PANCONTINENTAL RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2020

(unaudited)

EXPRESSED IN CANADIAN DOLLARS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Pancontinental Resources Corporation (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, RSM Canada LLP, 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 interim consolidated financial statements by an entity's auditor.

PANCONTINENTAL RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited, expressed in Canadian dollars)

As at	June 30 2020	December 31 2019
ASSETS		
Current		
Cash	**$ 2,284,185**	$ 224,808
Royalty revenue receivable (note 13)	**-**	5,971
Sales tax receivable	**9,240**	46,405
Prepaid expenses	**324,971**	21,467
	2,618,396	298,651
Investment in Tortuga Resources Inc.	**1**	1
	$ 2,618,397	$ 298,652
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6)	**$ 225,835**	$ 200,146
Loans from related parties (note 12)	**122,878**	122,500
	348,713	322,646
EQUITY (DEFICIT)		
Share capital (note 7)	**21,701,636**	20,088,201
Contributed surplus	**5,189,445**	4,670,433
Warrants (note 8)	**1,792,825**	702,437
Deficit	**(26,414,222)**	(25,485,065)
	2,269,684	(23,994)
	$ 2,618,397	$ 298,652

Nature of operations and going concern (note 1)
Subsequent events (note 17)

PANCONTINENTAL RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited, expressed in Canadian dollars)

	Three months ended June 30 2020	Three months ended June 30 2019	Six months ended June 30 2020	Six months ended June 30 2019
Other Income				
Exploration and evaluation recovery (notes 10,11)	**$ 50,000**	$ -	**$ 50,000**	$ -
Interest income	**10,262**	-	**10,262**	-
Flow-through share premium (note 14)	**-**	-	**-**	460,005
	60,262	-	**60,262**	460,005
Expenses				
Corporate and administrative (notes 9, 12)	**134,894**	132,008	**307,878**	297,747
Exploration and evaluation (notes 10, 12)	**417,689**	249,823	**526,416**	877,760
Share-based payments (notes 7, 12)	**35,466**	1,104	**144,623**	167,461
Foreign exchange loss (gain)	**(768)**	5,861	**10,502**	6,084
	587,281	388,796	**989,419**	1,349,052
Net loss and comprehensive loss	**$ (527,019)**	$ (388,796)	**$ (929,157)**	$ (889,047)
Basic and diluted loss per share (note 15)	**$ (0.003)**	$ (0.002)	**$ (0.005)**	$ (0.005)
Weighted average number of common shares outstanding: Basic and diluted	**215,575,312**	164,768,850	**199,848,671**	164,500,561

See accompanying notes.

PANCONTINENTAL RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited, expressed in Canadian dollars)

	Share capital	Contributed surplus	Warrants	Deficit	Total
Balance, December 31, 2018	$ 19,790,126	$ 4,212,477	$ 751,154	$ (23,720,681)	$ 1,033,076
Shares issued for mineral properties (note 7)	19,250	-	-	-	19,250
Share-based payments (notes 7)	-	167,461	-	-	167,461
Net loss for the period	-	-	-	(889,047)	(889,047)
Balance, June 30, 2019	19,809,376	4,379,938	751,154	(24,609,728)	330,740
Units issued by private placements (notes 7, 8)	355,753		287,647	-	643,400
Finder warrants (notes 7,8)	-	-	17,829	-	17,829
Share issuance costs	(76,928)	-	-	-	(76,928)
Warrants expired		354,193	(354,193)	-	-
Share-based payments (note 7)	-	(63,698)	-	-	(63,698)
Net loss for the period	-	-	-	(875,337)	(875,337)
Balance, December 31, 2019	$ 20,088,201	$ 4,670,433	$ 702,437	$ (25,485,065)	$ (23,994)
Units issued by private placements (notes 7, 8)	1,512,651		1,487,349	-	3,000,000
Shares issued for mineral properties (note 7)	78,000	-	-	-	78,000
Share issuance costs	(24,288)	-	-	-	(24,288)
Exercise of options (note 7)	47,072	(22,572)	-	-	24,500
Warrants expired	-	396,961	(396,961)	-	-
Share-based payments (note 7)	-	144,623	-	-	144,623
Net loss for the period	-	-	-	(929,157)	(929,157)
Balance, June 30, 2020	**$ 21,701,636**	**$ 5,189,445**	**$ 1,792,825**	**$ (26,414,222)**	**$ 2,269,684**

See accompanying notes.

PANCONTINENTAL RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, expressed in Canadian dollars)

	Three months ended June 30 2020	Three months ended June 30 2019	Six months ended June 30 2020	Six months ended June 30 2019
Operating activities				
Loss for the period	**$ (527,019)**	$ (388,796)	**$ (929,157)**	$ (889,047)
Adjustments to reconcile loss to net cash used:				
Share-based payments	**35,466**	1,104	**144,623**	167,461
Shares issued for mineral properties	**78,000**	15,250	**78,000**	19,250
Flow-through share premium	**-**	-	**-**	(460,005)
Unrealized foreign exchange	**(618,187)**	(1,267)	**(596,293)**	(4,947)
	(1,031,740)	(373,709)	**(1,302,827)**	(1,167,288)
Net changes in non-cash working capital items				
Royalty revenue receivable	**-**	-	**6,561**	8,086
Sales tax receivable	**7,826**	66,414	**37,165**	5,668
Prepaid expenses	**(197,335)**	(14,767)	**(221,143)**	24,356
Accounts payable and accrued liabilities	**(36,747)**	(41,697)	**(10,893)**	(77,195)
	(1,257,996)	(363,759)	**(1,491,137)**	(1,206,373)
Financing activities				
Related party loan repayments (note 12)	**-**	-	**-**	(6,750)
Units issued by private placements	**-**	-	**3,000,000**	-
Shares issued on exercise of options	**24,500**	-	**24,500**	-
Share issuance costs	**-**	-	**(24,288)**	-
	24,500	-	**3,000,212**	(6,750)
Net change in cash	**(1,233,496)**	(363,759)	**1,509,075**	(1,213,123)
Cash, beginning of period	**2,969,826**	878,468	**224,808**	1,725,980
Effect of exchange rate changes on cash	**547,855**	9,830	**550,302**	11,682
Cash, end of period	**$ 2,284,185**	$ 524,539	**$ 2,284,185**	$ 524,539

See accompanying notes.

1. NATURE OF OPERATIONS AND GOING CONCERN

Pancontinental Resources Corporation (the "Company"), is a publicly-listed exploration company involved in the business of acquiring and exploring mineral properties. The address of the Company's registered office is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2.

Going Concern

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurances that future exploration activities will result in the discovery of economically recoverable mineral deposits. The success and continuation of the Company as a going concern is dependent upon the Company's ability to arrange financing, which in part, depends on prevailing market conditions, acquiring or discovering economically viable mineral properties, exploration success, and securing title and beneficial interest in its properties.

Further funds will be required for the Company to continue as a going concern, fulfil its obligations and fund its activities. The Company does not produce revenues from its exploration activities or have a regular source of cash flow. There can be no assurance that the Company will be able to obtain sufficient financing in the future or at favourable terms.

As at June 30, 2020, the Company had working capital of $2,269,683 (December 31, 2019 - deficit of $23,995), incurred losses for the current six month period of $929,157 (2019 - $889,047), and, had an accumulated deficit of $26,414,222 (December 31, 2019 - $25,485,065).

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, due to uncertainties surrounding a number of factors, such as, but not limited to, the ability to raise additional funds, ability to acquire mineral properties, exploration results, prices of underlying commodities, investor sentiment and financial market conditions, it is not possible to predict if this assumption will prove to be accurate. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include the necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

COVID-19

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. Its impact on global economies has been far-reaching and businesses around the world have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and significant declines. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on our financial position and results, exploration activities, workers, partners, consultants, suppliers and on global financial markets. The Company is proceeding with its exploration activities, as long as the work environment remains safe.

2. BASIS OF PREPARATION

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

These consolidated financial statements for the six month period ended June 30, 2020 were approved and authorized for issue by the Company's board of directors on August 26, 2020.

Basis of Consolidation and Presentation
These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Palmetto Mining Corporation ("Palmetto"), a United States company; and, Maya Gold Corporation S.A. de C.V., an inactive Honduras company. All significant inter-company transactions and balances have been eliminated upon consolidation.

These consolidated financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss. These consolidated financial statements are presented in Canadian dollars ("CAD"), which is the Company's and Palmetto's functional currency.

These condensed interim consolidated financial statements do not include all of the disclosure required in annual financial statements and should be read in conjunction with the Company's audited 2019 annual consolidated financial statements. These consolidated financial statements are not necessarily indicative of the results that may be anticipated for the entire year.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the Company's management to make certain estimates and judgements that they consider reasonable and realistic. These estimates and judgements are based on historical experience, future expectations, economic conditions and other factors. Despite regular reviews, changes in circumstances and assumptions may result in changes in these estimates and judgements, which could materially impact the reported amount of the Company's assets, liabilities, equity or earnings. By their nature, estimates and judgements are subject to measurement uncertainty and actual results could vary from estimates.

Significant estimates relate to:

- measurement of share-based payments and warrant valuation;
- measurement of shares issued to acquire mineral properties;
- measurement of flow-through share premiums;
- impairment of investments;
- recognition of deferred tax assets and liabilities; and,
- establishment of provisions.

Significant judgements relate to:

- ability to continue as a going concern;
- functional currency of the Company and its subsidiary; and,
- choice of accounting policy for exploration and evaluation.

(unaudited, expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies, as described in Note 4, Significant Accounting Policies, of the Company's audited annual consolidated financial statements for the year ended December 31, 2019, have been applied consistently to all periods presented in these condensed interim consolidated financial statements, unless otherwise noted.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the exploration and development of its mineral properties and the acquisition of other mineral properties for the benefit of its shareholders.

The Company considers its capital structure to consist of shareholder equity. In order to maintain its capital structure the Company is dependent on equity funding and loans from related parties. Funding through equity instruments is comprised of common shares, warrants and incentive stock options. The Board of Directors does not establish quantitative targets on its capital criteria for management, however, it relies on management to review its capital management methods and requirements on an ongoing basis and make adjustments, accordingly, to sustain future development of the business.

There were no changes in the Company's management of its capital during the current six month period. The Company is not subject to any externally imposed capital requirements.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30 2020	December 31 2019
Suppliers	**$ 86,835**	$ 118,109
Related parties *	**139,000**	82,037
	$ 225,835	$ 200,146

∗ Related party payables and accrued liabilities represent amounts for unpaid fees and/or expenses that are payable to directors/officers or entities controlled by or associated with directors/officers.

(unaudited, expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized
Unlimited common shares
Unlimited preferred shares

Issued

	Number		Amount
Balance, December 31, 2018	164,179,290	$	19,790,126
Shares issued for mineral properties (i)	650,000		19,250
Shares issued by private placement (ii)	12,868,000		643,400
Value attributed to warrants (ii)	-		(287,647)
Share issuance costs - finder warrants (ii)	-		(17,829)
Share issuance costs (ii)	-		(59,099)
Balance, December 31, 2019	177,697,290	$	20,088,201
Shares issued for mineral properties (iii)	1,300,000		78,000
Shares issued by private placement (iv)	37,500,000		3,000,000
Shares issued on exercise of options (v)	350,000		47,072
Value attributed to warrants (iv)	-		(1,487,349)
Share issuance costs (iv)	-		(24,288)
Balance, June 30, 2020	**216,847,290**	**$**	**21,701,636**

(i) On February 15, 2019, the Company issued 100,000 common shares at $0.04 per share in accordance with the option agreement for the Strachan Project (Note 10).

On April 1, 2019, the Company issued 300,000 common shares at $0.03 per share in accordance with the option agreement for the Montcalm and Nova Projects (Note 10).

On April 23, 2019, the Company issued 250,000 common shares at $0.025 per share in accordance with the option agreement for the St. Laurent Project (Note 10).

(ii) On September 16, 2019, the Company completed a private placement by issuing 12,868,000 units at $0.05 per unit for gross proceeds of $643,400. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.07 for a period of thirty-six (36) months, expiring on September 16, 2022. The fair value of the warrants was estimated at $287,647 using the relative fair value method. In addition, the Company issued 630,000 finder warrants having an exercise price of $0.07 with a thirty-six (36) month term. The value of the finder warrants was estimated at $17,829 using the Black-Scholes option pricing model. Cash commissions paid were $31,500.

(iii) On June 25, 2020, the Company issued 1,300,000 common shares at $0.06 per share in accordance with the option agreement for the Montcalm and Nova Projects Strachan Project (Note 10).

(iv) On March 17, 2020, the Company completed a private placement by issuing 37,500,000 units at $0.08 per unit for gross proceeds of $3,000,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.12 for a period of sixty (60) months, expiring on March 17, 2025. The fair value of the warrants was estimated at $1,487,349 using

(unaudited, expressed in Canadian dollars)

SHARE CAPITAL (continued)

the relative fair value method. In the event the daily volume weighted average trading price is at least $0.25 per common share for a minimum of 20 consecutive trading days, as traded on the TSX Venture Exchange, the Company has the right to accelerate the expiry date of the warrants, after the expiry of the statutory trading restriction on July 17, 2020, to a date that is twenty days after notice of the accelerated expiry date.

(v) On April 16, 2020, the Company issued 350,000 common shares in connection to the exercise of 350,000 stock options for proceeds of $24,500. The fair value of these options was $22,572, which was transferred from contributed surplus to share capital.

Stock Options

Under the terms of the Company's stock option plan ("Plan"), the Company is authorized to issue up to a maximum of 10% of the issued common shares with an exercise period that is not to exceed ten years. The term, exercise price and vesting conditions of the options are fixed by the Board of Directors at the time of grant.

Stock option transactions and the number of stock options outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2018	11,400,000	$0.09
Granted (i)	5,850,000	0.10
Expired	(1,900,000)	0.05
Balance, December 31, 2019	15,350,000	$0.10
Granted (ii)	2,400,000	0.05
Exercised	(350,000)	0.07
Balance, June 30, 2020	**17,400,000**	**$0.09**

(i) On January 18, 2019, the Company granted 1,050,000 stock options to directors, officers and consultants which vested immediately. In addition, the Company granted 50,000 stock options to an investor relations consultant which vest in instalments of 12,500 options every three months. All of these options were issued with an exercise price of $0.08 and have a five year term, expiring on January 18, 2024.

On July 2, 2019, the Company granted 250,000 stock options to an investor relations consultant. These options: vest in instalments of 62,500 options every three months; were issued with an exercise price of $0.08; and, have a five year term, expiring on July 2, 2024.

On August 30, 2019, the Company granted 4,500,000 stock options to directors, officers and consultants. All of these options were issued with an exercise price of $0.10 and have a five year term, expiring on August 30, 2024. Company directors/officers were granted 425,000 options which vested immediately. Consultants retained for corporate development were granted 4,000,000 options which vest as follows: 1,000,000 options immediately; and, in instalments of 1,000,000 options upon the Company's market capitalization reaching $15 million, $25 million and $35-million, respectively. In addition, the Company granted 75,000 stock options to an investor relations consultant which vest in instalments of 18,750 options every three months.

(unaudited, expressed in Canadian dollars)

SHARE CAPITAL (continued)

(ii) On January 22, 2020, the Company granted 2,400,000 stock options to a director/officer and consultants. These options vested immediately and were issued with an exercise price of $0.05 and have a five year term, expiring on January 22, 2025.

Fair value of the options issued were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2020	2019
Dividend yield	Nil	Nil
Expected volatility (based on historical prices)	237%	238%
Risk-free rate of return	1.46%	1.49%
Expected life	5 Years	5 Years
Share price	$0.045	$0.04

Share-based payment expense recognized for the options vested in 2020 was $144,623 and $103,763 for the options vested in 2019. The offsetting credit was charged to contributed surplus.

The consultants' options were measured using the Black-Scholes option pricing model due to the absence of a reliable measurement of the services granted.

The following summarizes information on the outstanding stock options:

Expiry Date	Number	Exercise price	Exercisable	Average remaining contractual life (years)
September 21, 2021	4,300,000	$0.12	4,300,000	1.22
November 1, 2021	800,000	0.12	800,000	1.34
January 6, 2022	100,000	0.12	100,000	1.52
March 16, 2022	400,000	0.12	400,000	1.71
January 10, 2023	1,200,000	0.05	1,200,000	2.53
May 1, 2023	2,200,000	0.07	2,200,000	2.83
July 3, 2023	100,000	0.08	100,000	3.01
October 1, 2023	50,000	0.06	50,000	3.25
January 18, 2024	1,100,000	0.08	1,100,000	3.55
July 2, 2024	250,000	0.08	250,000	4.00
August 30, 2024	4,500,000	0.10	2,481,250	4.17
January 22, 2025	2,400,000	0.05	2,400,000	4.56
	17,400,000	$0.09	15,381,250	2.96

(unaudited, expressed in Canadian dollars)

8. WARRANTS

Warrant transactions and number of warrants outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2018	25,128,218	$0.10
Issued	13,498,000	0.07
Expired	(13,835,000)	0.08
Balance, December 31, 2019	24,791,218	$0.09
Issued	37,500,000	0.12
Expired	(11,293,218)	0.12
Balance, June 30, 2020	**50,998,000**	**$0.11**

Relative fair value of the warrants were estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2020	2019
Dividend yield	Nil	Nil
Expected volatility (based on historical prices)	232%	170%
Risk-free rate of return	0.80%	1.56%
Expected life	5 Years	3 Years
Share price	$0.035	$0.035

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Weighted average remaining life (years)	Relative fair value
September 16, 2022	13,498,000	$0.07	2.21	$ 305,476
March 17, 2025	37,500,000	0.12	4.71	1,487,349
	50,998,000	$0.11	4.05	$ 1,792,825

(unaudited, expressed in Canadian dollars)

9. CORPORATE AND ADMINISTRATIVE

	Three months ended June 30 2020	2019	Six months ended June 30 2020	2019
Consulting	**$ 18,169**	$ 8,641	**$ 41,222**	$ 13,150
Filing and transfer agent fees	**7,889**	17,909	**12,593**	22,562
Insurance	**4,564**	4,270	**9,269**	8,379
Management fees (note 12)	**64,050**	60,300	**126,900**	121,200
Office and general	**3,951**	2,538	**8,954**	5,159
Professional fees	**12,224**	10,997	**20,615**	23,364
Rent	**-**	503	**-**	3,000
Shareholder relations and promotion	**23,580**	22,387	**83,684**	90,679
Travel	**467**	4,463	**4,641**	10,254
	$ 134,894	$ 132,008	**$ 307,878**	$ 297,747

10. EXPLORATION AND EVALUATION

	Three months ended June 30 2020	2019	Six months ended June 30 2020	2019
Acquisition costs (note 12)	**$ 78,000**	$ 15,250	**$ 78,000**	$ 79,250
Property costs	**114,006**	161,677	**141,116**	166,673
Assaying	**-**	-	**-**	18,523
Community relations	**640**	-	**640**	1,875
Consulting/Contracting	**50,527**	58,084	**119,656**	141,810
Drilling	**-**	-	**-**	389,250
Environmental	**62,325**	-	**62,325**	-
Equipment and supplies	**252**	2,507	**312**	18,469
Geophysics/Surveys	**52,050**	1,171	**52,050**	36,743
Professional fees	**-**	-	**5,831**	-
Reports	**3,733**	-	**3,733**	-
Site costs	**31,422**	6,285	**33,876**	17,525
Travel/Transportation	**24,734**	4,849	**28,877**	7,642
	$ 417,689	$ 249,823	**$ 526,416**	$ 877,760

Brewer Gold Project – South Carolina, United States

The Brewer Gold Project is located in Chesterfield County, South Carolina, United States and encompasses approximately 1,000 acres**.** In January, 2020, the Company in co-operation with Environmental Risk Transfer LLC (ERT), an industry leader providing complex environmental risk transfer solutions to cost-effectively eliminate environmental liabilities, was awarded the right by the Brewer Gold Receiver LLC (the "Receiver"), the South Carolina Department of Health and Environmental Control ("SC DHEC") and the U.S. Environmental Protection Agency ("US EPA"), to explore the former Brewer Gold Mine property ("Brewer"), a Superfund site.

(unaudited, expressed in Canadian dollars)

EXPLORATION AND EVALUATION (continued)

On March 1, 2020, the Company and the Receiver executed an exclusive mining lease with the option for the Company to purchase Brewer (the "Option Agreement"). Provided the Company spends US $2 million to conduct exploration and environmental due diligence during the Option Agreement's initial twenty-four month term, which begins on April 1, 2020, the Company can then extend the term of the option for an additional eighteen months. The Company can exercise its option to purchase Brewer at any time during the option term. During the option term the Company retained ERT to implement the environmental due diligence required to determine the Superfund liability at Brewer at a cost of US $250,000, of which $45,000 has been paid.

The purchase price for Brewer is comprised of the following two components:

(i) the cost of environmental remediation and financial assurance for assuming ownership of all past environmental liability at Brewer, which will be an amount based on ERT's environmental due diligence during the option term; and,

(ii) half of the total past costs incurred by the SC DHEC and the US EPA to clean and manage Brewer since 2000, which costs are to be paid from future mining operations in ten equal annual installments subject to a profit formula to be determined by the parties

	Three months ended June 30		Six months ended June 30	
Brewer	**2020**	2019	**2020**	2019
Property costs	**$ 2,077**	$ -	**$ 2,077**	$ -
Community relations	**640**	-	**640**	-
Consulting/Contracting	**50,527**	-	**118,656**	-
Environmental	**62,325**	-	**62,325**	-
Equipment and supplies	**252**	-	**312**	-
Geophysics/Surveys	**52,050**	-	**52,050**	-
Professional fees	**-**	-	**5,831**	-
Reports	**3,733**	-	**3,733**	-
Site costs	**29,214**	-	**29,490**	-
Travel/Transportation	**24,734**	-	**28,877**	-
	$ 225,552	$ -	**$ 303,991**	$ -

Jefferson Gold Project – South Carolina, United States

The Jefferson Gold Project is located in Chesterfield County, South Carolina, United States and nearly completely surrounds the former Brewer Gold Mine. As at June 30, 2020, Jefferson consisted of thirteen exploration-stage gold prospective property leases owned by private landowners, encompassing approximately 1,535 acres. During 2020, the Company relinquished one lease representing approximately 223 acres. Total annual payments to maintain the current thirteen property leases for fiscal 2020 is US $157,475.

The Company has the right to acquire a 100% interest in ten of these property leases and also holds a right of first refusal to acquire a 100% interest in two leases. The leases range in expiration from 2021 to 2031. The Company reserves the right to relinquish twelve of the leases at any time. Six of the leases include a production royalty ranging from 1.5% to 3.5%, which is payable to the landowner that owns the property from which minerals are produced.

(unaudited, expressed in Canadian dollars)

EXPLORATION AND EVALUATION (continued)

		Three months ended				**Six months ended**		
				June 30				**June 30**
Jefferson		**2020**		2019		**2020**		2019
Property costs	**$**	**111,929**	$	161,677	**$**	**136,139**	$	157,329
Consulting/Contracting		**-**		14,934		**-**		14,934
Site costs		**1,908**		1,650		**3,786**		3,192
Travel/Transportation		**-**		3,484		**-**		3,484
	$	**113,837**	$	181,745	**$**	**139,925**	$	178,939

St. Laurent Project – Ontario, Canada
St. Laurent is an exploration-stage nickel-copper-cobalt-gold-platinum-palladium project and is located in St. Laurent township, approximately 160 kilometres northeast of Timmins, Ontario. The St. Laurent Project encompasses an area of approximately 4,400 hectares.

<u>Option Agreement</u>
On March 25, 2019, the Company entered into an option agreement with 2681891 Ontario Inc. (the "Optionor"), pursuant to which the Company obtained the right (the "Option") to acquire up to a 100% interest in the St. Laurent property. To exercise the Option, the Company is required to complete the following:

(i) Pay the Optionor an aggregate of $145,000 as follows:
- $15,000 on or before April 17, 2019 (paid);
- $20,000 on or before April 17, 2020 (paid*);
- $50,000 on or before April 17, 2021;
- $60,000 on or before April 17, 2022.

(ii) Issue to the Optionor an aggregate of 1,850,000 common shares of the Company as follows:
- 250,000 common shares within 5 days of April 17, 2019 (completed);
- 350,000 common shares on or before April 17, 2020 (completed *);
- 500,000 common shares on or before April 17, 2021;
- 750,000 common shares on or before April 17, 2022.

* In April 2020, a Company director provided the cash and shares for the Company to satisfy the required payments that were due by April 17, 2020. The Company was not liable for the repayment of the cash or shares to the Company director.

(unaudited, expressed in Canadian dollars)

EXPLORATION AND EVALUATION (continued)

		Three months ended June 30				Six months ended June 30		
St. Laurent		**2020**		2019		**2020**		2019
Acquisition costs	**$**	**-**	$	6,250	**$**	**-**	$	21,250
Property costs		**-**		-		**2,400**		-
Consulting/Contracting		**-**		34,300		**1,000**		34,300
Equipment and supplies		**-**		2,579		**-**		2,579
Geophysics/Surveys		**-**		1,008		**-**		1,548
Site costs		**300**		4,500		**600**		4,500
	$	**300**	$	48,637	**$**	**4,000**	$	64,177

Montcalm and Nova Projects – Ontario, Canada
Montcalm and Nova are exploration-stage nickel-copper-cobalt projects located within the Porcupine Mining Division, approximately 65 kilometres northwest of Timmins, Ontario, Canada. Montcalm encompasses an area of approximately 3,880 hectares and Nova encompasses an area of approximately 840 hectares. The Montcalm and Nova properties are subject to an option agreement as described below.

<u>Option Agreement</u>
On January 5, 2018, the Company entered into an option agreement (the "Option Agreement"), as amended on February 20, 2018, February 28, 2020 and on June 22, 2020, with 2522962 Ontario Inc., which was subsequently acquired by Pelangio Exploration Inc. (the "Optionor"). The Option Agreement provided the Company with the right (the "Option") to acquire a 100% interest in the Montcalm and Nova properties. On June 22, 2020, the Option Agreement was amended, whereby the Company agreed to issue: a total of 700,000 common shares in lieu of the Company making the remaining two annual cash payments of $35,000 each or $70,000 in the aggregate; and, issue a total of 600,000 common shares to complete the remaining two annual 300,000 share instalments. On June 25, 2020, the Company issued 1,300,000 common shares in satisfaction of all remaining payments and acquired a 100% interest in the Montcalm and Nova properties. In summary, the total Option payments made by the Company during the term of the Option Agreement consisted of:

(i) Cash payments totalling $70,000 (originally $140,000, of which $35,000 was paid in each of 2018 and 2019); and,

(ii) An aggregate of 1,900,000 (originally 1,200,000) common shares of the Company, issued as follows:
- 300,000 common shares on February 28, 2018;
- 300,000 common shares on April 1, 2019;
- 700,000 common shares on June 25, 2020, in lieu of the remaining two annual cash payments of $35,000 each. The cash payments were due on June 28, 2020 and on February 28, 2021, respectively; and,
- 600,000 common shares on June 25, 2020, representing the remaining two 300,000 common share instalments, previously due on June 28, 2020 and on February 28, 2021, respectively.

A net smelter return royalty of 2.5% (the "NSR") is payable to the Optionor from all minerals sold from the Montcalm and Nova properties. The Company reserves the right to purchase 1% of the NSR (such that the Optionor's NSR is reduced to 1.5%) for $1,000,000. The Company is required to keep the Montcalm and Nova properties in good standing during the term of the Option Agreement.

(unaudited, expressed in Canadian dollars)

EXPLORATION AND EVALUATION (continued)

	Three months ended June 30		Six months ended June 30	
Montcalm	**2020**	2019	**2020**	2019
Acquisition costs (note 12)	**$ 62,400**	$ 7,200	**$ 62,400**	$ 35,200
Property costs	**-**	-	**-**	9,344
Assaying	**-**	-	**-**	18,523
Consulting/Contracting	**-**	6,300	**-**	89,676
Drilling	**-**	-	**-**	389,250
Equipment and supplies	**-**	(72)	**-**	15,890
Geophysics/Surveys	**-**	163	**-**	34,763
Site costs	**-**	135	**-**	9,833
Travel/Transportation	**-**	1,365	**-**	4,158
	62,400	15,091	**62,400**	606,637
Nova				
Acquisition costs (note 12)	**15,600**	1,800	**15,600**	8,800
Consulting/Contracting	**-**	-	**-**	350
Geophysics/Surveys	**-**	-	**-**	432
	15,600	1,800	**15,600**	9,582
Total	**$ 78,000**	$ 16,891	**$ 78,000**	$ 616,219

Gambler Project – Ontario, Canada
Gambler is an exploration-stage nickel-copper-cobalt project located within the Porcupine Mining Division, approximately 65 kilometres northwest of Timmins, Ontario, Canada. Gambler is adjacent to the Montcalm Project and encompasses an area of approximately 7,460 hectares. The Gambler property was staked by the Company in 2018.

	Three months ended June 30		Six months ended June 30	
Gambler	**2020**	2019	**2020**	2019
Property costs	**$ -**	$ -	**$ 500**	$ -
Consulting/Contracting	**-**	2,550	**-**	2,550
	$ -	$ 2,550	**$ 500**	$ 2,550

First Nations – Montcalm, Nova and Gambler Projects
On October 1, 2018, the Company entered into a Memorandum of Understanding ("MOU") with the Flying Post First Nation ("FPFN") that provides a framework for co-operation between the Company and FPFN with respect to aboriginal and treaty rights at the Company's Montcalm, Nova and Gambler Projects. The MOU establishes the prioritization of business, employment and training opportunities for FPFN members. The Company is to compensate FPFN for the impact of all on-the-ground exploration work by paying FPFN 2% of such costs, beginning from the date of the MOU.

(unaudited, expressed in Canadian dollars)

EXPLORATION AND EVALUATION (continued)

Strachan Project – Ontario, Canada (Terminated)
Strachan was an exploration-stage nickel-copper-cobalt project within the Montcalm greenstone belt and is located approximately 65 kilometres northwest of Timmins, Ontario. Strachan encompasses an area of approximately 2,280 hectares. On January 17, 2019, the Company entered into a letter of intent ("LOI") with Pelangio Exploration Inc. pursuant to which the Company obtained the right to acquire up to a 75% interest in the Strachan property. In February 2020, the Company terminated the LOI and did not earn an interest in the Strachan Project.

	Three months ended June 30		Six months ended June 30	
Strachan	**2020**	2019	**2020**	2019
Acquisition costs	**$ -**	$ -	**$ -**	$ 14,000

McBride Project – Ontario, Canada (Terminated)
The McBride Project was an exploration-stage nickel-copper-cobalt project located in Limerick Township, approximately 25 kilometres south of Bancroft, Ontario. The McBride Project encompassed a total of 880 hectares and is comprised of the North Zone deposit, the South Zone deposit and the South Extension prospect. On April 25, 2018, the Company entered into an option agreement (the "Option Agreement) with Hastings Highlands Resources Limited, whereby the Company obtained the right to acquire up to a 76% interest in the McBride Project. In March 2019, the Company terminated the Option Agreement and did not earn an interest in the McBride Project.

	Three months ended June 30		Six months ended June 30	
McBride	**2020**	2019	**2020**	2019
Community relations	**$ -**	$ -	**$ -**	$ 1,875

11. SALE OF EXPLORATION AND EVALUATION PROPERTIES – ONTARIO, CANADA

On June 20, 2020, the Company entered into an agreement (the "Purchase Agreement") with Tempus Resources Inc. ("Tempus"), a private company, pursuant to which Tempus obtained the right ("Option") to acquire up to a 100% interest in the Company's four mineral projects, St. Laurent, Montcalm, Nova and Gambler (the "Projects"), located in Ontario, Canada. The Option is comprised of two stages, as follows:

(i) First stage - to earn an initial 80% interest in the Projects, and whereby the Company shall retain a 20% free carried interest, Tempus shall pay an aggregate of $1,000,000 as follows:
- $100,000 non-refundable deposit on signing (paid *) ;
- $100,000 by September 22, 2020 (paid - subsequent to June 30, 2020);
- $800,000 by June 22, 2021.

(ii) Second stage - subject to Tempus completing the first stage, Tempus can earn an additional 20% interest in the Projects by incurring $2,000,000 in exploration expenditures. Upon Tempus incurring the required expenditures, the Company's 20% free carried interest shall automatically be converted into a one and a half percent (1.5%) net smelter return ("NSR") on each of the Projects. Tempus retains the right to purchase one present (1%) of each NSR (effectively, reducing the remaining NSR to half a percent (0.5%)) by paying the Company $1,000,000 for each 1% of each NSR.

(unaudited, expressed in Canadian dollars)

SALE OF EXPLORATION AND EVALUATION PROPERTIES – ONTARIO (continued)

The Company is required to keep the respective option agreements for each of the Projects in good standing during the Purchase Agreement option period.

∗ In April 2020, a Company director provided the cash and shares for the Company to satisfy the April 17, 2020 payment requirements for the St. Laurent Project (Note 10). The Company director retained the right to recover up to an aggregate of $50,000 from any party or parties that purchased or joint ventured any or all of the Company's four mineral projects (St. Laurent, Montcalm, Nova and Gambler) located in Ontario, Canada. The Company was not liable for the repayment of the cash or shares to the Company director. The Director recovered $50,000 from the initial $100,000 non-refundable deposit paid by Tempus.

12. RELATED PARTY TRANSACTIONS AND BALANCES

A summary of the compensation of key management (directors/officers) of the Company is included in the table below. Key management are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, of the Company.

	Three months ended June 30		Six months ended June 30	
	2020	2019	**2020**	2019
Management fees (i)	**$ 64,050**	$ 60,300	**$ 126,900**	$ 121,200
Exploration and evaluation (ii)	**78,000**	9,000	**78,000**	58,000
Share-based payments (iii)	**-**	-	**66,955**	133,130
	$ 142,050	$ 69,300	**$ 271,855**	$ 312,330

(i) Management fees were paid or became payable to a Company officer and to a company associated with a Company officer.

(ii) Pelangio Exploration Inc. ("Pelangio") is party to the Option Agreement for the Montcalm and Nova Projects and the Letter of Intent for the Strachan Project. Pelangio is a related party by virtue of a common director. During the current six month, the Company issued 1,300,000 common shares (2019 - 400,000 common shares) and paid cash of $nil (2019 - $45,000) to Pelangio.

(iii) Share-based payments represents the fair value of stock options granted to Company directors and officers.

In addition, the Company had the following related party transaction:

Loans from related parties balance of $122,878 (December 31, 2019 - $122,500) consist of cash loans provided by Company directors/officers or entities controlled by or associated with directors/officers. These loans are non-interest bearing, unsecured and due on demand.

13. GROSS OVERRIDING ROYALTY

On February 8, 2007, the Company formed a joint venture (the "Joint Venture") with Enova Mining Limited (formerly, Crossland Strategic Metals Limited) ("Enova") and subsequently earned a 50% interest in a number of Australian properties prospective for rare earth elements ("REE") and uranium. On November 26, 2015 (the "Effective Date") the Company completed the sale of its entire interest in the Joint Venture to Essential Mining Resources Pty Ltd. ("EMR")

GROSS OVERRIDDING ROYALTY (continued)

and retained a gross overriding royalty ("GOR") of one percent (1%) on sales of production from 100% of the Joint Venture properties ("JV Properties"). During 2017, EMR merged with Enova.

On each anniversary of the Effective Date, Enova is obligated to pay the Company an advance royalty of AUD $6,561. The advance royalty payments: are non-refundable; may be adjusted for future modifications in the size of the JV Properties; and, are to be deducted from the 1% GOR payable to the Company upon the JV Properties being placed into production.

14. FLOW-THROUGH SHARE PREMIUM

During the year ended December 31, 2019, the Company completed the expenditure of $1,935,990 of flow-through funds and derecognized a $460,005 flow-through premium upon the Company filing its renunciation forms with the Canadian government. The flow-through funds and premium were the result of the Company completing:

(i) On April 4, 2018, a flow-through private placement consisting of 16,266,500 common shares at a price of $0.06 per share for gross proceeds of $975,990;

(ii) On December 19, 2018, the first tranche of a flow-through private placement, which consisted of 10,125,000 units at $0.08 per unit for gross proceeds of $810,000; and

(iii) On December 28, 2018, the second tranche of the flow-through private placement, which consisted of 1,875,000 units at $0.08 per unit for gross proceeds of $150,000.

15. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding for the period. For the purposes of calculating the basic and diluted loss per share the effect of the potentially dilutive options and warrants were not included in the calculation as the result would be anti-dilutive.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The carrying value of cash, the royalty revenue receivable, accounts payable and accrued liabilities and loans from related parties approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arms-length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

IFRS 7 establishes a fair value hierarchy that prioritizes the valuation techniques for each financial instrument measured at fair value. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

The methods and assumptions used to develop fair value measurements are: Level 1 - includes quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - includes inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly (i.e. as process) or indirectly (i.e. derived from process); and, Level 3 - includes inputs that are not based on observable data.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Classification of Financial Instruments

			June 30 2020		December 31 2019
Financial assets					
Cash	Amortized cost	**$**	**2,284,185**	$	224,808
Royalty revenue receivable	Amortized cost		**-**		5,971
Investment in Tortuga Resources Inc.	Fair value through profit and loss		**1**		1
Financial liabilities					
Accounts payable and accrued liabilities	Amortized cost	**$**	**225,835**	$	200,146
Loans from related parties	Amortized cost		**122,878**		122,500

Risk Management
The Company's financial risk management activities include the preservation of its capital by minimizing risk related to its cash. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash and the royalty revenue receivable. The Company mitigates the risk to its cash by depositing a majority of its cash with Canadian and United States banks. Allowances for the royalty revenue receivable are recognized as necessary for potential credit losses.

Currency Risk
The Company operates in Canada and the United States, thus exposing the Company to market risks from fluctuations in foreign exchange rates. The Company has certain corporate and administrative expenditures, exploration and evaluation expenditures and future potential financial commitments (Note 10) denominated in United States dollars. The Company monitors foreign exchange rates and has not entered into any financial arrangements to hedge or protect the Company from unfavourable changes in foreign exchange rates. As at June 30, 2020, a 10% change in the United States dollar (USD) would impact the Company's loss by approximately $131,000.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 5. The Company has no income from operations or a regular source of cash flow and relies on equity funding to support its exploration and corporate activities. Should the need for equity funding arise, there is a risk that the Company may not be successful in selling new common shares at acceptable prices.

Accounts payable and accrued liabilities are generally due within 30 days and loans from related parties are due on demand. As at June 30, 2020, the Company had cash of $2,284,185 to settle current liabilities of $348,713. The Company believes it has sufficient capital to fund its planned 2020 activities.

17. SUBSEQUENT EVENTS

(a) On July 30, 2020, the Company announced its intention to issue 417,500 common shares in settlement of $33,400 of management fees payable to a Company officer. The debt settlement is subject to shareholder approval and TSX Venture Exchange approval.

(b) On August 10, 2020, the Company granted 4,050,000 stock options to Company officers, directors and consultants. These options were issued with an exercise price of $0.14 and a five year term, expiring on August 10, 2025.

(c) On August 20, 2020, the Company announced its intention to raise up to $3 million through the issuance of up to 25,000,001 units at a price of $0.12 per unit. The financing will be comprised of a $2 million “best efforts” brokered private placement and a $1 million non-brokered private placement. Each unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase an additional common share at $0.18 for a period of 24 months. The brokered private placement includes an option for the agent to sell up to an additional 2,500,000 units for additional proceeds of up to $300,000. The private placement is expected to close on or around September 9, 2020