Abacus Mining & Exploration Corporation

(an exploration stage company)

Condensed Interim Consolidated Financial Statements

September 30, 2019

(Unaudited)

(Expressed in Canadian dollars)

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management of Abacus Mining & Exploration Corporation.

Abacus Mining & Exploration Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim consolidated statements of financial position

Unaudited- Expressed in Canadian dollars

	NOTE	September 30, 2019	December 31, 2018
ASSETS		**($)**	**($)**
Current assets:			
Cash and cash equivalents		21,939	202,003
Amounts receivable		2,374	3,456
Prepaid expenses		1,965	22,472
		26,278	227,931
Non-current assets:			
Restricted cash	4	25,875	26,041
Investment in KGHM Ajax Mining Inc.	5	5,866,346	6,020,943
Exploration and evaluation assets	6	229,808	226,891
		6,122,029	6,273,875
		6,148,307	**6,501,806**
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities:			
Accounts payable and accrued liabilities		214,776	173,594
Long-term liabilities:			
KGHM Ajax project loan	7	17,043,322	15,833,945
		17,258,098	16,007,539
Shareholders' deficit:			
Capital stock	8	86,917,690	86,742,990
Reserves-options		5,456,428	5,427,674
Reserve - warrants		29,426	27,953
Deficit		(103,513,335)	(101,704,350)
		(11,109,791)	(9,505,733)
		6,148,307	**6,501,806**

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

Nature of operations and going concern (Note 1)

Subsequent events (Note 12)

Approved on behalf of the Board by:

"Michael McInnis" Chairman

"Kerry Spong" Director

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim consolidated statements of comprehensive loss

Unaudited- Expressed in Canadian dollars

		Three months ended		Nine months ended	
		September 30	September 30	September 30	September 30
	Note	2019	2018	2019	2018
		($)	($)	($)	($)
General and administrative expenses:					
Accounting and audit		10,840	22,224	34,861	78,054
Consulting and directors' fees		-	22,500	-	67,500
Exploration and evaluation expenditures	6	48,981	107,820	80,756	680,006
Foreign exchange loss		7	5,933	82	1,093
Insurance		5,873	7,673	20,507	21,444
Interest expense	7	415,691	359,177	1,209,377	1,064,518
Investor relations		-	-	-	12,000
Legal		20,833	-	20,833	16,645
Office		4,164	4,351	13,731	17,925
Rent		3,200	5,800	17,700	23,800
Salaries and contract wages		27,518	90,567	165,833	291,693
Share-based payments	8	28,754	2,661	28,754	93,005
Transfer agent and regulatory fees		1,992	1,352	19,477	17,739
Travel and promotion		508	16,475	42,678	108,853
		568,361	646,533	1,654,590	2,494,275
Other items:					
Write off of exploration and evaluation assets		-	8,484	-	8,484
Interest income		10	409	202	2,245
Loss on equity investment in KGHM Ajax Mining Inc.	5	(28,276)	(80,673)	(154,597)	(286,305)
Loss and comprehensive loss for the period		596,627	735,281	1,808,985	2,786,819
Loss per share, basic and diluted		(0.01)	(0.02)	(0.04)	(0.07)
Weighted average number of common shares outstanding	#	51,790,776	# 43,769,339	# 50,636,930	# 41,975,454

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim consolidated statements of changes in shareholders' deficit

Unaudited- Expressed in Canadian dollars

		Share capital		Reserve			
	NOTE	Number of shares	Capital stock	Stock options	Warrants	Deficit	Total shareholders' deficit
		(#)	**($)**	**($)**	**($)**	**($)**	**($)**
Balance, December 31, 2017		**39,192,942**	**85,453,992**	**5,354,844**	**-**	**(98,211,106)**	**(7,402,270)**
Securities issued for cash		4,142,500	828,500	-	-	-	828,500
Issued for Willow property option		41,667	9,167	-	-	-	9,167
Share-based payments		-	-	93,005	-	-	93,005
Loss and comprehensive loss for the period		-	-	-	-	(2,786,819)	(2,786,819)
Balance, September 30, 2018		**43,377,109**	**86,291,659**	**5,447,849**	-	**(100,997,925)**	**(9,258,417)**
Securities issued for cash	8	4,872,000	462,840	-	24,360	-	487,200
Share issuance costs - cash		-	(7,916)	-	-	-	(7,916)
Share issuance costs - warrants		-	(3,593)	-	3,593	-	-
Share-based payments		-	-	(20,175)	-	-	(20,175)
Loss and comprehensive loss for the period		-	-	-	-	(706,425)	(706,425)
Balance, December 31, 2018		**48,249,109**	**86,742,990**	**5,427,674**	**27,953**	**(101,704,350)**	**(9,505,733)**
Securities issued for cash	8	3,500,000	175,000	-		-	175,000
Share issuance costs - cash		-	(1,744)	-	-	-	(1,744)
Share issuance costs - warrants		-	(1,473)	-	1,473	-	-
Share-based payments		-	-	28,754	-	-	28,754
Issued for Willow property option		41,667	2,917	-	-	-	2,917
Loss and comprehensive loss for the period		-	-	-	-	(1,808,985)	(1,808,985)
Balance, September 30, 2019		**51,790,776**	**86,917,690**	**5,456,428**	**29,426**	**(103,513,335)**	**(11,109,791)**

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

ABACUS MINING & EXPLORATION CORPORATION (an exploration stage company)

Condensed interim consolidated statements of cash flows

Unaudited- Expressed in Canadian dollars

	September 30, 2019	September 30, 2018
	($)	**($)**
Operating activities:		
Loss for the period	(1,808,985)	(2,786,819)
Items not involving cash:		
Share of loss in equity investment	154,597	286,305
Share-based payments	28,754	93,005
Interest expense	1,209,377	1,064,518
Exploration and evaluation assets written off	-	8,484
Changes in working capital related to operating activities:		
Prepaid expenses	20,507	4,119
Amounts receivable (net)	1,082	3,622
Accounts payable and accrued liabilities	41,182	169,494
Cash used for operating activities	**(353,487)**	**(1,157,272)**
Investing activities:		
Exploration and evaluation assets	-	(84,986)
Interest on restricted cash	166	125
Cash used for investing activities	**166**	**(84,861)**
Financing activities:		
Proceeds from private placement (net)	173,256	828,500
Cash provided by financing activities	**173,256**	**828,500**
Decrease in cash and cash equivalents during the period	(180,065)	(413,633)
Cash and cash equivalents, beginning of the period	202,003	480,597
Cash and cash equivalents, end of period	**21,938**	**66,964**

Supplemental cash flows		
Supplemental disclosures		
Interest on cash and cash equivalents	-	2,074
Interest on restricted cash	202	171
Shares issued for exploration and evaluation assets	2,917	9,167

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Abacus Mining & Exploration Corporation (the "Company" or "Abacus"), incorporated under the *Company Act* (British Columbia), is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties in Canada. The address of the Company's office is Suite 1000 - 1050 West Pender Street, Vancouver, British Columbia, Canada.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent acquisition costs incurred to date, less any amounts written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company raising capital, the sale or entering into a joint venture of the Company's exploration and evaluation assets, and/or the attainment of profitable operations.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. During the period ended September 30, 2019 the Company incurred a net loss of $1,808,985 (September 30, 2018: $2,786,819). At September 30, 2019, the Company's liabilities exceeded its assets by $11,109,791 (December 31, 2018: $9,505,733). (Note 12)

The Company continues to have operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its mineral properties. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to fund its mineral properties through the issuance of capital stock or joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Management plans to continue to secure the necessary financing through a combination of equity financing and entering into joint venture arrangements; however, there is no assurance that the Company will be successful in these actions. These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION and SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and financial instruments at fair value, if any held, that have been measured at fair value. These condensed interim consolidated financial statements are presented in Canadian dollars, except where otherwise noted.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Interim financial statements do not include all the information required for full annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018. These condensed interim consolidated financial statements were reviewed by the Audit Committee, and the Board of Directors approved and authorized them for issuance on November 26, 2019.

(b) Principles of consolidation
These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Abacus Mining & Exploration (NV) Corporation, a company incorporated in the state of Nevada, USA. All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

(c) Foreign currency translation
The functional and presentation currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transaction. Monetary assets and liabilities that are denominated in foreign currency are translated at the rates prevailing at each reporting date.

Non-monetary items that are measured in terms of historical cost in foreign currency are not translated. Foreign currency translation differences are recognized in profit or loss, except for differences on the translation classified as fair value through other comprehensive income, which are recognized in other comprehensive income.

(d) Significant accounting judgments, estimates, and assumptions
The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements, and the reported amounts of expenses during the reporting period.

While management believes that these judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive income and cash flows. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Other than the adoption of new accounting policies as described below, the same accounting policies have been used in the preparation of these condensed interim financial statements as those used in the most recent audited annual financial statements and in the opinion of management reflect all the adjustments considered necessary for the fair presentation in accordance with IFRS of the result of the interim periods presented.

New accounting standards
The Company has adopted the following new standards, along with any consequential amendments effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions and did not impact the Company's condensed interim consolidated financial statements.

- IFRS 16, "Leases" is effective for annual periods beginning on or after January 1, 2019.
- IFRIC 23, "Uncertainty over Income Tax Treatments" is effective for annual periods beginning on or after January 1, 2019.

Unaudited - Expressed in Canadian dollars

4. RESTRICTED CASH

At September30, 2019, the Company has restricted cash of $25,875 (December 31, 2018: $26,041) to guarantee credit card balances.

5. INVESTMENT IN KGHM AJAX MINING INC.

KGHM Ajax Mining Inc. ("KGHM Ajax") is a private company incorporated under the Corporations Act (British Columbia) and engaged principally in the exploration and development of the Ajax Project located near Kamloops, British Columbia. As at September 30, 2019, KGHM owns 80% and the Company owns 20% of the common and voting shares of KGHM Ajax. Additionally, the Company has representation on the Board of Directors. As such, the Company is considered to have significant influence over KGHM Ajax, and accordingly accounts for its investment in KGHM Ajax using the equity method, pursuant to which its investment in KGHM Ajax is initially recognized at cost then subsequently adjusted for the Company's share of the profits and/or losses of KGHM Ajax as well as any distributions received from KGHM Ajax. To date no dividends or distributions to shareholders of KGHM Ajax have occurred.

During the period ended September 30, 2019, Abacus contributed $Nil (2018: $Nil) to KGHM Ajax representing Abacus' 20% share of cash calls of KGHM Ajax made pursuant to the JV Agreement, to finance the continuing operations of KGHM Ajax. Cash calls are funded through additional loans from KGHM (Note 7).

	($)
December 31, 2017	**6,390,810**
Cash contributions to KGHM Ajax pursuant to cash calls	-
Share of the loss of KGHM Ajax	(286,305)
September 30, 2018	**6,104,505**
Cash contributions to KGHM Ajax pursuant to cash calls	-
Share of the loss of KGHM Ajax	(83,562)
December 31, 2018	**6,020,943**
Cash contributions to KGHM Ajax pursuant to cash calls	-
Share of the loss of KGHM Ajax	(154,597)
September 30, 2019	**5,866,346**

Unaudited - Expressed in Canadian dollars

A summary of 100% of the assets and liabilities of KGHM Ajax and selected results of operations follow:

Selected financial information of KGHM Ajax		September 30, 2019		December 31, 2018
Cash and cash equivalents	$	1,076,283	$	1,817,166
Current assets (excluding cash & cash equivalents)		200,095		206,478
Total non-current assets		31,623,579		31,681,955
Total assets	$	32,899,957	$	33,705,599
Current liabilities	$	1,265,062	$	1,291,785
Non-current liabilities		2,294,780		2,300,714
Total shareholders' equity		29,340,115		30,113,100
Total liabilities and equity	$	32,899,957	$	33,705,599

		Nine months ended September 30 2019		Nine months ended September 30 2018
Net and comprehensive loss	$	772,985	$	1,431,521
Revenue	$	nil	$	nil
Interest Income		22,575		19,112
Amortization		74,355		76,258
Interest expense		4,915		3,705
Income tax recovery		nil		nil
Impairment		nil		nil

Impairment of non-current assets in KGHM Ajax

In December 2017, following a six-year environmental assessment review process, the British Columbia Minister of Environment and Climate Change Strategy and Minister of Energy, Mines and Petroleum Resources announced they had declined the issuance of an Environmental Assessment Certificate ("EA Certificate") for the Ajax project. The recoverable amount was determined based on fair value less costs to sell, with measurement of the value of KGHM Ajax's real estate providing the highest value. At December 31, 2017 KGHM Ajax reviewed the carrying value of its mining and other assets and determined there were indications of impairment. Impairment charges were recognized as a result of reducing the carrying value of mining and other assets to their recoverable amounts. As such, KGHM Ajax recognized a total impairment of $79,754,973 at December 31, 2017, which impairment was allocated among mineral interest, land, buildings and equipment.

At December 31, 2018 and September 30, 2019, KGHM Ajax reviewed the carrying value of its mining and other assets and determined that no further impairment was indicated.

Unaudited - Expressed in Canadian dollars

6. EXPLORATION AND EVALUATION ASSETS

The Company has investigated ownership of its mineral interests as at September 30, 2019, and to the best of the Company's knowledge, ownership of its interests is in good standing.

	Balance December 31, 2018 ($)	**Acquisition Costs ($)**	**Balance September 30, 2019 ($)**
Willow project	226,891	2,917	229,808

The following table shows the activity by category of exploration:

Exploration and Evaluation Expenditures	**September 30, 2019 ($)**	**December 31, 2018 ($)**
Drilling	-	442,000
Consulting and project supervision	30,693	139,273
Other	6,435	44,663
Permitting	-	22,088
Surveying	-	28,900
Claims maintenance	43,628	42,679
Mapping	-	5,350
Total	**80,756**	**724,953**

Willow Project (includes the Willow Property and the Nev-Lorraine Property):

As the Nev-Lorraine Property is contiguous to the Willow Property, the two properties have been aggregated, for geological and exploration reporting purposes only, into the Willow Project. (See Willow Option Agreement and Nev-Lorraine Lease Agreement below.)

Willow Option Agreement:

On February 14, 2017, the Company entered into an option agreement ("Option Agreement") with Almadex Minerals Limited and its wholly-owned Nevada subsidiary Almadex America Inc. (collectively, "Almadex"), to acquire the exclusive right and option to earn, in the aggregate, up to a 75% undivided ownership interest in the Willow Property (the "Willow Property"). To acquire an initial 60% interest in the Willow Property, the Company is required to issue common shares and incur exploration expenditures as follows:

Date	**Common shares in the capital of Abacus (the "Shares") (#)**	**Minimum Annual Exploration Expenditures on the Exploration Program ("Expenditures") (US$)**
TSX-V approval (received February 22, 2017)	41,667 (1)	Nil
On or before the February 22, 2018	41,667 (2)	100,000 (3)
On or before the February 22, 2019	41,667 (4)	300,000 (5)
On or before the February 22, 2020	41,667	600,000
On or before the February 22, 2021	83,333	800,000
On or before the February 22, 2022	166,666	1,200,000
Total	**416,667**	**3,000,000**

(1) Issued on March 16, 2017; valued at $18,750.
(2) Issued on February 7, 2018; valued at $9,167.
(3) Incurred
(4) Issued on February 19, 2019; valued at $2,917
(5) Incurred

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Upon having earned the initial 60% interest in the Willow Property and until the 10th anniversary date of the date of regulatory approval, the Company will be required to incur minimum exploration expenditures on an exploration program on the Willow Property of US$500,000 per year. The Company will act as the Willow Property's operator during the initial five-year term and following the earning of the initial 60% interest, until such time as a joint venture is established, as described below. Under the terms of the Option Agreement, should either Abacus or Almadex acquire the rights to additional property ("AP") within the Area of Interest ("AOI"), the other party may elect to make the AP part of the Willow Project. Alamdex elected to include the Nev-Lorraine claims (see *Nev-Lorraine Lease Agreement* below) to the Willow Project.

In order to earn the 15% additional interest, such that the Company would have an aggregate interest of 75% in the Willow Property, the Company will be required to deliver a Feasibility Study on the Willow Property to Almadex on or before the 10th anniversary date of the date of regulatory approval. Upon having earned the additional interest, the Company will continue to act as the Willow Property's operator until such time as a 75:25 joint venture is established for the further management, exploration and development of the Willow Property.

Nev-Lorraine Lease Agreement:

The Company entered into an exploration and option to purchase agreement (the "NL Agreement") dated effective January 1, 2018, with three individuals (collectively, the "Optionors"), to lease the Nev-Lorraine unpatented mining claims located in Douglas County, Nevada, USA (the "Nev-Lorraine Property"). The NL Agreement is a ten-year lease agreement allowing the Company to explore the Nev-Lorraine claims pursuant to the following payments and expenditures:

Date	Annual Minimum Payments (US$)		Date	Cumulative Minimum Annual Exploration Expenditures (US$)	
Initial minimum payment	3,000	(1)	-	-	
On execution of the Agreemen	60,000	(2)	On or before December 31, 2018	20,000	(3)
On or before January 1, 2019	70,000	(4)	On or before December 31, 2019	40,000	(5)
On or before January 1, 2020	80,000		On or before December 31, 2020	60,000	
On or before January 1, 2021	90,000		On or before December 31, 2021	80,000	
On or before January 1, 2022	100,000		On or before December 31, 2022	100,000	
On or before January 1, 2023	110,000		On or before December 31, 2023	120,000	
On or before January 1, 2024	120,000		On or before December 31, 2024	140,000	
On or before January 1, 2025	130,000		On or before December 31, 2025	160,000	
On or before January 1, 2026	140,000		On or before December 31, 2026	180,000	
On or before January 1, 2027	150,000		On or before December 31, 2027	200,000	
Total	**1,053,000**				

(1) Paid August 15, 2017
(2) Paid February 6, 2018
(3) Incurred
(4) Paid December 20, 2018
(5) Incurred

At any time during the life of the NL Agreement, the Company can elect to purchase the claim group outright from the Optionors, for sums ranging from US$1,500,000 to US$1,950,000. The Optionors do not retain an

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NSR, and the yearly expenditures are cumulative, meaning that any excess expenditure can be carried through to subsequent years. The Nev-Lorraine Property is in the AOI, and is included in the Willow Project as AP, under the terms of the Willow Option Agreement.

Tomichi Property:

During the year ended December 31, 2017, the Company acquired, by staking, claims comprising the Tomichi Property, in Nevada. At December 31, 2018 the Company elected to abandon the property and wrote off costs relating to the property of $8,484.

7. KGHM AJAX PROJECT LOAN

Under the terms of the JV Agreement, and without dilution to its 20% ownership of KGHM Ajax, the Company requested, beginning in 2015, that KGHM provide the Company's funding of the operations at Ajax as a loan (the "KGHM Loan").

The KGHM Loan is non-revolving, bears interest of 10% per annum, is secured by the investment in KGHM Ajax, and has a maturity date of December 31, 2020. Under the terms of the JV Agreement, if, at the time of maturity of the loan, the commencement of commercial production and the distribution of dividends by the JV to the Company are not sufficient to repay the KGHM Loan, the parties must, in good faith, negotiate an extension. Additionally, should the Company incur debt outside of the KGHM Loan or dispose of assets, in each case in excess of $100,000, any prepayment of the debt is only in the amount of the funds borrowed or sale proceeds received.

For the period ended September 30, 2019 $Nil (2018: $Nil) was provided by KGHM and the Company accrued interest of $1,209,377 for the period (2018: $1,064,518).

	($)
Total December 31, 2017	14,361,481
Funds advanced by KGHM	-
Interest	1,064,518
Total September 30, 2018	15,425,999
Funds advanced by KGHM	-
Interest	407,946
Total December 31, 2018	15,833,945
Funds advanced by KGHM	-
Interest	1,209,377
Total September 30, 2019	17,043,322

8. SHAREHOLDERS' EQUITY

(a) Authorized capital stock

At September 30, 2019, the authorized capital stock of the Company is comprised of an unlimited number of common shares without par value.

(e) Share issuances

On February 19, 2019, in connection with the Willow Option Agreement, the Company issued 41,667 common shares of the Company; the shares were valued at $2,917.

On May 22, 2019, the Company closed a non-brokered private placement for gross proceeds of $175,000 through the issuance of 3,500,000 units ("Units") at a price of $0.05 per Unit. Each Unit consists of one common share of the Company and one full non-transferable common share purchase warrant ("Warrant"), with each Warrant exercisable to purchase one common share of the Company at a price of $0.08 per common share until May 22, 2022. The Company paid a total of $1,744 in cash commissions and issued a total of 35,000 Warrants to finders, which warrants were valued at $1,473 using the Black-Scholes Option Pricing Model and the following assumptions: risk-free interest rate of 1.75%, expected life of three years, expected volatility of 175.08% and dividend yield of 0%.

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(c) Stock options

At the Company's Annual General Meeting held January 31, 2019, the Shareholders approved the repeal of the "20% fixed" stock option plan dated May 28, 2009 and the implementation of a "10% rolling" stock option plan (the "Rolling Plan"), pursuant to which the Board of Directors has the discretion to grant options for up to a maximum of 10% of the issued and outstanding share capital amount. Options granted can be exercisable no later than ten years from date of grant or such lesser period as determined by the Company's Board of Directors, and the exercise price to be set by the Board at the time such option is granted and in accordance with the rules of the Exchange. Options vest at the discretion of the Board, with the exception of options granted to parties providing investor relations services, which options will vest in equal quarterly intervals over a term of no less than 12 months from the date of the grant. The Rolling Plan further provides that at any such time the Exchange rules differ from specific terms of the Rolling Plan, then the rules of the Exchange shall apply.

As at September 30, 2019, the Company had stock options outstanding to directors, officers and consultants as follows:

		Outstanding	
Exercise price	**Expiry date**	**Outstanding**	**Remaining contractual life**
($)		**(#)**	**(yrs)**
0.30	February 20, 2020	244,997	0.39
0.39	November 16, 2020	166,666	1.13
0.36	December 28, 2020	912,496	1.25
0.36	April 19, 2021	250,000	1.55
0.42	February 21, 2022	912,503	2.40
0.25	December 20, 2022	150,000	3.22
0.22	April 19, 2023	422,500	3.55
0.05	August 13, 2024	520,000	4.87
		3,579,162	**2.38**

The weighted average remaining contractual life of the stock options outstanding as at September 30, 2019 is 2.38 years. A summary of the changes in the Company's stock options follows:

	Outstanding	**Weighted average exercise price**
	(#)	**($)**
Outstanding December 31, 2017	**3,086,657**	**0.41**
Granted	447,500	0.22
Outstanding September 30, 2018	**3,534,157**	**0.31**
Expired	(366,665)	0.72
Outstanding December 31, 2018	**3,167,492**	**0.35**
Granted	520,000	0.05
Expired	(108,330)	0.35
Outstanding September 30, 2019	**3,579,162**	**0.31**

Unaudited - Expressed in Canadian dollars

Share-based payments reserve is included in shareholders' equity and consists of the estimated fair value of stock options.

On August 13, 2019, the Company granted options allowing for the purchase of up to, in the aggregate, 520,000 shares at $0.05 per share until August 13, 2024, to employees, consultants, directors and officers of the Company. The grant date fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 1.30%, expected life of five years, expected volatility of 152.17% and dividend yield of 0%. The total amount of share-based payments expense was calculated at $28,754, which was recognized during the period ended September 30, 2019.

(d) Warrants

The Company uses the residual method in determining the fair value of warrants issued, which method provides for the allocation of the consideration received to the fair value to the shares issued and allocating any residual amount to the warrants issued.

A summary of the changes in the Company's warrants follows:

	Outstanding	Weighted average exercise price
Outstanding December 31, 2017	**1,641,667**	**$0.48**
Issued	4,142,500	$0.30
Outstanding September 30, 2018	**5,784,167**	**$0.48**
Issued	4,872,000	$0.20
Issued	45,290	$0.20
Outstanding December 31, 2018	**10,701,457**	**$0.28**
Issued	3,500,000	$0.08
Issued	35,000	$0.08
Outstanding September 30, 2019	**14,236,457**	**$0.23**

As at September30, 2019, the warrants, with a weighted average remaining life of 1.87 years, expire as follows:

Issue date	Expiry date	Number (#)	Exercise price ($)
March 8, 2017	March 8, 2020	1,641,667	0.48
April 3, 2018	April 3, 2021	4,142,500	0.30
November 23, 2018	November 23, 2021	4,917,290	0.20
May 22, 2019	May 22, 2022	3,535,000	0.08
		14,236,457	

9. RELATED PARTY TRANSACTIONS

All advances to and amounts due from related parties are incurred in the normal course of business, have repayment terms similar to the Company's other trade receivables (payables), and do not incur interest. The following are the related party transactions occurring during the period:

Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including share-based payments, of key management personnel during the period ended September 30, 2019 and 2018 follow:

Unaudited - Expressed in Canadian dollars

Management's and director's compensation	**September 30, 2019**	**September 30, 2018**
	($)	**($)**
Accounting	27,746	24,906
Consulting and contract wages	141,208	274,472
Directors' fees	-	67,500
	168,954	366,878

During the period ended September 30, 2019, the Company paid a company, with directors in common, $17,700 in respect of rent (2018: $23,800).

At September 30, 2019, $108,035 (December 31, 2018: $94,410) was owed to various key management personnel in respect of consulting, contract wages and expenses incurred on behalf of the Company. The Company has arrangements with its directors, whereby it has agreed to provide directors fees, as to $5,625 per quarter to the Company's four non-executive directors, which directors fees were suspended effective July 1, 2018.

10. FINANCIAL RISK MANAGEMENT

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value on a recurring basis, whether changes in fair value are recognized in loss or other comprehensive loss. The Company has classified its cash and cash equivalents, restricted cash and receivables as financial assets measured at amortized cost; accounts payable and accrued liabilities and KGHM Ajax project loan as financial liabilities measured at amortized cost. The carrying values of cash and cash equivalents, amounts receivable, restricted cash, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

The Company manages credit risk, in respect of its cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at major Canadian financial institutions. Concentration of credit risk exists with respect to the Company's cash and cash equivalents and restricted cash (Note 4), as all amounts are held through a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure follows:

Concentration of credit risk and maximum exposure		**September 30 2019**		**December 31, 2018**
Bank accounts	$	21,939	$	202,003
Restricted cash		25,875		26,041
	$	47,814	$	228,044

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty meeting obligations associated with financial liabilities. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated financing and investing activities. Accounts payable and accrued liabilities of $214,776 (December 31, 2018: $173,594) are due in the fourth quarter of 2019. At September30, 2019, the

Company had cash and cash equivalents, and accounts receivable of $21,939 and $2,374, respectively, which is insufficient to satisfy the expected requirements for the fourth quarter of 2019. (Note 12)

(c) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) *Interest rate risk*

a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not susceptible to interest rate risk since the KGHM loan is fixed at 10%.

(ii) *Foreign currency risk*

The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars to pay these foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

(iii) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not currently exposed to other price risk.

11. SEGMENTED INFORMATION

All of the Company's operations are in the resource sector. The Company's mineral exploration and development operations are in Canada and the United States. The capital assets and total assets identifiable with these geographical areas are as follows:

	September 30, 2019 ($)	December 31, 2018 ($)
Exploration & Evaluation Assets		
Canada	-	-
United States	229,808	226,891
	229,808	**226,891**

	September 30, 2019 ($)	December 31, 2018 ($)
Total Assets		
Canada	5,918,499	6,274,915
United States	229,808	226,891
	6,148,307	**6,501,806**

Unaudited - Expressed in Canadian dollars

12. SUBSEQUENT EVENTS

- On October 10, 2019, the Company entered into a Letter of Intent (the "Jersey Valley LOI") with a private Nevada company for a 15-year lease on the Jersey Valley gold property, located in Nevada. The Jersey Valley LOI is a 15-year exclusive lease allowing the Company to explore the property pursuant to the following payment schedule:

	US$
On signing (Paid)	5,000
On or before January 31, 2020	20,000
On or before October 10, 2020	25,000
On or before October 10, 2021	35,000
On or before October 10, 2022	50,000
On or before October 10, 2023	100,000
On or before October 10 of each year beginning with the year 2024	150,000

  The Jersey Valley property can be purchased outright at any time for US$2,000,000 and includes an NSR of 2% if the price of gold is less than US$1,600, and 3% if the price is greater than US$1,600.

  Subsequent to the execution of the Jersey Valley LOI, the Company increased the size of the project by acquiring an additional 11 claims through staking.

- On October 29, 2019, the Company announced a non-brokered private placement for proceeds of up to $500,000 through the issuance of 10,000,000 units at a price of $0.05 per Unit. Each Unit will consist of one common share of the Company and one non-transferable common share purchase warrant, with each warrant exercisable to purchase one additional common share of the Company at a price of $0.08 per common share for a period of 3 years from the date of closing of the financing.