VANGOLD MINING

Interim Condensed Consolidated Financial Statements

Nine Months Ended September 30, 2019

(Expressed in Canadian dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The Company’s external auditors have not performed a review of these interim condensed consolidated financial statements.

VANGOLD MINING CORP.

Interim condensed consolidated statements of financial position
(Expressed in Canadian dollars)

	September 30, 2019 (unaudited)	December 31, 2018
Assets		
Current assets		
Cash	$ 42,783	$ 41,022
Amounts receivable	24,508	29,948
Prepaid expenses and deposits	16,758	5,434
Total current assets	84,049	76,404
Non-current assets		
Equipment (Note 3)	4,039	6,821
Deposits (Note 5)	238,048	84,000
Exploration and evaluation assets (Note 4)	1,539,490	1,539,490
Total assets	$ 1,865,626	$ 1,706,715
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 435,341	$ 429,696
Loan payable (Note 6)	33,000	–
Total liabilities	468,341	429,696
Shareholders' Equity		
Share capital (Note 7)	37,984,376	37,561,359
Contributed surplus	10,755,208	10,613,659
Deficit	(47,342,299)	(46,897,999)
Total shareholders' equity	1,397,285	1,277,019
Total liabilities and shareholders' equity	$ 1,865,626	$ 1,706,715

Nature of operations and going concern (Note 1)
Commitments and contingent liabilities (Note 12)
Subsequent events (Note 13)

Approved and authorized for issuance on behalf of the Board on November 29, 2019:

"James Anderson"

James Anderson, Chairman, CEO and Director

"Hernan Dorado"

Hernan Dorado, Director

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

VANGOLD MINING CORP.

Interim condensed consolidated statements of operations and comprehensive loss
(Expressed in Canadian dollars)
(unaudited)

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Expenses				
Depreciation (Note 3)	$ 615	$ 441	$ 2,782	$ 5,631
Foreign exchange loss (gain)	(4,948)	3,633	(1,067)	12,168
Investor relations	14,000	14,150	19,229	101,824
Management and consulting fees (Note 6)	48,593	72,749	188,449	294,220
Mineral exploration costs (Note 4)	5,259	52,293	27,167	291,398
Office and miscellaneous	14,352	54,027	42,536	134,917
Professional fees	52,699	24,638	109,863	77,771
Rent	1,074	18,063	4,044	50,481
Share-based compensation (Note 9)	–	117,452	13,038	235,778
Transfer agent and regulatory fees	1,485	5,208	26,345	38,021
Travel and meals	15,159	30,083	48,328	93,807
Wages and benefits for operations	–	11,507	–	47,582
Total expenses	148,288	404,244	480,714	1,383,598
Loss before other expenses	(148,288)	(404,244)	(480,714)	(1,383,598)
Other income (expenses)				
Write-down of mineral property (Note 4)	–	–	–	(9,001)
Interest and accretion on short-term debt	–	445	–	445
Loss on sale of equipment	–	(2,344)		(2,344)
Gain on settlement of debt	6,500	–	36,414	–
Net loss and comprehensive loss for the period	$ (141,788)	$ (406,143)	$ (444,300)	$ (1,394,498)
Basic and diluted loss per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.05)
Weighted average number of common shares outstanding – basic and diluted	41,514,159	30,878,364	41,061,894	30,370,886

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

VANGOLD MINING CORP.
Interim condensed consolidated statements of changes in shareholders' equity
(Expressed in Canadian dollars)
(unaudited)

		Share capital				
	Number of shares	Amount	Share subscriptions received	Contributed surplus	Deficit	Total
Balance, December 31, 2017	25,505,065	$ 36,862,832	$ –	$ 10,063,805	$ (45,549,588)	$ 1,377,049
Shares issued for cash	8,349,594	730,330	–	319,561	–	1,049,891
Share issuance costs	–	(31,803)	–	10,563	–	(21,240)
Fair value of options granted	–	–	–	235,778	–	235,778
Net loss for the period	–	–	–	–	(1,394,498)	(1,394,498)
Balance, September 30, 2018	33,854,659	37,561,359	–	10,629,707	(46,944,086)	1,246,980
Fair value of options granted	–	–	–	(16,048)	–	(16,048)
Net income for the period	–	–	–	–	46,087	46,087
Balance, December 31, 2018	33,854,659	37,561,359	–	10,613,659	(46,897,999)	1,277,019
Shares issued for cash	11,659,500	459,740	–	123,236	–	582,976
Share issuance costs	–	(36,723)	–	5,275	–	(31,448)
Fair value of stock options granted	–	–	–	13,038	–	13,038
Net loss for the period	–	–	–	–	(444,300)	(444,300)
Balance, September 30, 2019	45,514,159	$ 37,984,376	$ –	$ 10,755,208	$ (47,342,299)	$ 1,397,285

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

VANGOLD MINING CORP.
Interim condensed consolidated statements of cash flows
(Expressed in Canadian dollars)
(unaudited)

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Operating activities		
Net loss for the period	$ (444,300)	$ (1,394,498)
Items not involving cash:		
Depreciation	2,782	5,631
Write-down of mineral property	–	9,001
Share-based compensation (Note 9)	13,038	235,778
Gain on settlement of debt	(36,414)	–
Loss on sale of equipment	–	2,344
Foreign exchange	(3,785)	(3,984)
Changes in non-cash operating working capital:		
Amounts receivable	5,440	24,664
Prepaid expenses and deposits	(11,324)	(2,882)
Accounts payable and accrued liabilities	42,060	148,637
Net cash used in operating activities	(432,503)	(975,309)
Investing activities		
Deposit for the acquisition of mineral property	(154,049)	–
Proceeds on sale of equipment	–	5,582
Net cash provided by (used in) investing activities	(154,049)	5,582
Financing activities		
Proceeds from issuance of shares	582,976	1,049,891
Share issuance costs	(31,448)	(28,766)
Amounts due from related parties	33,000	–
Repayment of short-term debt	–	(45,100)
Net cash provided by investing activities	584,528	976,025
Effect of foreign exchange rate changes on cash	3,785	3,984
Change in cash	1,761	10,282
Cash, beginning of period	41,022	119,009
Cash, end of period	$ 42,783	$ 129,291
Non-cash investing and financing activities:		
Finders' warrants issued as share issuance costs	$ 5,275	$ 10,563
Shares issued for acquisition of exploration and evaluation assets	$ –	$ –
Supplemental disclosures:		
Interest paid	$ –	$ –
Income taxes paid	$ –	$ –

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

1. Nature of Operations and Going Concern

Vangold Mining Corp. (the "Company" or "Vangold") is in the business of the acquisition and exploration of exploration and evaluation assets. The Company currently holds exploration and evaluation asset interests located in Canada and Mexico.

The head office and registered records of the Company is located at 1000 – 429 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. Vangold is a publicly listed company incorporated under the *Business Corporations Act* of British Columbia and is listed on the TSX Venture Exchange ("TSX.V") under the symbol "VAN".

These interim condensed consolidated financial statements have been prepared on the 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. As at September 30, 2019, the Company has no source of recurring revenue, generates negative cash flows from operating activities and has an accumulated deficit of $47,342,299 (December 31, 2018 - $46,897,999). These factors raise significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Significant Accounting Policies

(a) Statement of Compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, applicable to interim financial information, as outlined in International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and using the accounting policies consistent with those in the audited consolidated financial statements as at December 31, 2018 and for the year then ended.

These unaudited interim condensed consolidated financial statements do not include all disclosures normally provided in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements as at December 31, 2018 and for the year then ended. Interim results are not necessarily indicative of the results expected for the fiscal year.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Principles of Consolidation

These interim condensed consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiary	Location	Ownership Interest	Status
CanMex Silver S.A. de C.V. ("CanMex")	Mexico	100%	Consolidated
Obras Mineras El Pinguico S.A. de C.V. ("Obras")	Mexico	100%	Consolidated

Subsidiaries are those entities that Vangold controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Vangold controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by Vangold and are deconsolidated from the date that control ceases.

All intercompany transactions, balances, and unrealized gains and losses are eliminated on consolidation.

(c) Changes in Accounting Policies

Leases

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended December 31, 2018, with the exception of the following:

Adoption of new standards – IFRS 16 *Leases*

The Company adopted the requirements of IFRS 16 effective January 1, 2019. This new standard replaces IAS 17 *Leases* and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

Upon adoption, the Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short-term leases (lease term of 12 months or less) and low value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases.

Upon the adoption of IFRS 16, the Company was not required to recognize any right-of-use assets and lease liabilities related to the Company's leased premises, as the only lease outstanding at December 31, 2018 expires during the year ended December 31, 2019.

2. Significant Accounting Policies (continued)

(c) Changes in Accounting Policies (continued)

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition the Company assesses whether the contract meets three key evaluations, which are whether:

i. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
ii. The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
iii. The Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

<u>Measurement and recognition of leases as a lessee</u>

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the statement of financial position.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company’s incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

(Expressed in Canadian dollars)

3. Equipment

	Computer equipment	Field equipment	Office equipment	Total
Cost:				
Balance, December 31, 2018 and September 30, 2019	$ 3,765	$ 1,776	$ 5,100	$ 10,641
Accumulated depreciation:				
Balance, December 31, 2018	$ 1,290	$ 628	$ 1,902	$ 3,820
Additions	941	342	1,499	2,782
Balance, September 30, 2019	$ 2,231	$ 970	$ 3,401	$ 6,602
Carrying amounts:				
As at December 31, 2018	$ 2,475	$ 1,148	$ 3,198	$ 6,821
As at September 30, 2019	$ 1,534	$ 806	$ 1,699	$ 4,039

4. Exploration and Evaluation Assets

Exploration and evaluation assets consist of:

	Mexican Silver Belt	El Pinguico	Rossland	Total
Balance, December 31, 2018 and September 30, 2019	$ 360,000	$ 1,179,490	$ –	$ 1,539,490

Mineral exploration costs consist of:

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Environmental survey	$ –	$ 24,347
General exploration	25,621	135,184
Geological	1,076	59,271
Rentals	470	69,596
	$ 27,167	$ 291,398

Mexican Silver Belt Property, Mexico

On April 28, 2017, the Company entered into asset acquisition agreements for seven mining claims strategically situated within the high-grade Mexican Silver Belt and all within close proximity to the Company’s operations office in Guanajuato, Mexico. Under the terms of the agreements, the Company paid $10,000 and issued 3,125,000 common shares with a fair value of $343,750. The Company also recognized additional acquisition costs of $6,250. The vendors retain a 2.5% net smelter return royalty (“NSR”) of which 1.25% (one-half) may be repurchased for $500,000.

4. Exploration and Evaluation Assets (continued)

El Pinguico Properties, Guanajuato State, Mexico

On April 27, 2017, the Company completed an acquisition of a 100% interest in the El Pinguico property, located in Guanajuato State, Mexico. Under the terms of the agreement, the Company paid consideration of $136,240 (US$100,000) and issued 5,000,000 common shares with a fair value of $900,000. The Company also issued 662,500 common shares with a fair value of $119,250 as a finder's fee. The Company also recognized additional acquisition costs of $24,000. The vendors retain a 4% NSR and a 15% net profits interest ("NPI") on minerals recovered from existing surface and underground stockpiles of mineralized rock and a 3% NSR and 5% NPI on all newly mined mineralization. The Company may repurchase 1% (one-third) of the 3% NSR on all newly mined mineralization for US$1,000,000.

In October 2017, the Company and Obras executed a Surface Land Purchase Agreement with two private landowners for 302 hectares. The surface land includes the Company's El Pinguico property and provides significant land area for mining infrastructure, development and construction. Under the terms of the agreement, the Company has the option to purchase the property in two years and is committed to pay two annual instalments of $4,500, with a final payment of $65,000 on the third anniversary.

Rossland Properties, British Columbia, Canada

South Belt

Vangold acquired a 50% interest in certain mineral claims within the historic Rossland gold camp in southeastern British Columbia.

The Company entered into an Option and Joint Venture Agreement with a private company, Rossland Resources Inc. ("RRI") that entitles RRI to earn a 100% interest in the property. RRI has fulfilled its commitments to earn a 50% interest. RRI has granted Vangold a 1.5% NSR on the claims. It is understood that RRI can purchase the NSR granted to Vangold for a total of $1,500,000 at any time. RRI is operator of the project.

Evening Star Property

The Company owns a 100% interest in the surface rights and a 50% interest in the mineral rights comprising the Evening Star Property, a former producing mine located in southeastern British Columbia. On July 1, 2014, the Company issued a mortgage on the Evening Star Property in the amount of $50,000. The mortgage was discharged when the short-term debt was repaid in January 2018.

During the year ended December 31, 2018, the Company began the process to relinquish the interests in the Rossland properties, as the Company intends to focus operations on the Mexican Silver Belt and El Pinguico properties and the acquisition of Aventura Gold Ltd. ("Aventura") (note 5). As a result, the Company recognized an impairment of $9,001 during the year ended December 31, 2018.

5. Deposit

During the year ended December 31, 2018, the Company entered into a letter of intent ("LOI") whereby the Company agreed to acquire all of the issued and outstanding shares of Aventura, a private company that holds an option to acquire 100% of the right, title and interest to a gold property in Guyana (the "Tassawini Property"). As consideration for all of the issued and outstanding shares of Aventura, the Company agreed to make cash payments totaling US$6,000,000, with an initial refundable deposit of US$50,000 (paid) and a further deposit of up to US$500,000 to third parties on behalf of Aventura, and equity payments of shares valued at $12,000,000. The equity payment would be structured by way of common shares and non-voting convertible preferred shares that would convert into Vangold common shares. Aventura will retain a 2% NSR over the Tassawini Property, with the opportunity to repurchase up to 1% for a one-time payment of US$3,000,000.

As at September 30, 2019, the Company has advanced a total of $238,048, including payment of the initial US$50,000 refundable deposit.

6. Related Party Transactions

(a) For the nine months ended September 30, 2019, the Company incurred management and consulting fees of $87,500 (2018 - $nil) to a company controlled by the Chief Executive Officer of the Company. As at September 30, 2019, the amount of $20,000 (December 31, 2018 - $nil) was owed to a company controlled by the Chief Executive Officer of the Company, which is included in accounts payable and accrued liabilities. The amount owed is non-interest-bearing, unsecured and due on demand.

(b) For the nine months ended September 30, 2019, the Company incurred management and consulting fees of $45,000 (2018 - $90,000) to the former Chief Executive Officer and a company controlled by the former Chief Executive Officer of the Company. As at September 30, 2019, the amount of $67,479 (December 31, 2018 - $29,979) was owed to the former Chief Executive Officer of the Company and a company controlled by the former Chief Executive Officer of the Company, which is included in accounts payable and accrued liabilities. The amount owed is non-interest-bearing, unsecured and due on demand.

(c) For the nine months ended September 30, 2019, the Company incurred share-based compensation of $6,238 (2018 - $123,872) to former directors and officers of the Company, which resulted from amortization of unvested options granted in prior periods.

(d) As at September 30, 2019, the Company had a loan payable of $33,000 (December 31, 2018 - $nil). The loan is due on demand and bears interest at a rate of 5% per annum. The loan is due to a company owned by the CFO of the Company.

7. Share Capital

The authorized share capital of the Company consists of the following:

- Common shares: unlimited common shares without par value;
- Class A common shares: unlimited common shares without par value;
- Class B common shares: unlimited common shares without par value;
- Class A preferred shares: unlimited preferred shares with a par value of $0.2947; and
- Class B preferred shares: unlimited preferred shares without par value.

(Expressed in Canadian dollars)

7. Share Capital (continued)

Share Issuances for the Nine Months Ended September 30, 2019:

On March 28, 2019, Company completed the first tranche of its private placement for gross proceeds of $335,000, consisting of 6,700,000 units at a price of $0.05 per unit as detailed below. A finder's fee of $9,450 was paid with respect to this tranche. The proceeds were allocated between the common shares ($264,454) and warrants ($70,546) based on their relative fair values. The fair value of the warrants was calculated using the Black-Scholes option pricing model assuming a risk-free rate of 1.98%, no expected dividends or forfeiture rate, volatility of 104% and an expected life of two years. Each unit consists of one common share and one share purchase warrant (a "Warrant"); each Warrant entitles the holder to purchase one common share of the Company at a price of $0.10 within two years of closing.

On May 13, 2019, Company completed the second tranche of its private placement for gross proceeds of $247,975, consisting of 4,959,500 units at a price of $0.05 per unit as detailed below. A finder's fee of $14,248 cash and 284,950 warrants was paid with respect to this tranche. The proceeds were allocated between the common shares ($195,285) and warrants ($52,690) based on their relative fair values. Broker's warrants were valued at $5,275. The fair value of the warrants was calculated using the Black-Scholes option pricing model assuming a risk-free rate of 1.58%, no expected dividends or forfeiture rate, volatility of 105% and an expected life of two years. Each unit consists of one common share and one share purchase warrant (a "Warrant"); each Warrant entitles the holder to purchase one common share of the Company at a price of $0.10 within two years of closing.

During the nine months ended September 30, 2019, the Company completed a two old for one new share consolidation. All share numbers in these interim condensed consolidated financial statements for the nine months ended September 30, 2019 have been adjusted to reflect the share consolidation.

8. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2017	15,676,862	0.50
Issued	5,428,600	0.50
Balance, December 31, 2018	21,105,462	0.50
Issued	11,944,450	0.10
Balance, September 30, 2019	33,049,912	0.36

(Expressed in Canadian dollars)

8. Share Purchase Warrants (continued)

As at September 30, 2019, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
951,960	0.50	January 13, 2020
6,063,790	0.50	March 13, 2020
4,586,112	0.50	April 24, 2020
4,075,000	0.50	November 9, 2021
6,700,000	0.10	March 28, 2021
5,244,450	0.10	May 9, 2021
5,428,600	0.50	January 18, 2022
33,049,912		

9. Stock Options

The Company's Board of Directors approved a 20% fixed stock incentive plan in accordance with the policies of the TSX.V. Subject to TSX.V and shareholder approvals, the aggregate number of common shares that may be reserved, allotted and issued pursuant to the plan shall not exceed 3,392,307 common shares, less the aggregate number of common shares then reserved for issuance pursuant to any other share compensation arrangement. The Board of Directors is authorized to grant options under this plan to directors, officers, consultants or employees.

The maximum number of options that may be granted to any one person in any 12-month period must not exceed 5% of the common shares outstanding at the time of the grant, or 2% if the optionee is a consultant or employed in an investor relations capacity. The plan states that the Board of Directors shall determine the manner in which the options shall vest and become exercisable. However, options granted to consultants performing investor relations activities shall vest over a minimum of 12 months and no more than one-quarter of such options vesting in any 3-month period. The plan requires that the stock options may have a term not exceeding ten years. In the event of any option forfeiture, any expense recognized to date on unvested options is reversed in the period in which the forfeiture occurs.

A continuity schedule of the incentive stock options is as follows:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2017	1,950,000	0.40
Granted	2,400,000	0.20
Cancelled	(887,500)	0.40
Outstanding, December 31, 2018 and September 30, 2019	3,462,500	0.24

9. Stock Options (continued)

Additional information regarding stock options outstanding as at September 30, 2019 is as follows:

Expiry date	Number of options outstanding	Number of options vested	Weighted average remaining contractual life (years)	Weighted average exercise price $
August 18, 2022	1,062,500	1,062,500	3.14	0.40
June 8, 2023	75,000	75,000	4.00	0.20
June 28, 2023	2,075,000	2,075,000	4.00	0.20
July 25, 2023	250,000	250,000	4.00	0.20
	3,462,500	3,462,500		0.26

During the nine months ended September 30, 2019, the Company recorded share-based compensation expense of $13,038 (2018 – $118,326) related to unvested options issued in prior periods.

10. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at September 30, 2019 as follows:

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company operates in Canada and Mexico, but has the majority of its cash and equivalents held in Canada in Canadian dollars. The Company is exposed to foreign exchange risk due to fluctuations in foreign currencies (Mexican peso and US dollar). Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(Expressed in Canadian dollars)

10. Financial Instruments and Risks (continued)

(e) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

11. Segmented Information

The Company is primarily engaged in mineral exploration in British Columbia, Canada, and Guanajuato, Mexico. The Company operates the mineral exploration of its properties in Mexico through its 100% owned subsidiaries, Obras and CanMex.

	September 30, 2019		
	Canada	Mexico	Total
Equipment	$ 1,534	$ 2,505	$ 4,039
Deposit	238,048	–	238,048
Exploration and evaluation assets	–	1,539,490	1,539,490
Total non-current assets	$ 239,582	$ 1,541,995	$ 1,781,577

	December 31, 2018		
	Canada	Mexico	Total
Equipment	$ 2,475	$ 4,346	$ 6,821
Deposit	84,000	–	84,000
Exploration and evaluation assets	–	1,539,490	1,539,490
Total non-current assets	$ 86,475	$ 1,543,836	$ 1,630,311

12. Commitments and Contingent Liabilities

During the year ended December 31, 2014, the Company negotiated debt settlements with two creditors. An agreement was reached to settle payables of $282,007 with the two creditors for a total of $70,501, resulting in a gain on settlement of payables of $211,506. The Company must pay the $70,501 upon completion of a financing of at least $2,500,000.

Once a financing of at least $2,500,000 is completed, the Company must pay $49,867 of the negotiated amount within five days to one creditor and $20,634 within 45 days to the other creditor. If either payment is not completed by the deadline, the debt settlement agreements are nullified and the Company must pay the initial payable amounts to each of the creditors. The Company must also comply with reasonable information requests from the creditors on a timely basis, otherwise the debt settlement agreements are nullified. During the nine months ended September 30, 2019, the Company negotiated to settle the above $49,867 with the first lender for a total payment of $20,000 resulting in a gain on settlement of $29,867. At September 30, 2019, the balance owing related to the second vendor of $20,634 (December 31, 2018 - $70,501) remains in accounts payable and accrued liabilities. All requests have been met and the agreements are in good standing.

13. Subsequent Events

(a) Subsequent to September 30, 2019 the Company completed the third and final tranche of the private placement for gross proceeds of $707,500, consisting of 14,150,000 units at a price of $0.05 per unit. There are no finder's fees payable in connection with the third tranche.

(b) Subsequent to September 30, 2019, the Company entered into debt settlement agreements with two creditors, including the settlement of $10,000 in management fees with an executive officer of the Company. In total, the Company has agreed to issue an aggregate 403,640 common shares at a deemed price of $0.05 per share to settle indebtedness of $20,182. This settlement is subject to TSX.V approval.