

Cartier Resources Inc.

(an exploration company)

Interim condensed Financial statements (unaudited)

Third quarter ended September 30, 2020

The interim condensed financial statements for the period ended September 30, 2020 have not been reviewed by the Company's independent auditor.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Financial Position

(Unaudited)

(In Canadian \$)	September 30, 2020	December 31, 2019
	\$	\$
Assets		
Current		
Cash and cash equivalents (note 2)	13,730,898	7,670,167
Other short-term financial assets (note 3)	-	28,638
Receivables (note 4)	172,992	742,074
Prepaid expenses	150,589	35,835
	<u>14,054,479</u>	<u>8,476,714</u>
Non-current		
Property, plant and equipment	6,304	6,520
Right-of-use assets (note 5)	121,821	153,361
Mining assets and deferred exploration costs (note 6)	19,460,704	16,852,669
	<u>19,467,829</u>	<u>16,859,190</u>
TOTAL ASSETS	<u>33,643,308</u>	<u>25,489,264</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	87,216	241,541
Current portion of lease obligations (note 7)	37,078	50,018
Liability related to flow-through shares (note 14)	2,908,217	763,489
	<u>3,032,511</u>	<u>1,055,048</u>
Non-current		
Lease obligations (note 7)	89,723	106,826
Loan (note 8)	30,000	-
Deferred income and mining taxes	2,373,861	1,969,674
	<u>2,493,584</u>	<u>2,076,500</u>
TOTAL LIABILITIES	<u>5,526,095</u>	<u>3,131,548</u>
EQUITY		
Share capital (note 9)	43,109,262	37,203,150
Warrants	75,004	-
Contributed surplus	3,077,403	2,888,116
Deficit	(18,249,029)	(17,755,275)
Accumulated other comprehensive loss	104,573	21,725
	<u>28,117,213</u>	<u>22,357,716</u>
TOTAL EQUITY	<u>28,117,213</u>	<u>22,357,716</u>
TOTAL LIABILITIES AND EQUITY	<u>33,643,308</u>	<u>25,489,264</u>

Basis of preparation and going concern (note 1)

Contingencies and commitments (note 14)

Subsequent event (note 18)

The accompanying notes are an integral part of these unaudited financial statements.

Approved on behalf of the Board of Directors

(Signed) Philippe Cloutier, Director

(Signed) Daniel Massé, Director

Cartier Resources Inc.

(an exploration company)

Unaudited Interim Condensed Statements of changes in equity

(Unaudited)

(In Canadian \$)

	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive (loss) \$	Total equity \$
BALANCE AS AT DECEMBER 31, 2019	191,630,762	37,203,150	-	2,888,116	(17,755,275)	21,725	22,357,716
Net loss for the period	-	-	-	-	(493,754)	-	(493,754)
Gain on disposal of other short-term financial assets	-	-	-	-	-	82,848	82,848
Total comprehensive loss	-	-	-	-	(493,754)	82,848	(410,906)
Issuance of shares net of issue costs and net of income (note 9)	21,778,200	5,682,029	-	-	-	-	5,682,029
Effect of share-based payments (note 9)	-	-	-	282,120	-	-	282,120
Issuance of options (note 9)	1,175,000	224,083	-	(92,833)	-	-	131,250
Issuance of warrants (note 9)	-	-	75,004	-	-	-	75,004
BALANCE AS AT SEPTEMBER 30, 2020	214,583,962	43,109,262	75,004	3,077,403	(18,249,029)	104,573	28,117,213
BALANCE AS AT DECEMBER 31, 2018	177,104,747	35,288,268	183,985	2,625,207	(16,954,397)	20,737	21,163,800
Net loss for the period	-	-	-	-	(827,809)	-	(827,809)
Change in fair value of other short-term financial assets	-	-	-	-	-	(17,775)	(17,775)
Total comprehensive loss	-	-	-	-	(827,809)	(17,775)	(845,584)
Effect of share-based payments (note 9)	-	-	-	235,036	-	-	235,036
Expired warrants	-	-	(89,971)	-	89,971	-	-
BALANCE AS AT SEPTEMBER 30, 2019	177,104,747	35,288,268	94,014	2,860,243	(17,692,235)	2,962	20,553,252

The accompanying notes are an integral part of these unaudited financial statements.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of loss and comprehensive loss

(Unaudited)

(In Canadian \$)

	Three-month periods ended		Nine-month periods ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	\$	\$	\$	\$
Administrative expenses				
Salaries	98,439	89,921	315,894	275,057
Consultants	1,093	1,054	3,133	4,002
Share-based payments-employees (note 9 and 10)	103,497	48,842	200,757	175,181
Share-based payments-consultants (note 9)	-	2,066	20,925	5,903
Professional fees	10,880	11,195	64,818	34,109
Business development expenditures (analysts and brokers)	49,534	30,220	112,956	103,519
Road shows and gold shows	1,294	16,158	14,689	103,292
Investor relations	39,978	44,426	107,334	82,022
Insurance, taxes and permits	3,038	2,930	11,337	10,959
Financial expenses (note 11)	4,156	2,614	11,680	9,103
Depreciation of property, plant and equipment	165	-	438	-
Depreciation of right-of-use assets	4,917	1,967	14,752	5,901
Office supplies	6,789	7,464	18,873	18,328
Telecommunications	2,027	2,060	6,414	6,597
Training and travel	2,185	4,692	9,223	26,838
Advertising and sponsoring	2,090	1,669	5,504	12,973
Information to shareholder	3,518	3,201	28,816	34,502
Part XII.6 tax related to flow-through shares	(12,692)	-	-	-
	320,908	270,479	947,543	908,286
Other expenses (income)				
Other exploration costs	1,226	1,370	5,957	2,315
Gain linked to an interest-free loan (note 8)	-	-	(10,000)	-
Interest income	(11,896)	(23,430)	(56,638)	(83,929)
	(310,238)	(248,419)	(886,862)	(826,672)
Loss before deferred income and mining taxes				
	(27,879)	484	(393,108)	1,137
Deferred income and mining taxes				
	(282,359)	(248,903)	(493,754)	(827,809)
Net loss for the period attributable to shareholders				
Change in fair value of other short-term financial assets	-	(11,820)	-	(17,775)
Gain on disposal of other short-term financial assets	65,073	-	82,848	-
	(217,286)	(260,723)	(410,906)	(845,584)
Comprehensive loss for the period attributable to shareholders				
	(0.00)	0.00	(0.00)	0.00
Loss per share basic and diluted				
Weighted average number of common shares outstanding basic	204,641,740	177,104,747	196,201,511	177,104,747
diluted	210,460,952	179,312,020	199,562,517	178,192,247

The accompanying notes are an integral part of these unaudited financial statements.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Cash Flows Unaudited (Unaudited)

(In Canadian \$)

	Nine-month periods ended	
	September 30, 2020	September 30, 2019
	\$	\$
OPERATING ACTIVITIES		
Net Loss	(493,754)	(827,809)
Adjustments for:		
Deferred income and mining taxes	(393,108)	1,137
Share-based payments-employees (note 9 and 10)	200,757	175,181
Share-based payments-consultants (note 9)	20,925	5,903
Gain linked to an interest-free loan	(10,000)	-
Depreciation of property, plant and equipment	438	-
Interests on lease obligations	1,175	1,003
Depreciation of right-of-use assets	14,752	5,901
Interest income	(56,638)	(83,929)
Interest paid	(1,175)	(1,003)
Interest received	55,753	77,793
	<u>(660,875)</u>	<u>(645,823)</u>
Net change in non-cash working capital items		
Receivables	60,766	167,933
Prepaid expenses	(114,754)	76,352
Accounts payables and accrued liabilities	(9,449)	(50,881)
	<u>(724,312)</u>	<u>(452,419)</u>
Cash flows used in operating activities		
	<u>(724,312)</u>	<u>(452,419)</u>
FINANCING ACTIVITIES		
Shares issue	9,364,626	-
Shares issue expenses	(674,246)	-
Loan (note 8)	40,000	-
Exercise of options	131,250	-
Payments on lease obligations	(30,043)	(28,769)
	<u>8,831,587</u>	<u>(28,769)</u>
Cash flows from (used in) financing activities		
	<u>8,831,587</u>	<u>(28,769)</u>
INVESTING ACTIVITIES		
Disposal of other short-term financial assets	111,486	-
Acquisition of property, plant and equipment	(1,685)	(1,613)
Tax credits received	530,023	915,967
Interest paid on lease obligations capitalized as mining assets and deferred exploration costs	(2,904)	-
Acquisition of mining assets and deferred exploration costs	(2,683,464)	(2,333,198)
	<u>(2,046,544)</u>	<u>(1,418,844)</u>
Cash flows used in investing activities		
	<u>(2,046,544)</u>	<u>(1,418,844)</u>
Net change in cash and cash equivalents	6,060,731	(1,900,032)
Cash and cash equivalents at the beginning	7,670,167	7,572,963
Cash and cash equivalents at the end (note 2)	13,730,898	5,672,931

Additional information (note 12)

The accompanying notes are an integral part of these unaudited financial statements.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(In Canadian \$)

Incorporation and Nature of Operations

Cartier Resources Inc. (the "Company"), initially incorporated under Part 1 A of the Québec *Companies Act* on July 17, 2006, has been governed by the *Business Corporations Act* (Quebec) since February 14, 2011. The Company's head office is located at 1740, chemin Sullivan, Suite 1000, Val-d'Or, Québec. Its activities primarily include the acquisition and exploration of mining properties in Canada.

The Company has not yet determined whether these properties contain economically recoverable ore reserves. Although, at the current stage of the exploration work, the Company is taking all industry standard measures to ensure that the mining property titles in which it has a financial interest are in good standing, these measures in place do not guarantee property titles to the Company. Property titles may be subject to prior unregistered agreements or non-compliance with regulatory requirements.

The recoverability of amounts reported for mining properties and deferred exploration expenses is dependent on the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and future profitable production, or the proceeds of the transfer of such property. At the date of the interim condensed financial statements, the carrying value of mining properties and deferred exploration expenses represents, in management's opinion, the best estimate of their net recoverable value. This value could however be reduced in the future.

On November 18, 2020, the Company's Board of Directors approved these unaudited interim condensed financial statements for the period ended September 30, 2020.

1. Basis of preparation and going concern

These unaudited interim condensed financial statements were prepared on a going concern basis, using historical costs method, except for "Other short-term financial assets" which are measured at fair value.

The unaudited interim condensed financial statements have been prepared on a going concern basis, meaning that the Company will be able to realize its assets and discharge its commitments and liabilities in the normal course of operations. The Company's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance it will be able to do so in the future. The Company believes it has sufficient liquidity to meet its obligations for the next 12 months. The Company has not yet determined whether its properties contain economically recoverable ore reserves, nor has it generated revenues from operations. The recoverability of the amounts shown for mining properties is dependent upon the existence of economic ore reserves, the ability of the Company to obtain the necessary financing to explore and develop its properties, and upon future profitable production or proceeds from the disposal of properties.

The above conditions indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These unaudited interim condensed financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material.

These unaudited interim condensed financial statements have been prepared by the Company's management in accordance with ("IFRS"), and in accordance with IAS 34, "Interim Financial Reporting". They do not include all the information required in annual financial statements in accordance with IFRS. These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(In Canadian \$)

1. Basis of preparation and going concern (continued)

These unaudited interim condensed financial statements have been prepared using the same accounting methods used in the audited financial statements for the year ended December 31, 2019.

The preparation of unaudited interim condensed financial statements in accordance with IAS 34 requires the use of certain critical judgments and accounting estimates. It also requires management to exercise judgment when applying the Company's accounting policies.

In preparing these unaudited interim condensed financial statements, the important judgments that were made by management in applying the Company's accounting policies and the main sources of estimation uncertainty were the same as those described in the audited financial statements for the year ended December 31, 2019.

2. Cash and cash equivalents

As at September 30, 2020 and December 31, 2019, cash and cash equivalents included an account bearing interest and an account without interest, as shown below:

	September 30, 2020		December 31, 2019	
	\$	Interest rate	\$	Interest rate
Account bearing interest	13,312,932	0.20%-1.85%	6,868,800	1.10%-2.50%
Account without interest	417,966	-	801,367	-
Total	13,730,898		7,670,167	

Cash and cash equivalents include \$9,263,210 (\$2,373,548 as at December 31, 2019) of funds to be expensed in eligible exploration expenses before December 31, 2021.

3. Other short-term financial assets

	September 30, 2020	December 31, 2019
	\$	\$
Marketable securities of a quoted mining exploration company, at fair value	-	28,638

During the nine-month period ended September 30, 2020, the Company sold the short-term financial assets it held for an amount of \$111,486 (nil as at December 31, 2019) generating a gain on disposal of short-term financial assets of \$82,848 (nil as of December 31, 2019).

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(In Canadian \$)

4. Receivables

	September 30, 2020	December 31, 2019
	\$	\$
Credit on mining rights refundable and refundable tax credit for resources	125,286	634,487
Commodity taxes	47,706	107,587
	172,992	742,074

5. Right-of-use assets

	Building	Automotive equipment	Other equipment	Total
Gross carrying amount	\$	\$	\$	\$
Balance as at September 30, 2020 and December 31, 2019	174,626	5,835	14,951	195,412
Accumulated depreciation				
Depreciation for the year ended on December 31, 2019	(33,261)	(3,183)	(5,607)	(42,051)
Depreciation for the period ended September 30, 2020	(24,948)	(2,387)	(4,205)	(31,540)
Balance as at September 30, 2020	(58,209)	(5,570)	(9,812)	(73,591)
Carrying amount as at September 30, 2020	116,417	265	5,139	121,821
Carrying amount as at December 31, 2019	141,365	2,652	9,344	153,361

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(In Canadian \$)

6. Mining assets and deferred exploration costs

	Chimo Mine	Wilson	Benoist	Fenton	Total
<i>Percentage interest</i>	100%	100%	100%	50%	
	\$	\$	\$	\$	\$
Mining assets					
Balance as at September 30, 2020 and December 31, 2019	457,024	72,000	737,723	24,644	1,291,391
Deferred exploration costs					
Balance as at December 31, 2019	10,550,684	1,092,447	2,391,967	1,526,180	15,561,278
Additions					
Geology	281,432	-	55,355	276	337,063
Drilling	1,793,340	-	102	-	1,793,442
Geochemistry	87,888	-	-	-	87,888
Exploration office expenses	3,785	-	-	-	3,785
Engineering	290,411	-	-	-	290,411
Surveying and access roads	-	-	2,850	-	2,850
Core shack rental and maintenance	2,496	-	-	-	2,496
Duties, taxes and permits	25,830	-	1,492	41	27,363
Depreciation of exploration leasehold improvements	1,463	-	-	-	1,463
Depreciation of right-of-use assets	16,788	-	-	-	16,788
Interest on lease obligations	2,904	-	-	-	2,904
Share-based payments - employees (note 9)	60,438	-	-	-	60,438
Total deferred exploration costs during the period	2,566,775	-	59,799	317	2,626,891
Tax credits	(15,993)	-	(2,863)	-	(18,856)
Additions during the period	2,550,782	-	56,936	317	2,608,035
Total deferred exploration costs as at September 30, 2020	13,101,466	1,092,447	2,448,903	1,526,497	18,169,313
Total of mining assets and deferred exploration costs as at September 30, 2020	13,558,490	1,164,447	3,186,626	1,551,141	19,460,704
Total of mining assets and deferred exploration costs as at December 31, 2019	11,007,708	1,164,447	3,129,690	1,550,824	16,852,669

All mining properties held by the Company are located in northwestern Quebec.

The Company is subject to royalties on certain properties.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(In Canadian \$)

7. Lease obligations

	September 30, 2020	December 31, 2019
	\$	\$
Lease obligations included in the statement of financial position		
Lease obligation	156,844	195,412
Theoretical interests	4,079	6,929
Payments	<u>(34,122)</u>	<u>(45,497)</u>
	126,801	156,844
Current portion of lease obligations	<u>(37,078)</u>	<u>(50,018)</u>
Lease obligations	<u>89,723</u>	<u>106,826</u>
Maturity analysis – contractual undiscounted cash flows		
Less than one year	33,067	44,914
One to five years	<u>101,970</u>	<u>124,240</u>
Total undiscounted lease obligations	<u>135,037</u>	<u>169,154</u>

8. Loan

Loan of \$40,000 from the Canadian Small Business Emergency Account, interest free, repayable by December 31, 2022 with 25% write-off of the loan, up to \$10,000, conditional on repaying the loan at maturity by the Company. The Company recognized a gain related to this loan of \$10,000 during the nine-month period ended September 30, 2020, because it considers reasonable that the conditions required to recognize the gain will be met.

9. Share capital

Authorized

Unlimited number of common shares, without par value, voting and participating

	September 30, 2020		December 31, 2019	
	Number	Amount \$	Number	Amount \$
Balance, beginning of the period	191,630,762	37,203,150	177,104,747	35,288,268
Shares issued and paid				
Flow-through private placements (a) (c) (d)	21,778,200	9,289,622	13,726,015	3,021,873
Renouncement of tax deductions on flow-through shares (a) (c) (d)	-	(2,940,057)	-	(970,097)
Exercise of options (b)	1,175,000	224,083	800,000	123,920
	<u>22,953,200</u>	<u>6,573,648</u>	14,526,015	2,175,696
Share issue expenses (a) (c) (d)	-	(667,536)	-	(260,814)
Balance, at end of the period	<u>214,583,962</u>	<u>43,109,262</u>	191,630,762	37,203,150

Cartier Resources Inc.

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Interim Condensed Notes to the Financial Statements

Nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(In Canadian \$)

9. Share capital (continued)

(a) Issuance of flow-through shares on August 11, 2020

On August 11, 2020, the Company completed a private placement through a broker. The Company issued 21,778,200 flow-through shares at a price of \$0.43 per share for total gross proceeds of \$9,364,626. In connection with the offering, the agent received a cash fee equal to 6% of the gross proceeds of the offering and broker warrants, equal to 6% of the number of shares sold pursuant. Each broker warrant shall entitle the holder thereof to acquire one common share at a price of \$0.43 for a period of 12 months following the closing date. The financing is presented net of the value of the broker warrants amounting to \$75,004. Share issue expenses totalling \$667,536 were also applied against the share capital.

The Company also renounced the tax deduction related to the flow-through shares, which reduced share capital by \$2,940,057, and the consideration is presented as a liability related to flow-through shares.

(b) During the nine month period ended September 30, 2020, the Company issued 950,000 common shares at a price of \$0.105 and 225,000 common shares at a price of \$0.14 totalling \$131,250 following exercise of options whose fair value of the common share ranged from \$0.135 and \$0.14. During the year 2019, the Company issued 800,000 common shares at a price of \$0.10, totalling \$80,000 following exercise of options whose fair value of the common share ranged from \$0.135 and \$0.14 at the time of exercise.

(c) Issuance of flow-through shares on December 19, 2019

On December 19, 2019, the Company completed a private placement. The Company issued 356,300 flow-through shares at a price of \$0.22 per flow-through share for total gross proceeds of \$78,386. The Company has not paid any finder's fees. Share issue expenses totalling \$6,451 were also applied against the share capital.

The Company also renounced the tax deduction related to the flow-through shares, which reduced share capital by \$32,067, and the consideration is presented as a liability related to flow-through shares.

(d) Issuance of flow-through shares on October 31, 2019

On October 31, 2019, the Company completed a private placement through Desjardins Securities Inc. The Company issued 11,429,048 flow-through shares at a price of \$0.21 per share and 1,940,667 flow-through shares at a price of \$0.28 per share, for total gross proceeds of \$2,943,387. In connection with the offering, the agent received a cash fee equal to 6% of the gross proceeds of the offering. Share issue expenses totalling \$254,363 were also applied against the share capital.

The Company also renounced the tax deduction related to the flow-through shares representing an amount of \$938,030 which reduced the share capital and increased the liabilities related to flow-through shares.

Share Option Plan

The Company has a share option plan that has been approved by the shareholders. The maximum number of common shares which may be reserved under the plan is limited to 10% of the number of common shares issued and outstanding (on a non-diluted basis). The options granted to any optionee cannot exceed 5% of the issued and outstanding common shares. The options are vested over a period of 12 months and are exercisable over a maximum of five years.

Cartier Resources Inc.

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Interim Condensed Notes to the Financial Statements

Nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(In Canadian \$)

9. Share capital (continued)

The following table summarizes the information about the outstanding share options:

	September 30, 2020		December 31, 2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Outstanding - Beginning	14,600,000	0.16	14,100,000	0.17
Granted-employees	2,200,000	0.22	3,400,000	0.12
Granted-consultants	-	-	300,000	0.14
Exercised	(1,175,000)	0.11	(800,000)	0.10
Expired	(75,000)	0.14	(2,400,000)	0.18
Outstanding - End	15,550,000	0.17	14,600,000	0.16
Exercisable - End	13,537,500	0.17	11,950,000	0.17

The following table summarizes certain information for share options outstanding and exercisable:

Exercise price	Outstanding options September 30, 2020			Exercisable options September 30, 2020		
	Number of options remaining life	Weighted average remaining life (years)	Weighted average exercise price	Number of options remaining life	Weighted average remaining life (years)	Weighted average exercise price
			\$			\$
\$0.10 to \$0.20	11,475,000	2.45	0.14	10,750,000	2.39	0.14
\$0.21 to \$0.30	4,075,000	3.30	0.25	1,875,000	2.33	0.28
\$0.10 to \$0.30	15,550,000	2.67	0.17	12,625,000	2.38	0.17

The weighted average fair value of share options granted was estimated using the Black-Scholes model at \$0.13 (\$0.16 in 2019) per option using the following assumptions:

	2020	2019
Risk-free interest rate	0.35%	1.48%
Expected volatility	78%	84%
Dividend yield	Nil	Nil
Weighted average expected life	5 years	5 years

During the three and nine-month periods ended September 30, 2020, the share-based payment expense was \$134,124 and \$282,120 (\$66,279 and \$235,036 for the three and nine-month periods ended September 30, 2019). An amount of \$103,497 and \$221,682 (\$66,151 and \$130,176 for the same periods in 2019) for the same periods was presented in the statement of loss and an amount of \$30,627 and \$60,438 (\$15,371 and \$53,952 for the same periods in 2019) for the same periods was presented in mining assets and deferred exploration costs.

Cartier Resources Inc.

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Interim Condensed Notes to the Financial Statements

Nine-month periods ended September 30, 2020 and 2019 (Unaudited)

(In Canadian \$)

9. Share capital (continued)

Warrants

The following table presents the changes for warrants:

	September 30, 2020			December 31, 2019		
	Number	Weighted average exercise price \$	Weighted average remaining contractual life (years)	Number	Weighted average exercise price \$	Weighted average remaining contractual life (years)
Outstanding - Beginning	-	-	-	1,983,400	0.27	0.61
Granted-private placements ⁽¹⁾	1,306,692	0.43	0.86	-	-	-
Expired	-	-	-	(1,983,400)	0.27	-
Outstanding - End	1,306,692	0.43	0.86	-	-	-
Exercisable - End	-	-	-	-	-	-

⁽¹⁾ At issuance, the warrants are subject to a 4 month and 1 day statutory hold period.

The outstanding warrants are as follows:

<u>Maturity date</u>	<u>Exercise price</u> \$	<u>Number</u>
August 2021	0.43	1,306,692

The weighted average fair value of warrants granted was estimated on the grant date using the Black-Scholes option-pricing model at \$0.06 per warrant using the following assumptions:

Risk-free interest rate	<u>2020</u> 0.23%
Expected volatility	81%
Dividend yield	nil
Weighted average expected life	1 year

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10. Employee remuneration

Employee benefits recognized are detailed below:	Three-month periods ended		Nine-month periods ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	\$	\$	\$	\$
Salaries and fees	134,583	121,058	457,203	434,712
Fringe benefits	5,740	5,154	36,754	32,892
Share-based payments-employees	134,124	66,280	261,195	229,133
Defined contribution pension plan	9,221	7,199	26,664	25,610
	283,668	199,691	781,816	722,347
Less: salaries and share-based payments-employees capitalized in exploration and evaluation assets	(80,459)	(52,700)	(257,238)	(237,783)
Employee benefits	203,209	146,991	524,578	484,564

Employee benefits expense is allocated to the following items:

Salaries	98,438	89,921	315,894	275,057
Share-based payments-employees	103,497	48,842	200,757	175,181
Road shows and gold shows	813	8,228	6,483	32,432
Training and travel	460	-	1,444	1,894
	203,208	146,991	524,578	484,564

11. Financial expenses

	Three-month periods ended		Nine-month periods ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	\$	\$	\$	\$
Interest and bank charges	3,923	2,300	10,505	8,101
Theoretical interests on lease obligations	233	314	1,175	1,002
Total of financial expenses	4,156	2,614	11,680	9,103

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12. Cash flows

Additional information	Nine-month periods ended	
	September 30, 2020	September 30, 2019
	\$	\$
Items not affecting cash and cash equivalents related to operating, financing and investing activities		
Variation of share issue expenses included in accounts payable and accrued liabilities	6,710	-
Depreciation of property, plant and equipment capitalised to deferred exploration costs	1,463	2,429
Depreciation of right-of-use assets capitalised to deferred exploration costs	16,788	25,638
Variation of deferred exploration costs included in accounts payable and accrued liabilities	(138,166)	(175,152)
Share-based payments-employees charged to deferred exploration costs	60,438	53,952
Interest on lease obligations capitalized to deferred exploration costs	2,904	4,351
Credits on mining taxes applied against deferred exploration costs	(18,856)	511,707

13. Financial Instruments

Objectives and policies in managing financial risks

The Company is exposed to various financial risks resulting from its operations and investing activities. The directors and officers of the Company manage those risks.

The Company does not enter into speculative derivative financial instruments.

Financial risks

The following paragraphs describe the main financial risks to which the Company is exposed as well as its risk management policies.

Interest risk

As at September 30, 2020, the Company is not exposed to interest rate risk since no financial instrument bears interest.

Liquidity risks

The Company establishes cash forecasts to ensure it has the necessary funds to fulfill its obligations. Obtaining additional funds makes it possible for the Company to continue its operations. While the Company has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

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13. Financial Instruments (continued)

Liquidity risk analysis

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has adequate financing sources such as private and public investments.

Over the year, the Company has financed its exploration expense commitments, working capital requirements and acquisitions through private and flow-through financings.

Sensitivity to credit risk

The Company's exposure to credit risk is limited to the carrying value of its financial assets at the date of presentation of the financial information as disclose below:

	September 30, 2020	December 31, 2019
	\$	\$
Cash and cash equivalents	<u>13,730,898</u>	<u>7,670,167</u>

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for cash and cash equivalents and cash reserved for exploration is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings.

Fair value of financial instruments

The Company discloses the fair value hierarchy by which the financial instruments are evaluated and assigned to the following levels. Level 1 features a valuation based on 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 the asset or liability, either directly or indirectly. Level 3 includes inputs for the asset or liability that are not based on observable market data. Marketable securities are classified under Level 1.

The carrying amount of cash and cash equivalents, cash reserved for exploration, accounts payables and accrued liabilities approximate the fair value based on the close date.

The carrying amount of the non-current liability, which includes the loan, approximates its fair value because market conditions have not changed significantly between the date of the transactions and September 30, 2020.

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14. Contingencies and commitments

The Company is partially financed through the issuance of flow-through shares. However, there is no guarantee that its expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

If the Company does not incur eligible exploration expenditures it will be required to indemnify the holders of such shares against all taxes and other expenses incurred as a result of the Company not incurring the required exploration expenses.

During the nine-month period ended September 30, 2020, the Company received an amount of \$9,364,626 (\$3,021,873 as at December 31, 2019) from flow-through financings. From this amount received in 2020, \$101,416 was used during the nine-month period ended September 30, 2020 and from this amount received in 2019, \$2,373,548 was used during the nine-month period ended September 30, 2020 (\$648,325 as at December 31, 2019). As at September 30, 2020, there is an amount of \$9,263,210 (\$2,373,548 as at December 31, 2019) which must be spent as eligible exploration expenses before December 31, 2021.

The Company renounced tax deductions related to the flow-through financings and a liability related to flow-through shares issued in 2020, totaling \$2,940,057 (\$970,097 in 2019) was recorded at the time of issuance (see note 9). Management was required to incur eligible exploration expenditures before December 31, 2021. As at September 30, 2020, the flow-through share liability was \$2,908,217 (\$763,489 as at December 31, 2019).

15. Transactions with key management personnel

The Company's key management personnel are members of the Board of Directors, the president, the vice-president and chief financial officer. The remuneration of key management personnel includes the following expenses:

	Three-month periods ended		Nine-month periods ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	\$	\$	\$	\$
Short-term employee benefits				
Salaries and fees including bonuses and benefits	114,190	101,305	382,731	364,479
Social security costs and contributions to the pension plan	3,864	9,418	42,752	46,171
Total short-term employee benefits	118,054	110,723	425,483	410,650
Share-based payments-employees	118,810	58,500	231,181	204,216
Total remuneration	236,864	169,223	656,664	614,866

During the nine-month periods ended as at September 30, 2020, the three key management personnel exercised a total of 450,000 stock options granted through the stock-based payment plans (nil as at September 30, 2019).

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16. Related party transactions

The Company had no related party transactions during the nine months ended September 30, 2020. During the year ended December 31, 2019, the Company paid \$680 to the spouse of a director for consultant fees. As at December 31, 2019, this amount has been recorded in administrative expenses under "Business development (analysts and brokers)" in the statements of profit or loss, and no amount is payable.

17. Capital disclosures

The Company's objectives in managing its capital are to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions. 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. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company's capital is composed of shareholders' equity. The Company's primary uses of capital are to finance exploration expenditures and acquire properties. To effectively manage the Company's capital requirements, the Company has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives.

The Company expects that its current capital resources and its ability to obtain additional financing will support further exploration and development of its mineral properties for the next 12 months.

The Company is not subject, with regards to external rules, to any requirements regarding its capital, unless the Company completes a flow-through financing for which the cash must be reserved for exploration. As at September 30, 2020, the Company has \$9,263,210 (\$2,373,548 as at December 31, 2019) cash reserved for exploration.