canadian Dollars)

9) SHARE CAPITAL (CONTINUED)

Stock options (continued)

During the six months ended June 30, 2019

- On April 15, 2019, the Company granted 333,333 options with an exercise price of $0.84 to certain officers, directors and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

The estimated grant date fair value of the options granted during the six months ended June 30, 2020 and 2019 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the six months ended	
	June 30, 2020	**June 30, 2019**
Number of options granted	350,000	333,333
Risk-free interest rate	0.32%	1.61%
Expected annual volatility	N/A	80%
Expected life (in years)	5.00	5.00
Expected dividend yield	0%	0%
Grant date fair value per option ($)	0.13	0.16
Share price at grant date ($)	0.24	0.25

During the six months ended June 30, 2020, the Company recognized share-based payments expense arising from stock options of $44,450 (June 30, 2019 – $156,098).

The following summarizes information about stock options outstanding and exercisable at June 30, 2020:

Expiry date	**Exercise price ($)**	**Options outstanding**	**Options exercisable**	**Estimated grant date fair value ($)**	**Weighted average remaining contractual life (in years)**
May 14, 2025	0.325	350,000	350,000	44,450	4.87

On July 22, 2020, the Company granted 2,500,000 options with an exercise price of $0.49 to certain officers, directors and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

(Expressed in Canadian Dollars)

10) RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the six months ended June 30, 2020 and 2019:

		For the six months ended	
		June 30, 2020	June 30, 2019
	Footnote	$	$
Warwick Smith, CEO and Director			
Consulting fees	(1)	90,655	79,364
Share-based payments		-	15,610
		90,655	94,974
Eric Saderholm, President and Director			
Consulting fees		25,247	-
Exploration and evaluation costs		90,964	112,910
Share-based payments		-	15,610
		116,211	128,520
Norman Wareham, CFO, Corporate Secretary and Director			
Consulting fees	(2)	45,000	45,000
Share-based payments		-	15,610
		45,000	60,610
Ken Cunningham, Director			
Directors' fees		8,280	7,852
Share-based payments		-	-
		8,280	7,852
Joness Lang, Director			
Consulting fees		3,000	-
Directors' fees		8,280	-
Share-based payments		-	-
		11,280	-
Alnesh Mohan, Former Director			
Consulting fees	(3)		46,800
Share-based payments		-	15,610
		-	62,410
Derrick Iwanaka, Former Director			
Share-based payments		-	3,902
Total		**271,426**	**358,268**

(1) Paid to Harbourside Consulting Ltd. which is controlled by Mr. Smith.
(2) Paid to Inlet Consulting Ltd. which is controlled by Mr. Wareham.
(3) Paid to Quantum Advisory Partners LLP, an accounting firm in which Mr. Mohan is an incorporated partner.

(Expressed in Canadian Dollars)

10) RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

As at June 30, 2020, the balances due to the Company's directors and officer included in accounts payables and accrued liabilities were $58,745 (December 31, 2019 – $43,139), which were paid subsequent to June 30, 2020. These amounts are unsecured, non-interest bearing and payable on demand.

Except for the related party transactions discussed above, the following related parties of the Company participated in the non-brokered private placement completed on May 22, 2020 (Note 9):

- Mr. Smith subscribed for 160,000 units
- Mr. Saderholm subscribed for 200,000 units; and
- Mr. Lang subscribed for 40,000 units through his Company, EBC Consulting Group Ltd.

11) SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	Total $	Canada $	United States $
As at June 30, 2020			
Non-current assets			
Reclamation deposits	27,283	-	27,283
Equipment	67,610	2,860	64,750
Exploration and evaluation assets	9,903,486	-	9,903,486
	9,998,379	**2,860**	**9,995,519**
As at December 31, 2019			
Non-current assets			
Reclamation deposits	26,032	-	26,032
Prepaid expenses	324,000	324,000	-
Equipment	4,044	4,044	-
Exploration and evaluation assets	961,657	-	961,657
	1,315,733	**328,044**	**987,689**

12) CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management at any time during the six months ended June 30, 2020. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

13) FINANCIAL INSTRUMENTS

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	June 30, 2020	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash and cash equivalents	2,442,624	2,442,624	-	-
Amounts receivable	30,163	-	30,163	-
Reclamation deposits	27,283	-	27,283	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(161,347)	-	(161,347)	-

	December 31, 2019	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash and cash equivalents	513,021	513,021	-	-
Amounts receivable	29,317	-	29,317	-
Reclamation deposits	26,032	-	26,032	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(160,439)	-	(160,439)	-

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

As at June 30, 2020, the financial instrument recorded at fair value on the statements of financial position is cash and cash equivalents which is measured using Level 1 of the fair value hierarchy. As at June 30, 2020, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

13) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable.

The Company's cash and cash equivalents is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash and cash equivalents based in Canada are accessible. The Company's amounts receivable balance does not represent significant credit exposure as it is principally due from the Government of Canada.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

At June 30, 2020, the Company had cash and cash equivalents of $2,442,624 and accounts payable and accrued liabilities of $161,347. All accounts payable and accrued liabilities are current.

Market risk
The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate Risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash and cash equivalents are easily accessible.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on the balance of cash at June 30, 2020 would result in an approximately $25,000 change to the Company's loss for the six months ended June 30, 2020.

Foreign Currency risk
The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, amounts receivable, and accounts payable and accrued liabilities are held in CAD and United States dollars ("US"); therefore, US accounts are subject to fluctuation against the CAD.

(Expressed in Canadian Dollars)

13) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Foreign Currency risk (continued)

The Company's financial instruments were denominated as follows as at June 30, 2020:

	CA$	US$
Cash and cash equivalents	2,416,108	19,438
Amounts receivable	30,163	-
Reclamation deposits	-	20,000
Accounts payable and accrued liabilities	(86,777)	(54,665)
	2,359,494	**(15,227)**
Rate to convert to $1.00 CAD	1.00	1.36
Equivalent to CAD	**2,359,494**	**(20,772)**

Based on the above net exposures as at June 30, 2020, and assuming that all other variables remain constant, a 10% change of the CAD against the US would change profit or loss by approximately $2,000.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.