PACIFIC RIDGE
exploration ltd.

(An Exploration-Stage Company)

Condensed Consolidated Interim Financial Statements

June 30, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

NOTICE TO READER

THE ISSUER'S AUDITORS HAVE NOT REVIEWED OR BEEN INVOLVED IN THE PREPARATION OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Pacific Ridge Exploration Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	Note	(Unaudited) June 30, 2020	(Audited) December 31, 2019
Assets		**$**	$
Current			
Cash		**968,435**	895,320
Other receivables		**7,143**	2,347
Marketable securities and warrants	3	**16,000**	16,700
Prepaid		**5,782**	6,028
		997,360	920,395
Plant and equipment	4	**3,730**	2,543
Resource Properties	5	**439,619**	429,619
Reclamation bonds		**12,500**	17,500
Right-of-use asset	6	**4,404**	17,616
		1,457,613	1,387,673
Liabilities			
Current			
Trade payable and accrued liabilities		**97,403**	71,888
Lease liability	6	**-**	15,417
		97,403	87,305
Shareholders' equity			
Share capital	7	**43,596,559**	43,596,559
Contributed surplus	7(c)	**3,330,063**	3,312,624
Accumulated other comprehensive loss	3	**(37,000)**	(36,300)
Deficit		**(45,529,412)**	(45,572,515)
		1,360,210	1,300,368
		1,457,613	1,387,673

Commitments	10
Subsequent events	11

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

Approved and authorized for issue on behalf of the Board of Directors on August 6, 2020

/s/ "Gerald G. Carlson"
Director

/s/ "Blaine Monaghan"
Director

Condensed Consolidated Interim
Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended June 30		Six months ended June 30	
		2020	2019	**2020**	2019
Administration expenses		**$**	$	**$**	$
Amortization of right-of-use asset	6	**6,606**	6,606	**13,212**	13,212
Depreciation	4	**383**	-	**616**	-
Finance lease interest	6	**131**	870	**453**	1,914
Insurance		**150**	-	**5,850**	5,386
Professional and consulting		**2,469**	18,269	**13,718**	28,905
Management and administrative	8	**24,706**	26,093	**50,221**	47,093
Office operations and facilities		**7,330**	2,528	**13,061**	8,496
Shareholder communications		**5,209**	3,594	**14,901**	8,869
Share-based payments	7(c)	**-**	-	**17,439**	39,837
Transfer agent and regulatory fees		**4,193**	3,632	**13,356**	10,814
		51,177	61,592	**142,827**	164,526
Other expenses (income)					
Exploration and evaluation costs	5	**119,229**	235,117	**144,700**	265,418
Interest received		**(823)**	-	**(2,548)**	(5,232)
Mining tax credit		**-**	-	**(347)**	-
Property option payments	5	**(325,000)**	(75,000)	**(325,000)**	(85,000)
Unrealized loss in fair value of warrants	3	**-**	110	**-**	980
Foreign exchange (gain) loss		**1,331**	2,035	**(2,735)**	3,059
		(205,263)	162,262	**(185,930)**	179,225
Net loss		**154,086**	(223,854)	**43,103**	(343,751)
Other comprehensive income (loss):					
Net change in fair value of marketable securities	3	**5,000**	(7,000)	**(700)**	(5,000)
Total comprehensive loss		**159,086**	(230,854)	**42,403**	(348,751)
Loss per share (basic and diluted)		**0.00**	(0.01)	**0.00**	(0.01)
Weighted average number of shares outstanding basic and diluted		**31,729,009**	31,729,009	**31,729,009**	31,329,009

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

PACIFIC RIDGE exploration ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian dollars)

		Share capital				Other		
					Contributed	comprehensive		
	Note	Amount	Value		surplus	loss	Deficit	Total
		#	$		$	$	$	$
Balance, December 31, 2018		31,729,009	43,596,559	-	3,268,185	(28,000)	(45,294,443)	1,542,301
Share based payments	7(c)	-	-	-	39,837	-	-	39,837
Unrealized gain marketable securities	3	-	-	-	-	(5,000)	-	(5,000)
Net loss for the period		-	-	-	-	-	(343,751)	(343,751)
Balance, June 30, 2019		31,729,009	43,596,559		3,308,022	(33,000)	(45,638,194)	1,233,387
Share based payments	7(c)	-	-	-	4,602	-	-	4,602
Unrealized loss in marketable securities	3	-	-	-	-	(3,300)	-	(3,300)
Net loss for the period		-	-	-	-	-	65,679	65,679
Balance, December 31, 2019		31,729,009	43,596,559		3,312,624	(36,300)	(45,572,515)	1,300,368
Share-based payments	7(c)	-	-		17,439	-	-	17,439
Unrealized loss in marketable securities	3	-	-		-	(700)	-	(700)
Net loss for the period		-	-		-	-	43,103	43,103
Balance, June 30, 2020		**31,729,009**	**43,596,559**		**3,330,063**	**(37,000)**	**(45,529,412)**	**1,360,210**

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

PACIFIC RIDGE exploration ltd.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)

	Six months ended June 30	
	2020	2019
	$	$
Operating activities		
(Loss) income for the period	**43,103**	(343,751)
Items not affecting cash:		
Right-of-use asset amortization	**13,212**	13,212
Depreciation of plant and equipment	**616**	-
Finance lease interest	**453**	1,914
Unrealized loss in fair value of warrants	**-**	980
Share-based payments	**17,439**	39,837
Unrealized foreign exchange	**(2,754)**	1,991
Property option recovery	**(325,000)**	(85,000)
Interest received	**(2,548)**	(5,232)
	(255,479)	(376,049)
Changes in non-cash working capital items:		
Other receivables	**(4,796)**	(6,704)
Prepaid	**246**	237
Trade payable and accrued liabilities	**25,515**	188,849
Cash used in operating activities	**(234,514)**	(193,667)
Investing activities		
Resource property acquisition costs	**(10,000)**	-
Acquisition of plant and equipment	**(1,803)**	-
Proceeds from property option payments	**325,000**	85,000
Interest received	**2,548**	5,232
Reclamation bond recovery	**5,000**	-
Cash provided by investing activities	**320,745**	90,232
Financing activities		
Finance lease -principal payments	**(15,417)**	(13,956)
Finance lease -interest payments	**(453)**	(1,914)
Cash provided by financing activities	**(15,870)**	(15,870)
Effect of foreign exchange translation on cash	**2,754**	(1,713)
Decrease in cash	**73,115**	(121,018)
Cash, beginning of the period	**895,320**	1,213,872
Cash, end of the period	**968,435**	1,092,854

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

1. Nature of operations

Pacific Ridge Exploration Ltd. and its wholly owned subsidiary Pacific Ridge Exploration (US) Inc. (the "Company" or "Pacific Ridge") are in the business of acquiring and exploring resource properties in Canada and the United States. Pacific Ridge is incorporated and domiciled in Canada under the *Business Corporations Act* (British Columbia). The address of its registered office is 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary capital to finance operations including contributions from future joint venture partners. The carrying value of the Company's mineral properties does not reflect current or future value.

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets maybe materially less than the amounts on the statements of financial position. As of June 30, 2020, the Company had a working capital of $899,957 (December 31, 2019 - $833,090). The Company believes that based on its current working capital, it could sustain its operation and maintain its minimum obligations for the next year.

The COVID-19 pandemic has negatively impacted global financial markets, and may continue to do so. The economic viability of the Company's business plan could be impacted by its ability to obtain financing, and global economic conditions impact the general availability of financing through public and private debt and equity markets, as well as through other avenues.

In addition, as the health and safety of the Company's employees, contractors, visitors, and stakeholders are the Company's top priority, the Company will monitor developments with respect to COVID-19, both globally and within its operating jurisdictions, and will implement any such changes to its business as may be deemed appropriate to mitigate any potential impacts to its business and the stakeholders. Such changes, may include, but are not limited to, temporary closures of the Company's site exploration activities or offices, and deviations from the timing and nature of previous exploration plans.

The Company is taking the necessary measures to renegotiate, if required, any contractual obligations with respect to exploration and other expenses. The Company will also examine the internal controls required for a secure operation of its computer and other electronic resources from a remote location.

2. Basis of preparation and summary of significant accounting policies

(a) Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2019.

The condensed consolidated interim financial statements were approved by the Board of Directors on August 6, 2020.

(Unaudited - Expressed in Canadian dollars)

2. Basis of preparation and summary of significant accounting policies (continued)

(b) Critical accounting estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019.

(c) Comparative statements

The presentation of the comparative figures for the six months ended June 30, 2019, specifically with respect to the line for *interest received,* has been modified in order to conform to the presentation of the annual consolidated financial statements for the year ended December 31, 2019. This has a presentation impact on the condensed consolidated interim statements of loss and comprehensive loss and the consolidated interim statements of cash flows, where *interest received* is now shown separately from *Office operations and facilities*, but without affecting the total figures.

3. Marketable securities

The fair value of the shares and warrants of third parties owned by the Company is as follow:

	Four Nines Gold Inc.				Trifecta Gold Ltd.		Total
	Common shares		Warrants		Common shares		
	Number	Fair value	Number	Fair value	Number	Fair value	Fair value
	#	$	#	$	#	$	$
Balance, December 31, 2018	60,000	15,000	30,000	980	200,000	10,000	25,980
Adjustments	-	(3,000)	-	(980)	-	(2,000)	(5,980)
Balance, June 30, 2019	60,000	12,000	30,000	-	200,000	8,000	20,000
Adjustments	-	(3,300)	-	-	-	-	(3,300)
Expiry of warrants	-	-	(30,000)	-	-	-	-
Balance, December 31, 2019	60,000	8,700	-	-	200,000	8,000	16,700
Adjustments	-	(2,700)	-	-	-	2,000	(700)
Balance, June 30, 2020	**60,000**	**6,000**	**-**	**-**	**200,000**	**10,000**	**16,000**

(Unaudited - Expressed in Canadian dollars)

4. Plant and equipment

	Computing equipment
	$
Balance, December 31, 2018 and June 30, 2019	-
Additions	2,810
Depreciation	(267)
Balance, December 31, 2019	2,543
Additions	1,803
Depreciation	(616)
Balance, June 30, 2020	**3,730**

As at June 30, 2020	$
Cost	4,613
Accumulated depreciation	(883)
Net book value	**3,730**

5. Resource properties

The Company has interests in mineral properties in British Columbia and Yukon in Canada and, in the past, in Nevada in the United States. A summary of capitalized acquisition costs is as follows:

	Company-owned properties	On option from third parties			Total
	Mariposa YT	Spius BC	Kliyul BC	Redton BC	
	$	$	$	$	$
Balance, December 31, 2018 and March 31, 2019	429,619	71,000	-	-	500,619
Impariment of resource properties	-	(71,000)	-	-	(71,000)
Balance, December 31, 2019	429,619	-	-	-	429,619
Option payments in cash	-	-	5,000	5,000	10,000
Balance, June 30, 2020	**429,619**	**-**	**5,000**	**5,000**	**439,619**

In addition to capitalized acquisition costs, the Company has incurred the following exploration and evaluation expenses:

	Province /	Six months ended June 30	
Property	Territory	**2020**	2019
		$	$
Mariposa	YT	**-**	1,495
TL Zinc	BC	**-**	13,470
Spius	BC	**2,207**	223,198
Kliyul	BC	**101,438**	-
Redton	BC	**36,645**	-
General exploration not allocated to a specific property		**4,410**	27,255
		144,700	265,418

5. **Resource properties** (continued)

a) Company-owned properties:

i) Mariposa property, Yukon

The Company acquired a 100% interest in the Mariposa property, Dawson Mining District, Yukon, in 2014. In September 2016, the Company optioned its Mariposa property to Four Nines. Pursuant to the terms of the agreement, amended in February 2017, in May 2017, in July 2017, and in January 2018, Four Nines could earn a stake in the property by issuing a certain number of Four Nines shares, making certain cash payments and performing a certain amount of work. Four Nines complied with the amounts required by December 31, 2017 by issuing to the Company 60,000 shares, 30,000 warrants (which expired unexercised) (Note 3), a payment of $300,000 in cash, and completed approximately $304,000 of exploration work in the property.

However, no further payments, either in securities or in cash were received from Four Nines, and the minimum exploration targets were not met. On March 8, 2019, the Company terminated the Four Nines option agreement. The Company is continuing exploration activities on Mariposa.

ii) Eureka Dome property, Yukon

On April 24, 2018, the Company entered into an option agreement with Trifecta, amended on December 19, 2018, whereby the Company granted Trifecta an option to acquire a 70% interest in its Eureka Dome property in the Dawson Mining District, Yukon.

Under the terms of the agreements, Trifecta had agreed to pay the Company an aggregate of $200,000 in cash (of which $10,000 was received during 2017 and an additional $10,000 during 2019), issue 1,000,000 Trifecta common shares in favour of the Company (of which 200,000 were received), and incur exploration expenses of not less than $2,500,000. However, on April 22, 2019, the option agreement with Trifecta was terminated because Trifecta was unable to fulfill its option requirements.

b) Company-owned properties on option to third parties

i) Fyre Lake property, Yukon

The Company owns a 100% interest in the Fyre Lake property, located in the Watson Lake Mining District, Yukon. On January 18, 2017, the Company closed an option agreement with BMC Minerals (No. 1) Ltd. ("BMC"), amended on December 19, 2018 and on April 10, 2020, whereby BMC has the right to acquire a 100% interest in Fyre Lake by making payments totalling $3,125,000 as follows:

A non-refundable deposit and initial option payment of $375,000 ($25,000 received in November 2016 and $350,000 received in January 2017), a second option payment of $300,000 received in December 2017, and a third option payment of $1,200,000 received on December 28, 2018. During the year ended December 31, 2019, the Company received a further $150,000. A payment of $250,000 was made during the six months ended June 30, 2020. In order to exercise the option, BMC must make a final $1,000,000 payment. This payment is due within thirty days of BMC receiving the Type A Water License for the development of its proposed ABM Mine, but in any event no later than December 31, 2021. BMC will also continue payments to the Company of $75,000 every six months (the last one of these payments received on June 30, 2020), with the next payment being due on December 31, 2020, until the final tranche has been paid.

In addition, if it exercises the option, BMC has agreed to make a bonus payment of $1,000,000 if and when BMC's Kudz Ze Kayah property has reached commercial production for one year.

(Unaudited - Expressed in Canadian dollars)

5. Resource properties (continued)

b) Company-owned properties on option to third parties (continued)

i) Fyre lake property (continued)

As there is no carrying value for Fyre Lake on the Company's statement of financial position, these option payments are recorded as property option payments on the statement of loss and comprehensive loss.

c) Third party properties being optioned to the Company

i) Kliyul and Redton properties

On January 17, 2020, the Company entered into an earn-in property agreement (the "Kliyul-Redton Agreement"), amended on April 7, 2020, and on July 22, 2020, with Aurico Metals Inc. ("Aurico"), with respect to the Kliyul and Redton properties located in British Columbia (jointly, "the Properties").

Under the terms of the Kliyul-Redton Agreement, the Company, at its sole option, can earn a 51% undivided right, title and interest, other than underlying royalties, in the Properties by a payment to Aurico of $100,000 in cash of which $10,000 has been paid, the issuance of 2,000,000 common shares, and incurring expenditures in the aggregate amount of no less than $3,500,000, as follows:

Cash payments to be made	Shares to be issued	Cumulative exploration expenses to be incurred	Due date	Comment
$	#	$		
To earn 51%:				
10,000	-	-	Upon execution and regulatory approval	(Paid)
15,000	-	-	December 31, 2020	
20,000	-	1,250,000	December 31, 2021	
25,000	-	2,250,000	December 31, 2022	
30,000	2,000,000	3,500,000	December 31, 2023	
100,000	2,000,000	3,500,000		

(Unaudited - Expressed in Canadian dollars)

5. Resource properties (continued)

c) Third party properties being optioned to the Company (continued)

i) Kliyul and Redton properties (continued)

In addition, the Company has the right to acquire, after the exercise of the 51% earn-in right, a 75% earned interest (an additional 24% undivided interest, other than underlying royalties) in the Properties by paying Aurico an additional $60,000 in cash, issuing an additional 1,500,000 common shares and incurring additional expenditures of no less than $3,500,000, as follows:

Cash payments to be made	Shares to be issued	Cumulative exploration expenses to be incurred	Due date	Comment
$	#	$		
To increase to 75%:				
30,000	-	1,500,000	December 31, 2024	
30,000	1,500,000	3,500,000	December 31, 2025	
60,000	1,500,000	3,500,000		

The Kliyul property is subject to 2% net smelter return royalties. The Redton property is subject to (i) a 2.5% net smelter return royalty, with the right of reducing it to 1% for $2,000,000, and (ii) a 2% royalty.

d) Impaired properties

i) TL Zinc property, British Columbia

On August 11, 2016, the Company entered into an option agreement, amended on May 16, 2017 and on August 7, 2018, to acquire a 100% interest in the TL Zinc property, Vernon Mining Division, British Columbia.

During 2016, the Company had paid $20,000 in cash and issued 250,000 common shares valued at $25,000.

The proposed 2017 drill program at the TL Zinc property was suspended. Allegations of third party interests in the 16 TL Zinc claims under option to Pacific Ridge were made. As there is uncertainty as to the outcome of any legal process to resolve the issue, the Company decided to abandon this project and impair its $45,000 carrying value at December 31, 2018.

On February 9, 2019, the Company received a default notice by the optionor of the TL Zinc property.

(Unaudited - Expressed in Canadian dollars)

5. **Resource Properties** (continued)

d) Impaired properties (continued)

ii) Spius, British Columbia

On April 27, 2018, the Company entered into an option agreement to acquire a 100% interest in the Spius property, Nicola and New Westminster Mining Divisions, British Columbia. The terms of the option agreement, as amended on December 10, 2019, are as follows:

Cash payments to be made	Shares to be issued	Cumulative exploration expenses to be incurred	Due date	Comment
$	#	$		
10,000	200,000	-	Upon execution and regulatory approval	(paid and issued)
40,000	200,000	50,000	December 15, 2018	(paid, issued and exceeded)
-	-	300,000	December 15, 2019	(Exploration expenses exceeded) *
50,000	300,000	325,000	December 15, 2021	
110,000	300,000	825,000	December 15, 2022	

* During the year ended December 31, 2018, exploration expenses incurred in Spius amounted to $95,965, and to $255,555 during the year ended December 31, 2019, thus already exceeding the $300,000 cumulative commitment for 2019. There's no exploration expense requirement for 2020.

The agreement is subject to a 1% NSR to the property vendor, half of which can be purchased for $1,500,000, as well as an underlying 2% NSR, of which the Company has the right to buy down half for $1,500,000. In addition, bonus payments are payable upon certain advanced development mileposts. One of the underlying vendors of the Spius property is a company where a director of the Company owns a 25% interest. During the year ended December 31, 2018, the Company posted a bond for $12,500 for future reclamation costs with the Government of British Columbia.

Due to weak assay results from the 2019 drill program, below the requirements for economic concentrations, the Company decided to impair its $71,000 carrying value during the year ended December 31, 2019, while it carries out further assessment during 2020.

(Unaudited - Expressed in Canadian dollars)

6. Right-of-use asset and lease liability

The Company recognizes lease liabilities in relation to a sublease agreement for office space. These liabilities are measured at the present value of the remaining lease payments starting on January 1, 2019, discounted by using the Company's incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 10%. The associated lease liability recognized as at January 1, 2019 was $44,041.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on January 1, 2019. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application, and lease liabilities recognized in the condensed consolidated interim statement of financial position at the date of initial application:

Lease liability	$
Operating lease commitments as at December 31, 2018	47,610
Discount using the incremental borrowing rate at January 1, 2019	(3,569)
Lease liability recognized as at January 1, 2019	44,041
Lease payments	(15,870)
Lease interest	1,914
Lease liability as at June 30, 2019	30,085
Lease payments	(15,870)
Lease interest	1,202
Lease liability as at December 31, 2019	15,417
Lease payments	(15,870)
Lease interest	453
Lease liability as at June 30, 2020	**-**
Current portion	-
Long-term portion	-
	-

Right-of-use asset	$
Value of right-of-use asset as at January 1, 2019	44,041
Amortization	(13,212)
Value of right-of-use asset as at June 30, 2019	30,829
Amortization	(13,213)
Value of right-of-use asset as at December 31, 2019	17,616
Amortization	(13,212)
Value of right-of-use asset as at June 30, 2020	**4,404**

The sublease expires on August 31, 2020. However, due to the Covid-19 situation, a new lease is still under negotiation and the Company will pay office rent at the same rate on a month-to-month basis until a new sublease is entered into.

(Unaudited - Expressed in Canadian dollars)

7. Share capital

a) Common Shares

The Company is authorized to issue an unlimited authorized number of common shares without par value.

There were no common shares issued during the six months ended June 30, 2020, or the year ended December 31, 2019.

b) Share Purchase Warrants

There were no warrants outstanding as at June 30, 2020, December 31, 2019 or June 30, 2019.

c) Stock Options

The Company has a stock option plan in place authorizing the granting of stock options to qualified optionees to purchase a total of up to 10% of the then issued and outstanding common shares of the Company. Stock options generally are granted for a maximum term of five years and expire 90 days following the termination of the optionee's agreement. The exercise price for the options is set at the closing market price of the common shares on the grant date. The vesting periods of options vary with terms determined by the board of directors.

Stock option transactions and the number of stock options outstanding and exercisable are summarized below:

Period ended:	June 30, 2020		December 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	#	$	#	$
Balance, beginning of year	3,060,000	0.06	2,010,000	0.06
Granted	750,000	0.05	1,050,000	0.05
Expired unexercised	(730,000)	0.05	-	-
Balance, end of period	3,080,000	0.06	3,060,000	0.06
Exercisable, end of period	3,080,000	0.06	3,060,000	0.06

On March 17, 2020, the Company granted an aggregate of 750,000 fully-vested stock options to certain directors and a consultant pursuant to the Company's stock option plan. Each stock option is exercisable into one common share of the Company at an exercise price of $0.05 per common share for a period of five years. The fair value of these options, recorded in the net loss as share-based compensation, was calculated at $17,439.

On January 4, 2019, the Company granted an aggregate of 1,050,000 fully-vested stock options to certain directors, officers and a consultant pursuant to the Company's stock option plan. Each stock option is exercisable into one common share of the Company at an exercise price of $0.05 per common share for a period of five years. The fair value of these options, recorded in the net loss as share-based compensation, was calculated at $44,439, of which $39,837 was recognized on granting and the remaining $4,602 on December 31, 2019, upon re-evaluation of the original calculation.

(Unaudited - Expressed in Canadian dollars)

7. Share capital (continued)

c) Stock Options (continued)

The Company applies the fair value method of accounting for stock options. Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The fair value of options granted was estimated at the grant date based on the *Black-Scholes* option-pricing model, using the following assumptions:

	Options granted on:	
	March 16, 2020	January 4, 2019
Risk-free interest rate	0.93%	1.91%
Expected share price volatility	119.93%	125.35%
Expected option life in years	5	5
Expected dividend yield	Nil	Nil

Stock options outstanding and exercisable are as follows:

Expiry date	Weighted average exercise price	June 30, 2020	December 31, 2019
	$	$	$
February 2, 2020	0.050	-	730,000
July 21, 2021	0.080	150,000	150,000
August 12, 2021	0.080	40,000	40,000
November 30, 2021	0.080	325,000	325,000
June 16, 2022	0.060	365,000	365,000
January 12, 2023	0.060	200,000	200,000
November 1, 2023	0.065	200,000	200,000
January 4, 2024	0.050	1,050,000	1,050,000
March 16, 2025	0.050	750,000	-
	0.058	3,080,000	3,060,000

(Unaudited - Expressed in Canadian dollars)

8. Related parties

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

The Company has no compensation arrangements with its board of directors other than non-cash stock option grants. The Company has no termination benefits, post-employment benefits and other long-term benefits in place. Key management includes the board of directors and executive officers.

Compensation awarded to key management is listed below:

	Three months ended June 30		Six months ended June 30	
	2020	2019	**2020**	2019
	$	$	**$**	$
Management fees paid to a company controlled by the CEO of the Company *	**24,000**	24,000	**48,000**	48,000
Management fees paid to a company controlled by the CFO of the Company	**9,000**	9,000	**18,000**	18,000
Stock-based compensation recorded for stock options granted to directors and officers of the Company (non-cash expense)	**10,464**	30,352	**10,464**	30,352
	43,464	63,352	**76,464**	96,352

* 50% of the CEO's compensation is charged to exploration and evaluation costs

An aggregate of $12,498 was payable to related parties as at June 30, 2020 (December 31, 2019 – nil).

In addition, during 2018 the Company entered into an option agreement for the purchase of the Spius property (Note 5(d)(ii)). The underlying vendors of this property include a company where a director of the Company owns a 25% interest.

9. Financial instruments

Fair values

As at June 30, 2020, the recorded amounts for cash, other receivables and trade payable and accrued liabilities approximate their fair values due to their short maturity. The Company's marketable securities and warrants are measured fair value on a recurring basis. These financial instruments are grouped into Level 1 to 3 based on the degree to which the significant inputs used to determine the fair value are observable. Marketable securities are classified within level 1 of the fair value hierarchy as their fair value measurement is derived from quoted prices in active markets for identical assets. Warrants are classified within level 2 of the fair value hierarchy as their fair value measurement is derived from inputs other than quoted prices included within level 1, that are observable either directly or indirectly. No financial instruments were considered level 3, which are fair value measurements derived from valuation techniques that include significant inputs that are not based on observable market data.

9. Financial instruments (continued)

Interest rate risk

The Company's cash held in financial institutions earns interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a material impact on the expected cash flows.

Credit risk

The Company has its cash deposited with large, federally insured, commercial financial institutions, and therefore exposed to minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. At June 30, 2019, the Company had cash of $968,435 (December 31, 2019- $895,320), trade payable and accrued liabilities of $97,403 (December 31, 2019 - $71,888), and a lease liability (note 6) of $nil (December 31, 2019 - $15,417).

Currency risk

The Company keeps approximately 6% of its cash in US dollars. A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's working capital by approximately $3,000, with minimal impact to its net income (loss) for the year as there are virtually no transactions in US dollars.

Price risk

The Company is exposed to price risk on its marketable securities and warrants due to fluctuations in the current market prices and fluctuations in trading volumes of those securities. At June 30, 2020, the Company held marketable securities with a fair value of $16,000 (December 31, 2019 - $16,700). These investments are subject to market price fluctuations that can be significant.

10. Commitments

On July 10, 2018, the Company entered into a sublease agreement with respect to office space covering the period from September 1, 2018 to August 31, 2020 (note 6). The monthly commitment for the Company is $2,645 plus applicable taxes. A deposit of two months was provided to the sublessor, which will be applied to the last two months of office rent.

As at June 30, 2020, there are no further lease commitments. Due to the Covid-19 situation, a new sublease is still being negotiated, and until such time a new lease is entered into, the Company will pay office rent on a month-to-month basis in the same amount of $2,645 per month.

11. Subsequent events

(a) On July 1, 2020, the Company entered into an investor relations agreement with Freeform Communications Inc. (“Freeform”) with duration of five months. The Company will pay Freeform a monthly fee of $4,000 over the duration of the agreement. In addition, on July 21, 2020, the Company granted Freeform 200,000 incentive stock options exercisable for two years at an exercise price per share of $0.05. The Options will vest in stages over 12 months with 25% vesting each quarter. The consulting agreement is subject to TSX Venture Exchange acceptance.

(b) On July 14, 2020, the Company announced its proposal to o issue up to 4,000,000 units in a flow-through private placement at a price of $0.075 per unit ("FT Unit") for gross proceeds of $300,000. Each FT Unit will be comprised of one common share of the Company that qualifies as a "flow-through share" for the purposes of the Income Tax Act (Canada) (an "FT Unit Share") and one-half of one common share purchase warrant, with each whole warrant exercisable to purchase one additional non-flow-through common share at an exercise price of $0.12 for a period of 18 months, subject to the following acceleration provision: if at any time after 4 months from the date of issue of the warrants the closing market price of the Company's common shares on the TSX Venture Exchange is greater than $0.35 per share for 20 consecutive trading days (the "Triggering Event"), the Company may, within 5 days of the Triggering Event, accelerate the expiry date of the warrants by giving notice thereof to the holders of the warrants, by way of press release, in which event the warrants will expire on the 30th day after the date on which such notice is given.

Proceeds from the private placement will be used for carrying out surface exploration programs at its Kliyul and Redton Au-Cu porphyry prospects in central British Columbia.

The Company is proposing to pay finder's fees of 6% cash and 6% finder's warrants on a portion of the private placement. The private placement and payment of finder's fees are subject to regulatory approval.

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