GOLDSOURCE MINES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND NOTES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited - Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING

The accompanying condensed consolidated interim financial statements of Goldsource Mines Inc. ("the Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
AS AT

		September 30, 2020		December 31, 2019
ASSETS				
Current assets				
Cash and cash equivalents	$	6,007,554	$	3,159,068
Amounts receivable		41,758		62,641
Prepaid expenses		180,748		58,635
Marketable securities		1,523		507
Total current assets		6,231,583		3,280,851
Non-current assets				
Deposit (note 3)		284,611		268,387
Rent deposit		36,053		36,053
Mineral property (note 3)		6,575,508		6,575,508
Property, plant and equipment (note 4)		2,483,067		3,067,855
Total non-current assets		9,379,239		9,947,803
TOTAL ASSETS	$	15,610,822	$	13,228,654
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (note 6)	$	620,571	$	475,417
Lease liability (note 9)		55,720		55,720
Total current liabilities		676,291		531,137
Non-current liabilities				
Lease liability (note 9)		56,451		85,093
Rehabilitation provision (note 5)		334,310		391,051
Total liabilities		1,067,052		1,007,281
Shareholders' equity				
Capital stock (note 7)		70,384,822		63,225,056
Reserves (note 7)		6,781,951		6,753,121
Deficit		(62,623,003)		(57,756,804)
Total shareholders' equity		14,543,770		12,221,373
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	15,610,822	$	13,228,654

Nature and continuance of operations (note 1)
Contingency (note 8)
Subsequent events (note 12)

Approved by the Board and authorized for issue on November 23, 2020.

"Ioannis Tsitos"	*"Graham C. Thody"*
Director	**Director**

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

GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30,

	Three months ended		Nine months ended	
	2020	**2019**	**2020**	**2019**
Accretion (note 5)	$ 4,025	$ 4,626	$ 5,224	$ 13,796
Depreciation (note 4)	13,308	15,739	43,396	47,717
Exploration and evaluation expenditures (note 3)	1,641,576	1,594,327	4,198,414	3,047,316
Foreign exchange loss (gain)	83,596	(44,534)	87,902	64,810
Insurance	18,879	17,243	55,307	51,932
Interest expense (note 9)	5,122	6,754	16,654	21,341
Interest income	(15,799)	(33,732)	(41,390)	(65,859)
Marketing	42,337	69,419	146,050	176,028
Office and miscellaneous expense	10,548	10,909	30,638	16,204
Professional fees (note 6)	25,113	32,135	92,292	72,081
Regulatory and transfer agent fees	15,034	9,650	46,544	34,823
Remuneration (note 6)	134,295	131,620	418,418	503,668
Share-based compensation (note 7)	886	37,884	19,224	356,130
Unrealized (gain) loss on marketable securities	(508)	-	(1,016)	507
Net and comprehensive loss for the period	$ (1,978,412)	$ (1,852,040)	$ (5,117,657)	$ (4,340,494)
Basic and diluted comprehensive loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding	383,423,337	314,162,710	359,175,102	288,050,752

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

GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
FOR THE NINE MONTHS ENDED SEPTEMBER 30,

		2020		2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$	(5,117,657)	$	(4,340,494)
Items not affecting cash:				
Accretion expense		5,224		13,796
Depreciation		643,540		400,202
Foreign exchange (gain) loss		(16,224)		7,606
Interest expense		16,654		21,341
Interest income		(41,390)		(65,859)
Share-based compensation		19,224		402,195
Unrealized (gain) loss on marketable securities		(1,016)		507
Changes in non-cash working capital items:				
Amounts receivable		1,082		28,170
Taxes receivable		1,733		(956)
Prepaid expenses		(122,113)		(29,112)
Accounts payable and accrued liabilities		144,425		236,642
Net cash used in operating activities		(4,466,518)		(3,325,962)
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral property		-		(33,271)
Purchase of property, plant and equipment		(119,988)		(106,569)
Interest received		59,458		(13,275)
Net cash used in investing activities		(60,530)		(153,115)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital stock issued		8,009,849		8,734,692
Capital stock issuance costs		(589,019)		(680,293)
Payment of lease liabilities		(45,296)		(45,296)
Net cash provided by financing activities		7,375,534		8,009,103
Change in cash and cash equivalents, during the period		2,848,486		4,530,026
Cash and cash equivalents, beginning of the period		3,159,068		398,144
Cash and cash equivalents, end of the period	$	6,007,554	$	4,928,170
Cash and cash equivalents is represented by:				
Cash		567,578		192,091
Cash equivalents		5,439,976		4,736,079
	$	6,007,554	$	4,928,170
Non-cash investing activities				
Capitalized to property, plant and equipment				
Right of use asset recognized	$	-	$	173,493
Rehabilitiation provision	$	61,965	$	(28,129)
Accounts payable and accrued liabilities	$	(729)	$	74,344
Non-cash financing activities				
Fair value of agents' warrants	$	290,708	$	403,195
Share subscription applied to share issuance	$	-	$	438,404

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

GOLDSOURCE MINES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Capital stock			Reserves	Deficit	Total
			Subscriptions	Share-		
	Number	Amount	received	based		
Balance at December 31, 2018	221,917,910	$55,116,880	$ 438,404	$6,013,767	$(51,373,413)	$10,195,638
Private placements	88,330,000	8,779,600	(438,404)	-	-	8,341,196
Capital stock issuance costs	-	(1,083,488)	-	403,195	-	(680,293)
Warrants Exercised	3,729,200	376,601	-	(3,105)	-	373,496
Share-based compensation	-	-	-	402,195	-	402,195
Stock options exercised	200,000	35,463	-	(15,463)	-	20,000
Stock options expired or forfeited	-	-	-	(209,348)	209,348	-
Net loss and comprehensive loss for the period	-	-	-	-	(4,340,494)	(4,340,494)
Balance at September 30, 2019	314,177,110	63,225,056	-	6,591,241	(55,504,559)	14,311,738
Share-based compensation	-	-	-	230,894	-	230,894
Stock options expired or forfeited	-	-	-	(69,014)	69,014	-
Net loss and comprehensive loss for the period	-	-	-	-	(2,321,259)	(2,321,259)
Balance at December 31, 2019	314,177,110	63,225,056	-	6,753,121	(57,756,804)	12,221,373
Private placements (note 7)	60,026,500	6,602,915	-	-	-	6,602,915
Capital stock issuance costs (note 7)	-	(879,727)	-	290,708	-	(589,019)
Warrants exercised (note 7)	15,543,499	1,436,578	-	(29,644)	-	1,406,934
Share-based compensation (note 7)	-	-	-	19,224	-	19,224
Stock options expired (note 7)	-	-	-	(251,458)	251,458	-
Net loss and comprehensive loss for the period	-	-	-	-	(5,117,657)	(5,117,657)
Balance at September 30, 2020	389,747,109	$70,384,822	$ -	$6,781,951	$(62,623,003)	$14,543,770

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Goldsource Mines Inc. (the "Company" or "Goldsource") is a Canadian resource company engaged in exploration and development. The Company's primary business objective is to expand and improve the quality of its existing resources through exploration in order to enable it to become a low-cost gold producer at its Eagle Mountain Gold Project, located on its Eagle Mountain Property, in Guyana, South America. Goldsource is incorporated under the Business Corporations Act (British Columbia). The common shares of the Company trade on the TSX Venture Exchange under the symbol "GXS" and on the OTCQB under the symbol "GXSFF". The head office and principal address of the Company is 501-570 Granville Street, Vancouver, BC, Canada, V6C 3P1. The address of the Company's registered and records office is 19th Floor, 885 West Georgia Street, Vancouver, BC, Canada, V6C 3E8.

The Company currently has no proven or probable reserves and, based on information to date, has not yet determined whether its Eagle Mountain Gold Project contains economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

At September 30, 2020, the Company had cash and cash equivalents of $6.0 million. The Company will require additional funds to support its exploration activities and general corporate activities during the next 12 months. These factors represent a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business.

These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts, the classification of liabilities, or the impact on the statement of operations that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company's business could be adversely affected by the effects of the recent outbreak of respiratory illness caused by the novel coronavirus ("COVID 19"). Since early March 2020, significant measures have been implemented in Canada, Guyana, and the rest of the world by governmental authorities in response to COVID-19. The Company cannot accurately predict the impact COVID 19 will have on the ability of third parties to meet their obligations with the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of the COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, limitations on travel, the availability of industry experts and personnel, restrictions on planned drill programs, and other factors that depend on future developments beyond the Company's control. In addition, COVID-19 has resulted in a widespread health crisis that has adversely affected the economies and financial markets of many countries (including Canada and Guyana), resulting in an economic downturn that may negatively impact the Company's financial position, financial performance, cash flows, and its ability to raise capital, in 2020. In compliance with directives issued by the Guyanese government, the Company suspended exploration activities at the Eagle Mountain Property on April 5, 2020 and resumed exploration activities on June 11, 2020. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's exploration activities, including the impact on the timing of its planned pre-feasibility study, cannot be reasonably estimated at this time. The recent increase in COVID-19 cases globally may impact the Company's operations due to additional government mandated shutdowns or closures.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2019, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies and use of judgments and estimates were presented in notes 2 and 3 of those consolidated financial statements, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation and measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. Additionally, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed consolidated interim financial statements were approved for issuance by the Board of Directors on November 23, 2020.

Basis of consolidation

These condensed consolidated financial interim statements include the accounts of Goldsource and its wholly owned subsidiaries Eagle Mountain Gold Corp., a Canadian corporation, and Stronghold Guyana Inc. ("Stronghold"), a Guyanese corporation. Goldsource consolidates subsidiaries where the Company has the ability to exercise control. Control is achieved when the Company is exposed to variable returns from involvement with an investee and has the ability to affect the returns through power over the investee. Control is normally achieved through ownership, directly or indirectly, of more than 50 percent of the voting power. Control can also be achieved through power over more than half of the voting rights by virtue of an agreement with other investors or through the exercise of de facto control. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation.

Use of estimates and judgements and COVID-19

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenditures during the period.

COVID-19 has severely disrupted the global economy and financial markets. It is difficult to estimate the nature, timing, and extent of the business and economic impact on the Company's financial performance and this uncertainty could materially affect the Company's operations and financial condition. This uncertainty could also materially affect estimates including the valuation of long-lived assets, including property and equipment and mineral property assets. Actual results may materially differ from these estimates.

3. MINERAL PROPERTY AND EXPLORATION AND EVALUATION EXPENDITURES

Eagle Mountain Gold Project – Guyana

	As at December 31, 2018	Additions during the year	As at December 31, 2019	Additions during the period	As at September 30, 2020
Mineral property acquisition costs					
Mineral property acquired	$ 5,814,856	$ 33,271	$ 5,848,127	$ -	$ 5,848,127
Shares issued	853,427	-	853,427	-	853,427
Impairment	-	(126,046)	(126,046)	-	(126,046)
Total mineral property acquisition costs	$ 6,668,283	$ (92,775)	$ 6,575,508	-	$ 6,575,508

During 2018, the Company entered into an option agreement to acquire a 100% interest in the Bishop Growler Property, located three kilometres from the Eagle Mountain Gold Project, for total consideration of US$1,025,000. To December 31, 2019, the Company made two option payments (US$75,000 and US$25,000) totaling US$100,000.

During the nine months ended September 30, 2020, the Company terminated its option to purchase the Bishop Growler property, as exploration activities on the Bishop Growler property indicated that the property did not have the potential to be included in a large-scale mining operation. Accordingly, during the year ended December 31, 2019, the Company recorded impairment expense of $126,046 for all related capitalized acquisition costs.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

3. MINERAL PROPERTY AND EXPLORATION AND EVALUATION EXPENDITURES (continued)

Eagle Mountain Gold Project – Guyana (continued)

The following table details the exploration and evaluation expenditures on the Company's Eagle Mountain Gold Project:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Exploration and evaluation expenditures:		
Assays	$ 183,373	$ 203,239
Camp costs	375,301	420,552
Depreciation (note 4)	600,144	352,485
Drilling	1,478,052	763,331
Operations and general	419,260	285,910
Salaries (note 6)	993,608	816,612
Share-based compensation	-	46,065
Technical services and consulting	148,676	159,122
Total exploration and evaluation expenditures	$ 4,198,414	$ 3,047,316

The Company pledged a $275,550 (US$206,200) (December 31, 2019 – $268,387 (US$206,200)) reclamation site bond, included in deposits on the statement of financial position, held by the Guyana Geology and Mines Commission for exploration permits on the Eagle Mountain Gold Project.

Goldsource's subsidiary Stronghold holds a prospecting license on the Eagle Mountain Property ("EMPL"), which was renewed on October 18, 2019 for a three-year period. In August 2014, the Guyana Geology and Mines Commission granted a Medium Scale Mining Permit (the "Permit") to Kilroy Mining Inc. ("Kilroy") to mine gold, diamonds, precious metals and minerals on a portion within the Eagle Mountain Property. As the Permit is required under Guyanese law to be held by a Guyanese national, Stronghold has entered into agreements with Kilroy, a private arm's length Guyanese company pursuant to which Stronghold and Kilroy will jointly operate the Eagle Mountain Gold Project. Kilroy has granted Stronghold the exclusive right to conduct mining operations on the Eagle Mountain Gold Project including any additional areas acquired by Kilroy. Stronghold will fund all expenditures on the Eagle Mountain Gold Project and receive 100% of all revenues, subject to applicable government royalties and a 2% net smelter return royalty to Kilroy as compensation for its participation.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

4. PROPERTY, PLANT AND EQUIPMENT

	Eagle Mountain Gold Project					
	Construction in progress	Processing plant[3]	Other equipment[2]	Right of use asset	Corporate office	Total
Cost						
As at December, 31, 2018	$ 87,394	$ 3,355,224	$ 2,411,846	$ -	$ 68,507	$ 5,922,971
Recognition of right of use asset upon initial adoption of accounting policy	-	-	-	173,493	-	173,493
Additions	-	-	124,800	-	2,080	126,880
Changes in asset retirement obligation	-	(37,935)	-	-	-	(37,935)
Disposals	(87,394)	(61,640)	-	-	-	(149,034)
As at December 31, 2019	-	3,255,649	2,536,646	173,493	70,587	6,036,375
Additions	21,847	-	98,870	-	-	120,717
Changes in asset retirement obligation	-	(61,965)	-	-	-	(61,965)
Reclassification	(21,847)	-	21,847	-	-	-
As at September 30, 2020	$ -	$ 3,193,684	$ 2,657,363	$ 173,493	$ 70,587	$ 6,095,127
Accumulated depreciation						
As at December, 31, 2018	$ -	$ 1,141,578	$ 1,251,059	$ -	$ 65,993	$ 2,458,630
Depreciation for the year	-	111,299	383,145	37,853	2,683	534,980
Disposal	-	(25,090)	-	-	-	(25,090)
As at December 31, 2019	-	1,227,787	1,634,204	37,853	68,676	2,968,520
Depreciation for the period[1]	-	269,103	345,105	28,389	943	643,540
As at September 30, 2020	$ -	$ 1,496,890	$ 1,979,309	$ 66,242	$ 69,619	$ 3,612,060
Carrying amounts						
As at December 31, 2019	$ -	$ 2,027,862	$ 902,442	$ 135,640	$ 1,911	$ 3,067,855
As at September 30, 2020	$ -	$ 1,696,794	$ 678,054	$ 107,251	$ 968	$ 2,483,067

(1) During the nine months ended September 30, 2020, depreciation expense of $600,144 (September 30, 2019 – $352,485) was recorded in exploration and evaluation expenditures (note 3).

(2) Other equipment consists of vehicles, buildings, and equipment.

(3) During the year ended December 31, 2019, the Company changed its estimate for the remaining useful life for the processing plant. The Company now estimates that the processing plant's useful life will end in 2027. The total effect of these changes on actual and expected deprecation expense, included in exploration and evaluation expenditures, is as follows:

	2019	2020	2021	2022	2023	Later
(Decrease) increase in depreciation expense	(201,565)	(201,565)	(201,565)	(201,565)	1,316	804,946

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

5. REHABILITATION PROVISION

The rehabilitation provision relates to the construction of the Eagle Mountain Gold Project. Significant reclamation and closure activities include land rehabilitation, the removal of buildings and processing plant, and other costs.

	Nine months ended September 30, 2020	Year ended December 31, 2019
Balance, beginning of period (year)	$ 391,051	$ 410,709
Changes in obligation	5,158	7,601
Accretion expense	5,224	18,277
Changes in estimates	(67,123)	(45,536)
Balance, end of period (year)	$ 334,310	$ 391,051

During the year ended December 31, 2019, the Company changed its estimate for when rehabilitation costs would be realized. The Company now estimates that rehabilitation costs will be incurred in 2027. As a result, the Company recorded a reduction of the rehabilitation provision, and a corresponding reduction of the related asset, of $45,536.

The present value of the rehabilitation provision, using an effective discount rate of 5% (December 31, 2019 – 5%), is currently estimated at $334,310 (US$197,278) (December 31, 2019 – $391,051 (US$242,706), reflecting anticipated cash flows to be incurred over approximately the next eight years (December 31, 2019 – nine years). The undiscounted value of these obligations is $436,292 (US$337,250) (December 31, 2019 – $429,185 (US$332,000), calculated using a long-term inflation rate assumption of 0.3% (December 31, 2019 – 2.4%).

In view of uncertainties concerning asset retirement obligations, the ultimate costs could be materially different from the amounts estimated. The estimate of future asset retirement obligations is subject to change based on amendments to applicable laws and legislation. Future changes in asset retirement obligations, if any, could have a significant impact.

6. RELATED PARTY TRANSACTIONS

Key management compensation

The Company's key management personnel have the authority and responsibility for planning, directing, and controlling the activities of the Company and include the Company's President, Chief Operating Officer and Interim Vice President of Finance ("COO"), former Chief Financial Officer ("CFO"), and directors. Key management personnel compensation is summarized as follows:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Management remuneration (1)	$ 246,213	$ 206,875
Directors fees	27,000	6,000
Share-based compensation (2)	-	258,562
	$ 273,213	$ 471,437

(1) The Company paid management fees to companies controlled by the COO and the President, and paid remuneration and short-term benefits to the CFO.
(2) Share-based compensation is the vested portion of the fair value at grant date of stock options awarded to key management personnel.

Legal fees

During the nine months ended September 30, 2020, legal fees of $45,810 (September 30, 2019 – $24,006), included in professional fees, and capital stock issuance costs of $90,414 (September 30, 2019 – $73,260) were paid or accrued to Koffman Kalef LLP, a law firm of which an officer of the Company is a partner, of which $Nil (December 31, 2019 – $1,377) was payable at September 30, 2020.

6. RELATED PARTY TRANSACTIONS (continued)

Other transactions

During the nine months ended September 30, 2020, the Company paid remuneration of $Nil (September 30, 2019 – $2,917) and recognized share-based compensation of $Nil (September 30, 2019 – $4,607) to a consultant who is an immediate family member of the COO. Remuneration and share-based payments incurred to this consultant was recorded as exploration and evaluation expenditures (note 3).

The Company has a cost sharing agreement with SilverCrest Metals Inc. ("SilverCrest"), a company related by common directors and officers, whereby the Company shares salaries, administrative services, and other expenses. During the nine months ended September 30, 2020, the Company was allocated $107,345 (September 30, 2019 – $180,582) for its share of these expenses, of which $12,973 (December 31, 2019 – $36,428) was payable to SilverCrest at September 30, 2020.

7. CAPITAL STOCK

Authorized shares

The Company's authorized capital stock consists of an unlimited number of common shares and an unlimited number of preferred shares without nominal or par value.

Issued and outstanding

At September 30, 2020, the Company had 389,747,109 common shares and no preferred shares outstanding.

Nine months ended September 30, 2020

The Company issued 15,543,499 common shares at prices ranging from $0.09 to $0.12 per common share for gross proceeds of $1,406,934 upon the exercise of warrants. Accordingly, the Company reallocated $29,644 from reserves to capital stock.

The Company completed a private placement of 60,026,500 units at a price of $0.11 per unit for gross proceeds of $6,602,915. Each unit consisted of one common share and one-half warrant. Each warrant entitles the holder to purchase one common share at a price of $0.16 until September 24, 2022. The Company determined that the warrants did not have any residual value. The Company paid cash commissions of $371,777 and issued 3,571,590 agents' warrants with a total fair value of $290,708. Each agent warrant is exercisable to acquire one common share at a price of $0.11 until March 24, 2022. The Company incurred capital stock issuance costs of $217,242 in connection with the private placement.

Year ended December 31, 2019

The Company completed a private placement of 26,000,000 units at a price of $0.05 per unit for gross proceeds of $1,300,000. Each unit consisted of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $0.09 until January 17, 2021. The Company determined that the warrants did not have any residual value. The Company paid finder's fees of $28,500 and incurred capital stock issuance costs of $79,418 in connection with the private placement.

The Company completed a private placement of 62,330,000 units at a price of $0.12 per unit for gross proceeds of $7,479,600. Each unit consisted of one common share and one-half warrant. Each warrant entitles the holder to purchase one common share at a price of $0.20 until April 11, 2021. The Company determined that the warrants did not have any residual value. The Company paid cash commissions of $503,756 and issued 3,739,800 agents' warrants with a total fair value of $403,195. Each agent warrant is exercisable to acquire one common share at a price of $0.12 per share until April 11, 2021. The Company incurred capital stock issuance costs of $68,619 in connection with the private placement.

The Company issued 3,700,400 common shares at $0.10 per common share and 28,800 common shares for $0.12 per common share for gross proceeds of $373,496 upon the exercise of warrants. Accordingly, the Company reallocated $3,105 from reserves to capital stock. The Company also issued 200,000 common shares at $0.10 per common share for gross proceeds of $20,000 upon the exercise of stock options. Accordingly, the Company reallocated $15,463 from reserves to capital stock.

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

7. CAPITAL STOCK (continued)

Warrants

Warrant transactions during the period (year) are as follows:

	Nine months ended September 30, 2020		Year ended December 31, 2019	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding, beginning of period (year)	102,980,872	$ 0.13	72,038,722	$ 0.15
Issued	33,584,840	0.15	60,904,800	0.15
Exercised	(15,543,499)	0.09	(3,729,200)	0.10
Expired	(33,457,601)	0.10	(26,233,450)	0.23
Outstanding, end of period (year)	87,564,612	$ 0.16	102,980,872	$ 0.13

The warrants outstanding at September 30, 2020 are as follows:

Expiry date	Exercise price	Remaining life (years)	Number of Warrants
January 17, 2021	$ 0.09	0.30	19,400,000
April 11, 2021	$ 0.20	0.53	31,165,000
April 11, 2021	$ 0.12	0.53	3,501,562
March 24, 2022	$ 0.11	1.48	3,484,800
September 24, 2022	$ 0.16	1.98	30,013,250
			87,564,612

The weighted average remaining life of warrants outstanding is 1.01 years.

Stock options

The Company has a "rolling 10%" Stock Option Plan which authorizes the grant of stock options to directors, officers, employees, and consultants, enabling them to acquire common shares of the Company to a maximum of 10% of the then issued and outstanding common shares. The exercise price of each option shall equal the market price of the Company's stock as at the date of the grant. The options can be granted for a maximum term of 10 years with vesting determined by the Board of Directors. Options granted to investor relations consultants shall vest over a period of at least one year. The Company has not granted options for periods exceeding five years.

The Company's stock option transactions during the period (year) are as follows:

	Nine months ended September 30, 2020		Year ended December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period (year)	16,135,000	$ 0.13	9,535,000	$ 0.18
Issued	-	-	8,800,000	0.10
Exercised	-	-	(200,000)	0.10
Expired	(1,750,000)	0.20	(1,400,000)	0.24
Forfeited	(500,000)	0.19	(600,000)	0.21
Outstanding, end of period (year)	13,885,000	$ 0.12	16,135,000	$ 0.13

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7. CAPITAL STOCK (continued)

Stock options (continued)

During the nine months ended September 30, 2020, the Company did not grant stock options.

During the year ended December 31, 2019, the Company granted:

- 3,400,000 stock options to directors, officers, employees, and consultants that can be exercised at a price of $0.13 per share until January 25, 2024. These stock options vest immediately except for 150,000, which vest over a one-year period with 25% vesting after each of three months, six months, nine months, and twelve months after the grant date, respectively.

- 450,000 stock options to employees and consultants that can be exercised at a price of $0.14 per share until June 13, 2024. These stock options vest immediately except for 300,000, which vest over a one-year period with 25% vesting after each of three months, six months, nine months, and twelve months after the grant date, respectively.

- 450,000 stock options to a consultant that can be exercised at a price of $0.14 per share until June 13, 2022. These stock options vest over a one-year period with 25% vesting after each of three months, six months, nine months, and twelve months after the grant date, respectively.

- 500,000 stock options to a newly appointed director of the Company that can be exercised at a price of $0.08 per share until November 18, 2024. These stock options vest immediately.

- 4,000,000 stock options to directors, officers, employees, and consultants that can be exercised at a price of $0.06 per share until December 23, 2024. These stock options vest immediately except for 150,000, which vest over a one-year period with 25% vesting after each of three months, six months, nine months, and twelve months after the grant date, respectively.

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

		Options outstanding		Options exerciseable
Expiry date	Exercise price	Number of shares issuable on exercise	Remaining life (years)	Number of shares issuable on exercise
October 1, 2020*	$ 0.16	35,000	0.00	35,000
December 16, 2020	$ 0.21	1,325,000	0.21	1,325,000
February 1, 2021	$ 0.28	75,000	0.34	75,000
February 21, 2022	$ 0.17	1,500,000	1.39	1,500,000
March 28, 2022	$ 0.16	500,000	1.49	500,000
May 30, 2022	$ 0.13	50,000	1.66	50,000
June 13, 2022	$ 0.14	450,000	1.70	450,000
January 31, 2023	$ 0.10	1,600,000	2.34	1,600,000
January 25, 2024	$ 0.13	3,400,000	3.32	3,400,000
June 13, 2024	$ 0.14	450,000	3.70	450,000
November 18, 2024	$ 0.08	500,000	4.14	500,000
December 23, 2024	$ 0.06	4,000,000	4.23	3,962,500
		13,885,000		13,847,500

* Subsequent to September 30, 2020, these options expired unexercised.

The weighted average remaining life of options outstanding is 2.86 years.

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7. CAPITAL STOCK (continued)

Share-based compensation

The fair value of agents' warrants issued and stock options granted during the nine months ended September 30, 2020 and 2019, respectively, was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Expected option life (years)	2.00	3.14
Expected volatility	137%	122%
Expected dividend yield	-	-
Risk-free interest rate	0.59%	1.69%
Expected forfeiture rate	1.00%	1.00%
Fair value per option	$ 0.08	$ 0.10
Total fair value	$ 290,708	$ 838,402

During the nine months ended September 30, 2020, the Company recognized share-based compensation of $290,708, for the agents' warrants issued during the period, all of which was considered capital stock issuance costs. The Company also recognized share-based compensation expense of $19,224 for the vested portion of options previously granted during 2019.

During the nine months ended September 30, 2019, the Company recognized share-based compensation of $805,253, for the vested portion of options granted during the period, of which $355,993 was expensed, $403,195 was considered capital stock issuance costs, and $46,065 was considered exploration expenditures (note 3). The Company also recognized share-based compensation expense of $137 for the vested portion of options previously granted during 2018.

Share-based payment reserve

The share-based payment reserve records items recognized as share-based compensation and the fair value of compensatory warrants. When stock options or warrants are exercised, the corresponding amount is reallocated to share capital or, if cancelled or expired, the corresponding amount is reallocated to deficit.

A summary of share-based payment reserve transactions is as follows:

	Nine months ended September 30, 2020	Year ended December 31, 2019
Balance, beginning of period (year)	$ 6,753,121	$ 6,013,767
Share-based compensation	19,224	633,089
Fair value of agents' warrants	290,708	403,195
Stock options exercised, reallocated to capital stock	-	(15,463)
Agents' warrants exercised, reallocated to capital stock	(29,644)	(3,105)
Stock options expired, reallocated to deficit	(251,458)	(278,362)
Balance, end of period (year)	$ 6,781,951	$ 6,753,121

8. CONTINGENCY

In November 2019, Kilroy received a demand for foregone customs duty and taxes from the Guyana Revenue Agency ("GRA"). The GRA alleges that the joint venture agreement between Kilroy and Stronghold, a wholly owned subsidiary of the Company, has breached the terms of the customs duty and tax exemption granted to Kilroy during 2015 and 2016 on the purchase of mining equipment. The GRA seeks payment of $458,767 ($73,056,644 Guyanese dollars). Management believes that these claims are without merit and intends to defend against the claim. Accordingly, the Company has not accrued any amounts related to this claim.

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9. LEASE LIABILITY

Lease liability		September 30, 2020		December 31, 2019
Lease liability	$	112,171	$	140,813
Less: current portion		(55,720)		(55,720)
Long-term portion	$	56,451	$	85,093

Changes to the Company's lease liability was as follows:

		Nine months ended September 30, 2020		Year ended December 31, 2019
Opening balance	$	140,813	$	-
Lease liability due to initial application of IFRS 16		-		173,493
Interest expense		16,654		27,714
Interest paid		(16,654)		(27,714)
Payment of principal portion of lease liabilities		(28,642)		(32,680)
Balance, end of period (year)	$	112,171	$	140,813

10. SEGMENTED INFORMATION

The Company primarily operates in one reporting operating segment, being the acquisition, exploration and evaluation of resource properties located in two geographical segments, Canada and Guyana.

Geographical segmented information is presented as follows:

	Canada	Guyana	Total
Comprehensive loss			
Nine months ended September 30, 2020			
Net loss for the period	$ 970,849	$ 4,146,808	$ 5,117,657
Nine months ended September 30, 2019			
Net loss for the period	$ 1,283,387	$ 3,057,107	$ 4,340,494
Non-current assets and liabilities			
September 30, 2020			
Deposit	$ -	$ 284,611	$ 284,611
Rent deposit	$ 36,053	$ -	$ 36,053
Mineral property	$ -	$ 6,575,508	$ 6,575,508
Property, plant and equipment	$ 108,217	$ 2,374,850	$ 2,483,067
December 31, 2019			
Deposit	$ -	$ 268,387	$ 268,387
Rent deposit	$ 36,053	$ -	$ 36,053
Mineral property	$ -	$ 6,575,508	$ 6,575,508
Property, plant and equipment	$ 137,550	$ 2,930,305	$ 3,067,855

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11. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

Financial instruments carrying value and fair value

The Company's financial instruments consist of cash and cash equivalents, marketable securities, deposit, and accounts payable. The carrying value of deposits and accounts payable approximates the fair value due to the short-term nature of these instruments. The fair value of the Company's long-term deposit approximates its' carrying value as it is a bond held at a financial institution.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company's marketable securities are measured using level 1 inputs.

The following table summarizes the classification and carrying values of the Company's financial instruments:

September 30, 2020	FVTPL	Amortized cost (financial assets)	Amortized cost (financial liabilities)	Total
Financial assets				
Cash and cash equivalents	$ -	$ 6,007,554	$ -	$ 6,007,554
Amounts receivable	-	41,758	-	41,758
Held-for-trading securities	1,523	-	-	1,523
Total financial assets	$ 1,523	$ 6,049,312	$ -	$ 6,050,835
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ 620,571	$ 620,571
Lease liability	-	-	112,171	112,171
Total financial liabilities	$ -	$ -	$ 732,742	$ 732,742
December 31, 2019				
Financial assets				
Cash and cash equivalents	$ -	$ 3,159,068	$ -	$ 3,159,068
Amounts receivable	-	62,641	-	62,641
Held-for-trading securities	507	-	-	507
Total financial assets	$ 507	$ 3,221,709	$ -	$ 3,222,216
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ 475,417	$ 475,417
Lease liability	-	-	140,813	140,813
Total financial liabilities	$ -	$ -	$ 616,230	$ 616,230

12. SUBSEQUENT EVENTS

Subsequent to September 30, 2020:

- the Company issued 1,100,000 common shares at exercise prices ranging from $0.09 to $0.12 per common share for gross proceeds of $102,000 upon the exercise of warrants;
- the Company granted 1,000,000 stock options to the new CEO of the Company that can be exercised at a price of $0.125 per share until November 16, 2025. These stock options vest over a three-year period with 33% vesting after each of 1 year, 2 years, and 3 years after the grant date, respectively;

12. SUBSEQUENT EVENTS (continued)

- the Company granted 75,000 stock options to an employee that can be exercised at a price of $0.125 per share until November 13, 2025. These stock options vest immediately;

- a total of 85,000 stock options with exercise prices ranging from $0.10 to $0.17 per common share expired or were forfeited, unexercised; and

- On October 20, 2020 the Company entered into an option and purchase agreement to acquire a 100% interest in the Ann Mining Claim, at the Minnehaha Creek area, for total consideration of US$290,000. The terms of the agreement include immediate access to the land for exploration purposes for 2 years, the right to purchase the claim for US$250,000, and the right to terminate the agreement at any time. If not exercised, the option will expire after 2 years. The Company made an option payment of $26,726 (US$20,000) upon the signing of the agreement. The remaining payments are scheduled as follows:
    - US$20,000 in October 2021; and
    - US$250,000 upon the exercise of the option.