

**ALORO MINING CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE-MONTHS ENDED SEPTEMBER 30, 2019**

**(Expressed in Canadian dollars)  
(Unaudited)**

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

## **NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited consolidated interim financial statements for Aloro Mining Corp. (the "Company") have been prepared by management in accordance with International Financing Reporting Standards ("IFRS"). These condensed consolidated interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. The Company's Audit Committee and Board of Directors have reviewed and approved these consolidated interim financial statements. In accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators, the Company's independent auditors have not performed a review of these consolidated interim financial statements.

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

**ALORO MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)  
(Unaudited)

	Notes	September 30, 2019	(Audited) December 31, 2018
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash		\$ 8,845	\$ 404,647
Prepaid expense		619	-
Other receivables		2,029	31,468
		<b>11,493</b>	<b>436,115</b>
<b>NON-CURRENT</b>			
Property		-	1,916
Lease assets	5	95,171	-
Exploration and evaluation asset	6	1,506,892	981,366
		<b>1,602,063</b>	<b>983,282</b>
<b>TOTAL ASSETS</b>		<b>\$ 1,613,556</b>	<b>\$ 1,419,397</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	9	\$ 539,295	\$ 532,828
Current portion of lease liabilities	5	41,786	-
Related party loan		20,000	-
		<b>601,081</b>	<b>532,828</b>
<b>NON-CURRENT</b>			
Lease liabilities	5	59,296	-
<b>TOTAL LIABILITIES</b>		<b>660,377</b>	<b>532,828</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	17,034,827	16,724,077
Reserves	8	2,118,783	2,103,992
Accumulated deficit		(18,200,431)	(17,941,500)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>953,179</b>	<b>886,569</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 1,613,556</b>	<b>\$ 1,419,397</b>

**Subsequent events (Note 11)**

*Approved on behalf of the Board:*

*"Thomas Doyle"*

Thomas Doyle

*"Logan Anderson"*

Logan Anderson

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

**ALORO MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)  
(Unaudited)

	Notes	Three months ended		Nine months ended	
		September 30,		September 30,	
		2019	2018	2019	2018
<b>OPERATING EXPENSES</b>					
Depreciation	5	\$ 8,922	963	\$ 25,708	2,889
Investor relations		940	809	11,306	1,039
Management and director fees	9	15,000	116,759	45,000	199,500
Office and general		10,108	1,734	34,082	82,850
Professional fees		19,587	71,979	111,137	115,338
Share-based payments	8, 9	-	-	14,791	34,259
<b>LOSS FROM OPERATIONS</b>		<b>(54,557)</b>	<b>(192,244)</b>	<b>(242,024)</b>	<b>(435,875)</b>
<b>OTHER INCOME (EXPENSES)</b>					
Interest expense		(3,014)	-	(7,845)	-
Foreign exchange gain (loss)		(853)	(4,382)	(9,062)	-
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>\$ (58,424)</b>	<b>(196,626)</b>	<b>\$ (258,931)</b>	<b>(435,875)</b>
<b>LOSS PER SHARE – BASIC AND DILUTED</b>		<b>\$ (0.00)</b>	<b>(0.01)</b>	<b>\$ (0.01)</b>	<b>(0.01)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>		<b>48,988,129</b>	<b>38,060,629</b>	<b>48,442,201</b>	<b>38,006,953</b>

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

**ALORO MINING CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

(Unaudited)

		<u>Share capital</u>			<u>Accumulated</u>	
	<u>Notes</u>	<u>Number</u>	<u>Amount</u>	<u>Reserves</u>	<u>deficit</u>	<u>Total</u>
<b>Balance at January 1, 2018</b>		<b>37,710,630</b>	<b>\$ 15,877,013</b>	<b>\$ 2,014,637</b>	<b>\$ (17,577,494)</b>	<b>\$ 314,156</b>
Shares issued for property	6	250,000	25,000	-	-	25,000
Shares issuance for cash	8	100,000	10,000	-	-	10,000
Share based payments		-	-	34,259	-	34,259
Net loss for the period		-	-	-	(435,875)	(435,875)
<b>Balance at September 30, 2018</b>		<b>38,060,630</b>	<b>\$ 15,912,013</b>	<b>\$ 2,048,896</b>	<b>\$ (18,013,369)</b>	<b>\$ (52,460)</b>
<b>Balance at January 1, 2019</b>		<b>46,260,629</b>	<b>\$ 16,724,077</b>	<b>\$ 2,103,992</b>	<b>\$ (17,941,500)</b>	<b>\$ 886,569</b>
Shares issued for property	6	500,000	55,000	-	-	55,000
Shares issued for services	7	200,000	28,000	-	-	28,000
Debt settlement	7	1,027,500	102,750	-	-	102,750
Warrants exercised	8	1,000,000	125,000	-	-	125,000
Share-based payments	8	-	-	14,791	-	14,791
Net loss for the period		-	-	-	(258,931)	(258,931)
<b>Balance at September 30, 2019</b>		<b>48,988,129</b>	<b>\$ 17,034,827</b>	<b>\$ 2,118,783</b>	<b>\$ (18,200,431)</b>	<b>\$ 953,179</b>

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

**ALORO MINING CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)  
(Unaudited)

<b>For the nine months ended September 30,</b>	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (258,931)	\$ (435,875)
Items not involving cash:		
Depreciation	25,708	2,889
Share-based payments	14,791	34,259
Shares issued for services	28,000	-
Change in non-cash working capital items:		
Prepaid expense	(619)	-
Other receivables	29,439	(16,634)
Accounts payable and accrued liabilities	109,217	269,313
Proceeds from related party loan	20,000	
Net cash used in operating activities	<b>(32,395)</b>	<b>(146,048)</b>
<b>INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	<b>(470,526)</b>	<b>(165,312)</b>
Net cash used in investing activities	<b>(470,526)</b>	<b>(165,312)</b>
<b>FINANCING ACTIVITIES</b>		
Principal payments on lease liability	<b>(17,881)</b>	-
Proceeds from warrants exercise	<b>125,000</b>	10,000
Net cash provided by financing activities	<b>107,119</b>	<b>10,000</b>
<b>CHANGE IN CASH</b>	<b>(395,802)</b>	<b>(301,360)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>404,647</b>	<b>369,017</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 8,845</b>	<b>\$ 67,657</b>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Interest paid	\$ 7,489	\$ -
Initial recognition of lease assets and liabilities	\$ 118,963	\$ -
Shares issued for exploration and evaluation assets	\$ 55,000	\$ 25,000
Shares issued for settlement of debt	\$ 102,750	\$ -

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

**ALORO MINING CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

**NOTE 1. NATURE OF OPERATIONS**

Aloro Mining Corp. (the “Company”) was incorporated on June 7, 2004 in British Columbia and its business is the acquisition, exploration and development of its mineral interest in Mexico. The Company is listed on the TSX Venture Exchange (the “TSX-V”) under the symbol AORO.V

The address of the Company’s corporate office and principal place of business is Suite 1085, Bentall Two, 555 Burrard Street, Vancouver, British Columbia, Canada V7X 1M8.

**NOTE 2. BASIS OF PREPARATION AND GOING CONCERN**

## a) Statement of compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 25, 2019.

## b) Basis of presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis.

The condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries. The functional currency of each entity is determined using the currency of the primary economic environment in which the entity operates.

## c) Basis of consolidation

The subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

The condensed consolidated interim financial statements include the accounts and results of operations of the Company and its wholly owned subsidiary:

<b>Name of Subsidiary</b>	<b>Principal Activity</b>	<b>Place of Incorporation</b>	<b>Ownership Interest</b>
Exploraciones Aloro S.A. de C.V.	Mineral exploration	Mexico	100%

All intercompany balances and transactions were eliminated on consolidation.

## d) Going concern

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. At September 30, 2019, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company’s ability to raise adequate equity financing for continuing operations.

**ALORO MINING CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

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**NOTE 2. BASIS OF PREPARATION AND GOING CONCERN (continued)**

Realization values may be substantially different from carrying values as shown and accordingly these financial statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern.

If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these condensed consolidated interim financial statements.

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended December 31, 2018 and have been consistently followed in the preparation of these consolidated condensed interim financial statements.

Except as summarized below, the Company used the same accounting policies and methods of computation as in the audited annual consolidated financial statements for the year ended December 31, 2018.

**a) Leases**

*Lessee*

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to use an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for leases with a lease term of 12 months or less and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments and expected payments at the end of the lease, discounted using the rate implicit in the lease. If the rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The right-of-use asset is measured at a cost that includes the lease liability, adjusted for any initial direct costs; prepaid lease payments; estimated costs to dismantle, remove or restore; and lease incentives received. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses.

The Company re-measures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

**b) Accounting standards adopted effective January 1, 2019**

Effective January 1, 2019, the following standards were adopted.

*IFRS 16 'Leases' ("IFRS 16")*

Effective January 1, 2019, the Company adopted IFRS 16 which supersedes IAS 17 Leases ("IAS 17"). The Company has applied the new standard using the modified retrospective approach with no restatement of comparative periods. There were no adjustments to retained earnings as a result of adoption.

**ALORO MINING CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

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**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Company has elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its previous assessment made under IAS 17 and IFRIC 4 Determining whether an arrangement contains a lease. The definition of a lease under IFRS 16 was applied only to contracts entered into or modified on or after January 1, 2019.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company applied the following practical expedients when adopting IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on previous assessments on whether leases are onerous;
- Applied the exemption not to recognize right-of-use assets and liabilities for leases where the lease term ends within 12 months of the date of initial application;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight to determine the lease term where contracts contain options to extend or terminate the lease.

Under IFRS 16, the Company is required to assess the classification of a sublease with reference to the right-of-use asset, not the underlying asset. The Company does not have any subleases.

On transition to IFRS 16, the Company did not recognize any lease assets or liabilities as its operating leases had a remaining term of less than 12 months from the date of initial application.

**c) Accounting standards issued but not yet effective**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

**NOTE 4. USE OF ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the applicable of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, if actual results differ from assumptions made.

**ALORO MINING CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

**NOTE 4. USE OF ESTIMATES AND JUDGMENTS (continued)**

In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the financial statements as at and for the year ended December 31, 2018, except for those summarized below.

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the audited annual financial statements at December 31, 2018.

**NOTE 5. LEASES**

The Company leases certain assets under lease agreements. The lease liability consists of a single lease for office space. The lease has imputed interest rate of 10% per annum and expires in February 2020.

<b>Lease assets</b>	<b>September 30, 2019</b>
At January 1, 2019	\$ -
Additions	118,963
Depreciation expense	(23,792)
At September 30, 2019	\$ 95,171

At September 30, 2019, the Company's lease liability related to office leases is as follows:

<b>Lease liability</b>	<b>September 30, 2019</b>
Current portion	\$ 41,786
Long-term portion	59,296
Total lease liability	\$ 101,082

At September 30, 2019, the Company is committed to minimum lease payments as follows:

<b>Maturity analysis</b>	<b>September 30, 2019</b>
Less than one year	\$ 41,786
One to five years	74,354
Total undiscounted lease liabilities	\$ 116,141

The adoption of IFRS 16 had the following impact for the nine months ended September 30, 2019:

<b>Amounts recognized in profit or loss</b>	<b>September 30, 2019</b>
Interest on lease liabilities	\$ 7,489
Income from sub-leasing right-of-use assets	17,780
Variable lease payments	23,470
Expenses relating to short-term leases	-

<b>Amounts recognized in the statement of cash flows</b>	<b>September 30, 2019</b>
Interest paid	\$ 7,489
Principal payments on lease liabilities	17,881
Variable lease payments	23,470
Expenses relating to short-term leases	-
Total cash outflows for leases	\$ 48,840

**ALORO MINING CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

**NOTE 6. EXPLORATION AND EVALUATION ASSET**

		<b>Los Venados</b>
<b>Acquisition cost:</b>		
Balance, December 31, 2017	\$	52,500
Land purchase option		52,641
Access to property		6,238
<b>Balance, December 31, 2018</b>		<b>111,379</b>
Land purchase option		55,000
<b>Balance, September 30, 2019</b>	<b>\$</b>	<b>166,379</b>
<b>Exploration and evaluation costs:</b>		
Balance, December 31, 2017	\$	175,014
Consulting fees		328,178
Drilling		203,459
Environmental permits and mining rights		34,066
Exploration costs		104,764
Sampling		24,506
<b>Balance, December 31, 2018</b>		<b>869,987</b>
Consulting fees		206,747
Drilling		154,060
Environmental permits and mining rights		47,945
Mapping		4,839
Exploration costs		17,236
Sampling		39,699
<b>Balance, September 30, 2019</b>	<b>\$</b>	<b>1,340,513</b>
<b>Balance, December 31, 2018</b>	<b>\$</b>	<b>981,366</b>
<b>Balance, September 30, 2019</b>	<b>\$</b>	<b>1,506,892</b>

**Los Venados, Sonora Mexico**

The Company entered into an option agreement dated November 28, 2016 (the "Option Agreement") with Minera Gavilan, S.A. de C.V. (the "Optionor") and Almadex Minerals Limited ("Almadex"), pursuant to which the Optionor has agreed to grant the Company an option (the "Option") to acquire up to 100% of the Optionor's 100% right and title interest in and to an option agreement between the Optionor, Almadex and Compania Minera La Pitahaya, S.A. de C.V. (the "Underlying Optionor") dated October 6, 2015, whereby the Optionor has the option to acquire a 100% interest in the Los Venados 1 mineral concession (the "Property") located in Sonora State, Mexico (the "Transaction");

To exercise its Option, the Company shall:

- i) assume all obligations of Almadex to the underlying optionor of the Los Venados property (the "Underlying Optionor") with the exception of the issuance of Almadex shares which remains an obligation of Almadex;
- ii) pay \$30,000 on execution of the Option Agreement for expenditures on the property; (paid)
- iii) issue 250,000 common shares within 10 days of receipt of approval of the TSX-V (the "Approval Date"); (Issued February 8th, 2017)

**ALORO MINING CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

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**NOTE 6. EXPLORATION AND EVALUATION ASSET (continued)**

- iv) issue 250,000 common shares on or before the first anniversary of the Approval Date (Issued February 8th, 2018);
- v) issue 500,000 common shares on or before the second anniversary of the Approval Date (Issued February 9th, 2019); and
- vi) issue 1,000,000 common shares on or before the third anniversary of the Approval Date, and
- vii) drill a minimum of 1,000 meters by the second anniversary of the Approval Date, as part of the total required project expenditures of a minimum of US\$500,000 (the “Expenditures”), which must be incurred on or before the third anniversary of the Approval Date. As at December 31, 2018 the Company spent USD\$156,330 in the drilling program and completed the 1,000 meters required.

Upon exercise of the Option, the Company will grant to Almadex a 2% net smelter returns royalty (the “NSR Royalty”) with respect to production of all precious metals from the property. The NSR Royalty will be payable following commencement of commercial production on the property. The property is also subject to an underlying 2% NSR royalty to the Underlying Optionor which may be purchased for \$1,000,000.

If the Option is exercised, the Company will also be responsible for making a \$500,000 bonus payment to the Underlying Optionor when a National Instrument 43-101 compliant resource greater than 500,000 ounces of gold has been identified.

**NOTE 7. SHARE CAPITAL**

During the nine months ended September 30, 2019:

On January 24, 2019, the Company issued 200,000 common shares at a price of \$0.14 for share for advisory services received for a total of \$28,000.

On February 4, 2019, the Company issued 1,000,000 common shares through the exercise of warrants for gross proceeds of \$125,000.

On February 11, 2019, the Company issued 500,000 common shares pursuant to the Los Venados option agreement at a market price of \$0.11 per share for a total of \$55,000 (Note 6).

On March 29, 2019, the Company issued 1,027,500 common shares in settlement of \$102,750 in management and director fees.

During the year ended December 31, 2018:

On February 8, 2018, the Company issued 250,000 shares pursuant to the Los Venados option agreement at a market price of \$0.13 per share for a total of \$32,500 (Note 6).

On February 20, 2018 the Company issued 100,000 common shares through the exercise of warrants for gross proceeds of \$10,000.

On October 26, 2018, the Company issued 8,000,000 shares for gross proceeds of \$800,000. The Company incurred \$15,435 in cash share issuance costs. As part of this transaction, \$10,000 has been included in other receivables as these proceeds are expected to be received after year end. On December 3, 2018, the Company issued 200,000 common shares through the exercise of warrants for proceeds of \$20,000.

**ALORO MINING CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

**NOTE 8. RESERVES**Share purchase warrants

The following table summarizes the changes in warrants outstanding during the periods presented:

	Number of warrants	Weighted average exercise price
Outstanding, January 1, 2018	17,500,000	\$ 0.08
Expired	(10,900,000)	0.10
Exercised	(300,000)	0.10
Outstanding, December 31, 2018	6,300,000	0.11
Exercised	(1,000,000)	0.13
Outstanding and exercisable, September 30, 2019	5,300,000	\$ 0.11

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

Numbers of warrants	Exercise price	Expiry Date
1,500,000	\$ 0.085	January 31, 2020
3,800,000	\$ 0.125	December 11, 2019
5,300,000		

As at September 30, 2019, the weighted average remaining contractual life of warrants outstanding is 0.24 years.

Share purchase options

On November 20, 2006, the Company's Board of Directors approved the adoption of a "rolling" stock incentive plan (the "Plan") in accordance with the policies of the TSX-V. The Board of Directors is authorized to grant options under the Plan to directors, officers, consultants or employees to acquire up to a maximum of 10% of the issued and outstanding common shares at the time an option is granted. The exercise prices of options granted shall not be less than the Discounted Market Price, as defined in Exchange Policy 2.4, and the exercise period shall not exceed 5 years from the date the option is granted. The maximum number of options that may be granted to any one person must not exceed 5% of the common shares outstanding at the time of the grant or 2% if the recipient is a consultant or employed in an investor relations capacity.

The following table summarizes the changes in stock options outstanding during the periods presented:

	Number of options	Weighted average exercise price
Outstanding, January 1, 2018	-	\$ -
Granted	1,400,000	0.11
Forfeited	(500,000)	0.13
Outstanding, December 31, 2018	900,000	0.10
Granted	200,000	0.10
Outstanding and exercisable, September 30, 2019	1,100,000	\$ 0.10

**ALORO MINING CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

**NOTE 8. RESERVES (continued)**

On February 11, 2019, the Company granted 200,000 stock options to a consultant. The estimated fair value associated with the stock options granted is \$14,791 and it was determined using the Black-Scholes Option Pricing Model with the following assumptions: stock price at grant \$0.11; an annualized volatility of 117.75%; an expected life of 2.5 years; a dividend yield of 0%; a forfeiture rate of 0%; and a risk-free rate of 1.79%. The options, which vested immediately, may be exercised at a price of \$0.10 per common share for a period of 5 years from the date of the agreement.

As at September 30, 2019, the following stock options were outstanding:

<b>Numbers of options</b>		<b>Exercise price</b>	<b>Expiry Date</b>
200,000	\$	0.10	April 2, 2023
200,000		0.10	June 13, 2023
100,000		0.10	October 2, 2023
400,000		0.10	October 10, 2023
200,000	\$	0.10	February 11, 2024
<b>1,100,000</b>			

As at September 30, 2019, the weighted average remaining contractual life of the options outstanding is 3.93 years.

**NOTE 9. RELATED PARTY TRANSACTIONS**

All expenses and balances as at September 30, 2019 with related parties are at exchange amounts established and agreed to by the related parties. All transactions with related parties are in the normal course of operations.

*Key management compensation*

Key management compensation is summarized as follows:

<b>For the nine months ended September 30,</b>		<b>2019</b>		<b>2018</b>
Management fees	\$	162,000	\$	34,259
Directors' fees		18,000		10,500
Share-based payment		-		189,000
<b>Total</b>	<b>\$</b>	<b>180,000</b>	<b>\$</b>	<b>233,759</b>

During the nine months ended September 30, 2019, remuneration of the Company's key management, excluding directors, consisted of management fees in the amount of \$162,000 (2018 - \$189,000); \$135,000 (2018 - \$nil) was allocated to exploration and evaluation assets and \$27,000 (2018- \$102,000) was expensed as management fees in the income statement.

*Related party balances*

At September 30, 2019, \$433,050 (December 31, 2018 - \$438,300) was due to related parties and is included in accounts payable and accrued liabilities. The amounts are non-interest bearing, unsecured and due on demand.

At September 30, 2019, the Company had an outstanding loan due to the Chief Executive Officer of the Company for \$20,000 (December 31, 2018 - \$nil). The loan bears interest at 10% per annum, is unsecured and due on demand.

On March 29, 2019, the Company issued 1,027,500 common shares to settle \$102,750 in accrued management and director fees.

**ALORO MINING CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

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**NOTE 10. CAPITAL DISCLOSURE**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' deficiency, cash, receivables and financial liabilities as capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust its capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

**NOTE 11. SUBSEQUENT EVENTS**

None.