



PowerOre Inc.
(subsequently renamed QC Copper and Gold Inc.)
Condensed Interim Consolidated Financial Statements
(unaudited)

For the Nine Months Ended July 31, 2020

(Expressed in Canadian Dollars unless otherwise indicated)

Management responsibility for financial reporting

The accompanying condensed interim consolidated financial statements of PowerOre Inc. (subsequently renamed QC Copper and Gold Inc.) <the "Company"> were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 of the condensed interim consolidated financial statements.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim consolidated financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of July 31, 2020 and for the periods presented by the condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Management's assessment of internal control over financial reporting ("ICFR")

Management is also responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

("signed")
(Stephen Stewart)
CEO

("signed")
(Jeffrey Potwarka)
CFO

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED 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 interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying condensed interim financial statements of 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 interim consolidated financial statements in accordance with standards established by the Institute of Chartered Professional Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

PowerOre Inc. (subsequently renamed QC Copper and Gold Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
As at

	Notes	July 31, 2020 (unaudited)	October 31, 2019 (audited)
ASSETS			
Current			
Cash		\$ 1,605,713	\$ 346,851
GST/HST/QST receivable		25,396	93,587
Due from related parties	12	21,697	-
Prepaid expenses		2,985	2,985
Total current assets		1,655,791	443,423
CAPITAL ASSET	5	8,350	-
TOTAL ASSETS		\$ 1,664,141	\$ 443,423
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 47,392	\$ 45,956
Due to related parties	12	3,481	-
Flow-through share liability	10,15	299,442	54,272
TOTAL LIABILITIES		350,315	100,228
SHAREHOLDERS' EQUITY			
Share capital	10	\$ 2,735,245	\$ 1,964,509
Share-based payment reserve	10	1,003,974	630,881
Deficit		(3,045,490)	(2,252,195)
Total equity attributable to shareholders of the Company		693,729	343,195
Non-controlling interests	11	620,097	-
TOTAL SHAREHOLDERS' EQUITY		1,313,826	343,195
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,664,141	\$ 443,423

Nature of operations and going concern (Notes 1 and 2)
Commitments and contingencies (Notes 6 and 15)
Events subsequent to year-end (Note 17)

Approved on behalf of the Directors:

"Alex Stewart"

Alex Stewart – Director

"Stephen Stewart"

Stephen Stewart – Director

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

PowerOre Inc. (subsequently renamed QC Copper and Gold Inc.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		Nine months ended July 31		Three months ended July 31	
		2020	2019	2020	2019
			(Note 16)		(Note 16)
<i>(Unaudited)</i>	Notes				
Expenses					
Amortization	5	\$ 677	\$ -	\$ 677	\$ -
Consulting and management fees	12	200,435	276,350	64,384	83,750
Exploration expense	6,12,16	212,919	493,003	(30,465)	401,112
Office, rent and general		38,971	30,014	18,060	15,370
Professional fees		112,152	60,679	98,507	6,633
Share-based payments	10	198,000	120,000	198,000	120,000
Transfer agent, filing fees and shareholder Communications		137,159	52,121	114,954	52,121
Travel and related costs		13,389	38,703	300	38,703
Total expenses		913,702	1,070,870	464,417	651,209
Loss from operations for the period		(913,702)	(1,070,870)	(464,417)	(651,209)
Deferred income tax recovery					
Flow-through share premium renunciation	9,13,15	12,224	86,139	660	69,116
Net loss and comprehensive loss for the period		\$ (901,478)	\$ (984,731)	\$ (463,757)	\$ (582,093)
Net loss and comprehensive loss for the period attributed to:					
Non-controlling interest	11	(108,183)	-	(108,183)	-
Shareholders of the Company		(793,295)	(984,731)	(355,574)	(582,093)
Net loss and comprehensive loss for the period		\$ (901,478)	\$ (984,731)	\$ (463,757)	\$ (582,093)
Weighted average number of shares, basic and diluted		51,770,990	38,383,684	51,770,990	39,383,684
Loss per share, basic and diluted		\$ (0.01)	\$ (0.03)	\$ (0.00)	\$ (0.01)

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

PowerOre Inc. (subsequently renamed QC Copper and Gold Inc.)
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Share-based Payment Reserve	Deficit (Note 16)	Total Attributable to Shareholders of the Company	Non- controlling Interest	Total Equity
	Number of shares	Amount					
Balance at October 31, 2018	29,973,334	\$ 1,225,573	\$ 346,262	\$ (1,102,427)	\$ 469,408	\$ -	\$ 469,408
Loss for the period	-	-	-	(984,731)	(984,731)	-	(984,731)
Shares issued on flow-through private placement	5,011,100	601,332	-	-	601,332	-	601,332
Value of warrants	-	(79,000)	79,000	-	-	-	-
Premium allocated to flow-through shares	-	(100,222)	-	-	(100,222)	-	(100,222)
Shares issued on private placement	4,380,000	438,000	-	-	438,000	-	438,000
Value of warrants	-	(71,000)	71,000	-	-	-	-
Finders' warrants issued	-	-	15,000	-	15,000	-	15,000
Share issuance costs	-	(51,710)	-	-	(51,710)	-	(51,710)
Warrants exercised during the period	19,250	1,536	(381)	-	1,155	-	1,155
Share-based payments	-	-	120,000	-	120,000	-	120,000
Balance at July 31, 2019	39,383,684	1,964,509	630,881	(2,087,158)	508,232	-	508,232
Loss for the period	-	-	-	(165,037)	(165,037)	-	(165,037)
Balance at October 31, 2019	39,383,684	\$ 1,964,509	\$ 630,881	\$ (2,252,195)	\$ 343,195	\$ -	\$ 343,195
Balance at October 31, 2019	39,383,684	\$ 1,964,509	\$ 630,881	\$ (2,252,195)	\$ 343,195	\$ -	\$ 343,195
Loss for the period	-	-	-	(793,295)	(793,295)	(108,183)	(901,478)
Acquisition of Baselode – cost basis	-	-	-	-	-	41,000	41,000
Private placement of Baselode	-	-	-	-	-	700,000	700,000
Shares issued for exploration and evaluation expenses	2,450,000	158,750	-	-	158,750	-	158,750
Warrants issued for exploration and evaluation expenses	-	-	34,000	-	34,000	-	34,000
Shares issued on flow-through private placement	12,979,280	908,550	-	-	908,550	-	908,550
Value of warrants	-	(101,000)	101,000	-	-	-	-
Premium allocated to flow-through shares	-	(257,395)	-	-	(257,395)	-	(257,395)
Shares issued on private placement	3,700,000	185,000	-	-	185,000	-	185,000
Value of warrants	-	(31,000)	31,000	-	-	-	-
Finders' warrants issued	-	-	15,393	-	15,393	-	15,393
Share issuance costs	-	(102,099)	-	-	(102,099)	(12,720)	(114,819)
Warrants exercised during the period	169,203	9,930	(6,300)	-	3,630	-	3,630
Share-based payments	-	-	198,000	-	198,000	-	198,000
Balance at July 31, 2020	58,682,167	\$ 2,735,245	\$ 1,003,974	\$ (3,045,490)	\$ 693,729	\$ 620,097	\$ 1,313,826

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

PowerOre Inc. (subsequently renamed QC Copper and Gold Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Nine months ended July 31		Three months ended July 31	
	2020	2019 (Note 16)	2020	2019 (Note 16)
<i>(Unaudited)</i>				
Cash provided by (used in):				
Operating activities				
Loss for the period	\$ (901,478)	\$ (984,731)	\$ (463,757)	\$ (582,093)
Items not involving cash				
Flow-through share premium renunciation	(12,224)	(86,139)	(660)	(69,116)
Amortization	677	-	677	-
Shares and warrants issued for exploration expenses	192,750	-	68,750	-
Exploration recovery on Baselode acquisition	(161,206)	-	(161,206)	-
Share-based payments	198,000	120,000	198,000	120,000
Changes in non-cash working capital items				-
Prepaid expenses	-	8,315	1,503	-
GST/HST/QST receivable	68,191	(55,047)	(11,726)	(41,916)
Accounts payable and accrued liabilities	(16,604)	2,375	28,762	(13,593)
Net cash (used in) operating activities	(631,894)	(995,227)	(339,657)	(586,718)
Financing activities				
Issue of common shares and warrants	1,093,550	1,039,332	300,000	-
Exercise of warrants	3,630	1,155	-	-
Share issue costs	(86,707)	(36,710)	(9,502)	-
Issue of common shares and warrants by Baselode (net of share issue costs)	687,280	-	659,513	-
Advances from related parties	3,481	-	(1,227)	-
Net cash provided by financing activities	1,701,234	1,003,777	948,784	-
Investing activities				
Acquisition of cash on Baselode acquisition	220,246	-	220,246	-
Purchase of capital assets	(9,027)	-	(9,027)	-
Advances to related parties	(21,697)	(24,673)	10,000	(18,034)
Net cash provided by (used in) investing activities	189,522	(24,673)	221,219	(18,034)
Net increase (decrease) in cash	1,258,862	(16,123)	830,346	(604,752)
Cash, Beginning of Period	346,851	500,337	775,367	1,088,966
Cash, End of Period	\$ 1,605,713	\$ 484,216	\$ 1,605,713	\$ 484,216
Supplemental information:				
Finders' warrants issued	\$ 15,393	\$ 15,000	\$ 2,393	\$ -

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

PowerOre Inc. (subsequently renamed QC Copper and Gold Inc.)

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

PowerOre Inc. (subsequently renamed QC Copper and Gold Inc.) <“Company”>, was incorporated under the Business Corporations Act (British Columbia) on February 1, 2018, as a wholly owned subsidiary of Orefinders Resources Inc. (“Orefinders”). Its principal business activity is the exploration, development and production of exploration and evaluation assets in Canada.

The head and principal office of the Company is located at 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7.

During the October 31, 2018 period, the Company and Orefinders completed a statutory plan of arrangement (the “Arrangement”). The Arrangement, together with associated transactions, resulting in the Company acquiring the Mann cobalt property and the MacMurphy nickel property from Orefinders in consideration for shares of the Company and the shareholders of Orefinders receiving a portion of those shares of the Company (Note 14).

On February 25, 2020, the Company entered into an agreement to sell its Mann Mine to Rider Investment Capital Corporation (“Rider”), a Capital Pool Company listed on the TSX Venture Exchange. In exchange for the Company’s 100% interest in the Mann Mine, the Company received 17,857,143 shares of Rider at an implied valuation of \$1,250,000. The sale was an arm’s length transaction and a part of and conditional upon Rider’s Qualifying Transaction for Rider’s full listing on the TSX Venture Exchange. On June 10, 2020, the Company closed the transaction with Rider and, as part of the closing, Rider changed its name to Baselode Energy Corp. (“Baselode”). Concurrently, on June 10, 2020, Baselode closed a \$700,000 private placement financing. After the financing, and at July 31, 2020, the Company held approximately 62% of the Baselode common shares. Baselode commenced trading on June 10, 2020 on the TSX Venture Exchange under the symbol “FIND”.

On September 28, 2020, PowerOre Inc. completed its name change to QC Copper and Gold Inc.

2. GOING CONCERN

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown as exploration and evaluation assets is dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company’s exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company raised funds during the period ended July 31, 2020 and will utilize these funds for its exploration programs and working capital requirements. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations. Management is also closely evaluating the impact of COVID-19 on the Company’s business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering the impact of COVID-19 and strategic partnership arrangements.

As at July 31, 2020, the Company had working capital of \$1,305,476 (October 31, 2019 - \$343,195) and an accumulated deficit of \$3,045,490 (October 31, 2019 - \$2,252,195). The Company has no proven history of performance, earnings or

PowerOre Inc. (subsequently renamed QC Copper and Gold Inc.)

Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

success. Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve-month period. However, management plans on securing additional financing through the issue

of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful. These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements. Such adjustments could be material.

The financial statements were authorized for issue on September 28, 2020 by the directors of the Company.

Statement of compliance

The condensed interim financial statements for the nine months ended July 31, 2020 were prepared in accordance with IAS 34 International Accounting Standard – “Interim Financial Reporting” (IAS 34) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) have been condensed or omitted. The significant judgments made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Corporation’s audited annual financial statements for the year ended October 31, 2019, except as disclosed under changes to significant accounting policies, and should be read in conjunction with those financial statements. Actual results may differ from estimated results due to differences between estimated or anticipated events and actual events and results.

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs.

Functional and presentation currency

The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company’s functional and presentation currency. The Company does not have any significant expenditures in foreign currencies.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its 62% owned subsidiary Baselode. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated through the consolidation process. The non-controlling interest has been recorded at cost (Note 11).

The accounts of Baselode are prepared for the same reporting period as the parent company, using consistent accounting policies and includes operations from the February 25, 2020 date of agreement to July 31 2020.

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Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Significant accounting judgements, estimates and assumptions

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Such estimates and assumptions affect the carrying value of assets, the determination of impairment charges of non-current assets, and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of share-based payments, warrants and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

(a) Estimation of decommissioning and restoration costs and timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals.

(b) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(c) Share-based payments and warrants

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

(d) Contingencies

Refer to Note 15

Exploration and evaluation expenditures

Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as

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Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

construction-in-process and classified as a component of property, plant and equipment.

Government tax credits are recorded as a reduction to exploration expense.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss.

Share-based payments

The Company has adopted an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments issued at the grant date. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates market and vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The share-based payment reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in share-based payment reserve.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the Company's outstanding stock options and warrants were anti-dilutive for the periods ended July 31, 2020 and 2019.

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Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended July 31, 2020 and 2019

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statements of loss.

Subsequent measurement - Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company has no assets classified as financial assets at FVPL.

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Subsequent measurement - Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial asset subject to impairment is the amount due from Orefinders, which is measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

PowerOre Inc. (subsequently renamed QC Copper and Gold Inc.)

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3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement - financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Financial instruments fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

Income tax

Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through share issuances

The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act ("Tax Act"). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses as defined in the Tax Act.

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3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a flow-through share liability. As expenditures are incurred and applied against the Company's associated flow-through commitment, the premium liability is reduced proportionately, charged as a deferred income tax recovery in operations.

Asset retirement obligations ("ARO")

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss. The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at July 31, 2020 or October 31, 2019.

4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

IFRS 9 was issued in final form in July 2014 by the IASB and replaces IAS 39, Financial Instruments - Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple in IAS 39. The approach in IFRS 9 is based on how an entity manages in financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method used, replacing the multiple impairment methods in IAS 9. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements are expected to be of particular interest to non-financial institutions. The adoption of this IFRS is reflected in the financial statements.

IFRS 16 - In 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), replacing IAS 17, Leases and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. The Company is assessing the impact of the implementation of IFRS 16 on its financial statements.

5. CAPITAL ASSET

At July 31, 2020, capital asset consists of an automotive vehicle used for exploration purposes at a cost of \$9,027 (October 31, 2019 - \$Nil) less accumulated depreciation of \$677 (October 31, 2019 - \$Nil) for net book value of \$8,350 (October 31, 2019 - \$Nil).

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6. EXPLORATION AND EVALUATION EXPENDITURESThe following are details of the Company's exploration and evaluation expenditures:

	2020	2019	Cumulative Since Property Inception
Mann/MacMurchy Property, Ontario (Note 11)	\$ (158,206)	\$ 16,961	\$ 400,767
Cooke-Robitaille Property option, Quebec	35,000	-	35,000
Opemiska Property, Quebec	285,550	476,042	805,280
Shadow, Hook Property, Saskatchewan	50,575	-	50,575
	<u>\$ 212,919</u>	<u>\$ 493,003</u>	<u>\$ 1,291,622</u>

Mann/MacMurchy Property, Ontario

The Company has 100% ownership of the Mann Silver-Cobalt Mine and the MacMurchy nickel property, both of which are in the Shining Tree district of Ontario. The Mann Property consists of 18 contiguous mining claims and the MacMurchy Property consists of 1 mining claim. These properties are subject to various NSR ranging from 2% to 4% with rights to buyback of 1% of the NSR for \$1,000,000. The properties were acquired as part of the plan of arrangement (Note 14) and were valued at \$440,000 using a fair market value of \$0.04 per common share that was assigned to the 11,000,000 common shares issued as consideration. The value of the \$0.04 was based on the value attributed to the common shares. The acquisition costs also include the fair value of the Company warrants that were issued under the plan of arrangement in the amount of \$15,000 which was estimated using the Black-Scholes option pricing model.

Opemiska Property, Quebec

On December 12, 2018, the Company entered into an agreement to acquire a 100% interest in the Opemiska Copper Mine Complex from Explorateurs-Innovateurs de Quebec Inc. ("Ex-In"), a privately-owned company. It is located adjacent to the town of Chapais, Quebec within the Chibougamau region and consists of 11 mining claims. On July 23, 2020, the Company acquired the Scott property, which is adjacent to Opemiska, by issuing 450,000 common shares at a valuation of \$33,750.

To acquire a 100% interest in the Opemiska Copper Complex, the Company and Ex-In entered into a definitive agreement with the effective date being May 23, 2019. Its terms are as follows*: By November 23, 2019, the Company will issue 1.5 million shares, 1.5 million warrants (\$0.20 exercise price) and pay \$50,000 to Ex-In (paid and issued November 22, 2019); By November 23, 2020, the Company will incur \$500,000 in work expenditures on Opemiska, issue 1.5 million shares and 1.5 million warrants (\$0.25 exercise price) and pay \$150,000 to Ex-In; By the November 23, 2021, the Company will incur an additional \$1,000,000 in work expenditures on Opemiska, issue 2 million shares and 2 million warrants (\$0.30 exercise price) and pay \$300,000 to Ex-In; By November 23, 2022, the Company will incur an additional \$1,500,000 in work expenditures on Opemiska, issue 3 million shares and 3 million warrants (\$0.35 exercise price) and pay \$1,000,000 to Ex-In. The Opemiska Copper Complex is subject to a 2% NSR, 50% of which can be re-purchased by the Company at a cost of \$4.5 million. At any time, the Company can accelerate its obligations to exercise 100% ownership of Opemiska Copper Complex at an earlier date. Subject to certain adjustments in the case of accelerated issuance, all warrants to be issued to Ex-In will expire 36 months after their date of issuance. If the Company files a positive feasibility study, it will be required to pay advance royalty payments of \$250,000 per year. All securities to be issued to Ex-In will be subject to a four-month hold period in accordance with applicable laws.

*On May 6, 2020, the Company received a 6-month deferral on all of its remaining milestone obligations outlined in the Opemiska Copper Complex as detailed above. As a result of this new agreement, the Company can opt to defer its \$150,000 payment to Ex-In until May 22, 2021. Although Power Ore is funded and able to make this payment, in light of the exploration restrictions in place due to Covid-19, the Company received this 6-month deferral to all commitments within the agreement.

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6. EXPLORATION AND EVALUATION EXPENDITURES (cont'd)**Cooke Robitaille Property Option, Quebec**

On July 13, 2020, the Company closed an option agreement to acquire the Cooke Robitaille property. The cash, work and share commitments to keep the option in good standing are as follows:

	Cash Payment (C\$)	Work (C\$)	Shares	Warrants	Warrant Exercise Price (C\$/share)
Upon Approval			500,000	500,000	\$0.10
12 months	\$50,000	\$300,000	500,000	500,000	\$0.15
24 months	\$50,000	\$400,000	500,000	500,000	\$0.20
36 months	\$50,000	\$400,000	500,000	500,000	\$0.25
48 months	\$100,000	\$400,000	500,000	-	-
60 months	\$200,000	\$1,500,000	500,000	-	-
Total	\$450,000	\$3,000,000	3,000,000	2,000,000	

On the July 13, 2020 closing date, the Company issued 500,000 common shares at a valuation of \$35,000. In addition, the vendor will retain a 2% NSR royalty. The Company will retain a first right of refusal to purchase a 1% NSR (50% of the vendor's NSR) at any time prior to commercial production for \$1,500,000. The warrants are exercisable until July 13, 2022.

Shadow and Hook Property, Saskatchewan

On June 11, 2020, Baselode acquired 100% ownership of the Shadow Uranium property in the Athabasca Basin area of northern Saskatchewan. The property was acquired at the original staking cost of \$25,100 and is free of any option agreement or underlying royalties.

On July 7, 2020, Baselode acquired 100% ownership of the Hook uranium property in the Athabasca Basin area of northern Saskatchewan. The property was acquired at the original staking cost of \$17,962 and is free of any option agreement or underlying royalties.

7. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to shareholders and benefits to other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or return capital to shareholders.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the periods ended July 31, 2020 and October 31, 2019. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As at July 31, 2020, the Company may not be compliant with the policies of the TSXV. The impact of any violation is not known and is ultimately dependent on the discretion of the TSXV.

8. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair value of financial instruments

The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. At July 31, 2020 and October 31, 2019, the Company has no financial instruments to classify in the fair value hierarchy.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Amounts receivable are due from the Government of Canada and the Company believes the risk of loss related to these is remote. The Company's exposure to credit risk is on its cash held in bank accounts. Cash is held with major banks in Canada. Management assesses credit risk of cash as remote.

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 strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

Currency and interest rate risk

The Company is not exposed to any significant foreign exchange risk or interest rate risk.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	July 31, 2020	October 31, 2019
Financial assets at amortized costs:		
Cash	\$ 1,605,713	\$ 346,851
Due from related parties	21,697	-
	<u>\$ 1,627,410</u>	<u>\$ 346,851</u>

Financial liabilities included in the statement of financial position are as follows:

	July 31, 2020	October 31, 2019
Financial liabilities at amortized costs:		
Accounts payable and accrued liabilities	\$ 47,392	\$ 45,956
Due to related parties	3,481	-
	<u>\$ 50,873</u>	<u>\$ 45,956</u>

9. FLOW-THROUGH SHARE LIABILITY

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. As expenditures are incurred, the flow-through share liability is reversed. In the nine months through July 31, 2020, the Company incurred \$78,023 in eligible exploration expenditures and a \$12,224 (2019 - \$86,139) deferred income tax recovery was recorded in the statement of loss. At July 31, 2020, the flow-through share liability was \$299,442 (October 31, 2019 - \$54,272).

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10. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares without par value.

Issued share capital

(a) On March 29, 2019, the Company completed a non-brokered flow-through private placement of 5,011,100 units at a price of \$0.12 per unit, to raise proceeds of \$601,332. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at \$0.16 per share, until March 29, 2021. The valuation of the warrants was estimated in the amount of \$79,000 using the Black-Scholes option pricing model. In addition, the Company received subscriptions for a non-brokered hard dollar private placement of 4,380,000 units at a price of \$0.10 per unit, to raise proceeds of \$438,000. The valuation of the warrants was estimated in the amount of \$71,000 using the Black-Scholes option pricing model. Each unit consists of one common share and one-half of one share purchase warrant with each whole warrant entitling the holder to purchase one additional common share, at \$0.15 per share, until March 29, 2021. Total aggregate private placement proceeds were \$1,039,332. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100%, risk free interest rate of 1.55% and an expected life of 2 years. In connection with the private placements, the Company incurred cash finders' fees of \$36,710 and also issued 331,555 finders' warrants to acquire shares at \$0.10 per share until March 29, 2021. The fair value of the finders' warrants was estimated at \$15,000 using the Black-Scholes option pricing model. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100%, risk free interest rate of 1.55% and an expected life of 2 years.

(b) On November 22, 2019, the Company issued 1,500,000 common shares to Ex-In in connection with the Opemiska Property (Note 6). A value of \$90,000 was determined based on a \$0.06 market price for the common shares of the Company on that day. In addition, 1,500,000 warrants with an exercise price of \$0.20 until November 22, 2022 were issued to Ex-In. The value of the warrants was estimated at \$34,000 using the Black-Scholes option pricing model. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100%, risk free interest rate of 1.56% and an expected life of 3 years.

(c) On December 23, 2019, the Company completed a non-brokered flow-through private placement of 8,693,565 units at a price of \$0.07 per unit, to raise proceeds of \$608,550. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at \$0.10 per share, until December 23, 2021. The valuation of the warrants was estimated in the amount of \$62,000 using the Black-Scholes option pricing model. In addition, the Company received subscriptions for a non-brokered hard dollar private placement of 700,000 units at a price of \$0.05 per unit, to raise proceeds of \$35,000. The valuation of the warrants was estimated in the amount of \$6,000 using the Black-Scholes option pricing model. Each unit consists of one common share and one-half of one share purchase warrant with each whole warrant entitling the holder to purchase one additional common share, at \$0.07 per share, until December 23, 2021. Total aggregate private placement proceeds were \$643,550. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100%, risk free interest rate of 1.68% and an expected life of 2 years. In connection with the private placements, the Company incurred cash finders' fees of \$43,438 and also issued 393,550 finders' warrants to acquire shares at \$0.06 per share until December 23, 2021. The fair value of the finders' warrants was estimated at \$13,000 using the Black-Scholes option pricing model. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100%, risk free interest rate of 1.68% and an expected life of 2 years.

(d) On January 24, 2020, the Company completed a non-brokered hard dollar private placement of 3,000,000 units at a price of \$0.05 per unit, to raise proceeds of \$150,000. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at \$0.07 per share, until January 24, 2020. The valuation of the warrants was estimated in the amount of \$25,000 using the Black-Scholes option pricing model. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100%, risk free interest rate of 1.49% and an expected life of 2 years. In connection with the private placements, the Company incurred financing costs of \$6,000.

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10. SHARE CAPITAL (cont'd)

(e) On May 20 2020, the Company completed a non-brokered flow-through private placement of 4,285,715 units at a price of \$0.07 per unit, to raise proceeds of \$300,000. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at \$0.10 per share, until May 20, 2022. The valuation of the warrants was estimated in the amount of \$39,000 using the Black-Scholes option pricing model. In connection with the private placements, the Company incurred financing costs of \$9,500 and issued 100,000 finder's warrants with an estimated value of \$2,393 using the Black-Scholes option pricing model. Each finder's warrant entitles the holder, to purchase one common share at a price of \$0.07 until May 20, 2022. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 100%, risk free interest rate of 0.30% and an expected life of 2 years.

(f) On the July 13, 2020 closing date, the Company issued 500,000 common shares as an option payment on Cooke-Robitaille property at a valuation of \$35,000. On July 23, 2020, the Company acquired the Scott property, by issuing 450,000 common shares at a valuation of \$33,750.

Stock options

The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding shares. Otherwise specified otherwise by the Board of Directors options vest on the date of grant.

A summary of the changes in the Company's stock options is set out below:

	July 31, 2020		October 31, 2019		
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price
Options outstanding, beginning of period	7,775,000	\$ 0.06	3.85	5,950,000	\$ 0.05
Options granted	-	-	-	1,825,000	\$ 0.10
Options outstanding, end of period	7,775,000	\$ 0.06	3.10	7,775,000	\$ 0.06
Options exercisable, end of period	7,775,000	\$ 0.06	3.10	7,775,000	\$ 0.06

On July 8, 2019, the Company granted 1,825,000 stock options with an exercise price of \$0.10 and a term of five years. These options vested immediately. The total fair value of \$120,000 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.57% and an expected volatility of 100%. The granting of these options resulted in a share-based payment expense of \$120,000 being recorded during the quarter ended July 31, 2019.

On June 5, 2018, the Company granted 5,950,000 stock options with an exercise price of \$0.05 and a term of five years. These options vested immediately. The total fair value of \$182,262 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 2.11% and an expected volatility of 100%. The granting of these options resulted in a share-based payment expense of \$182,262 being recorded during the period ended October 31, 2018.

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10. SHARE CAPITAL (cont'd)

The following incentive stock options were outstanding and exercisable at July 31, 2020:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
5,950,000	5,950,000	\$ 0.05	June 5, 2023
1,825,000	1,825,000	\$ 0.10	July 8, 2024
7,775,000	7,775,000	\$ 0.06	

The weighted average fair value of all grants in the period ended July 31, 2020 was \$Nil (2019 - \$Nil) per share.

On June 4, 2020, Baselode granted 4,100,000 stock options to directors and officers of the Company. Each option, vest immediately and is exercisable to acquire one common share at a price of \$0.10 and a term of 5 years. These options vested immediately. The total fair value of \$198,000 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.48% and an expected volatility of 100%. The granting of these options resulted in a share-based payment expense of \$198,000 being recorded during the period ended July 31, 2020.

The following incentive stock options were outstanding and exercisable in Baselode at July 31, 2020:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
450,000	450,000	\$ 0.10	May 18, 2023
4,100,000	4,100,000	\$ 0.10	June 4, 2025
4,550,000	4,550,000	\$ 0.10	

Warrants

A summary of the changes in the Company's warrants is set out below:

	July 31, 2020			October 31, 2019	
	Number of warrants	Weighted average exercise price	Weighted average life (years)	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	15,019,919	\$ 0.105	0.85	-	\$ -
Warrants issued for exploration and evaluation expenses	1,500,000	0.20	1.31	-	-
Warrants issued - flow-through dollar financing	6,489,640	0.10	1.53	2,505,550	0.16
Warrants issued – hard-dollar financing	1,850,000	0.07	1.48	2,190,000	0.15
Finders' warrants issued	493,550	0.06	1.48	331,555	0.10
Warrants exercised	(169,203)	(0.001)	-	(19,250)	0.06
Warrants expired	(336,944)	(0.006)	-	-	-
Warrants outstanding, end of period	24,846,962	\$ 0.11	1.82	15,019,919	\$ 0.105

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10. SHARE CAPITAL (cont'd)

As at July 31, 2020, the following warrants were outstanding.

Number of warrants outstanding	Exercise Price	Expiry Date
2,566,667	\$ 0.10	June 1, 2023
6,920,000	\$ 0.08	June 1, 2023
2,505,550	\$0.16	March 29, 2021
2,190,000	\$0.15	March 29, 2021
331,555	\$0.10	March 26, 2021
1,500,000	\$0.20	November 22, 2022
350,000	\$0.07	December 23, 2021
4,346,783	\$0.10	December 23, 2021
393,550	\$0.06	December 23, 2021
1,500,000	\$0.07	January 24, 2022
2,142,857	\$0.10	May 20, 2022
100,000	\$0.07	May 20, 2022
24,846,962	\$0.11	

As at July 31, 2020, the following warrants were outstanding in Baselode:

Number of warrants outstanding	Exercise Price	Expiry Date
250,000	\$0.10	June 10, 2022
1,016,667	\$0.17	June 3, 2022
2,280,000	\$0.15	June 3, 2022
30,500	\$0.10	June 3, 2022
3,327,167	\$0.15	

Share-based payment reserve

A summary of the changes in the Company's share-based payment reserve is set out below:

	July 31, 2020	October 31, 2019
Balance – beginning of period	\$ 630,881	\$ 346,262
Value of warrants issued for exploration and evaluation expenses	34,000	-
Value of warrants issued on private placements	62,000	79,000
Value of warrants issued on private placements	31,000	71,000
Value of finders' warrants	13,000	15,000
Value of warrants exercised	(6,300)	(381)
Share-based payments	-	120,000
Balance – end of period	\$ 764,581	\$ 630,881

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11. ACQUISITION OF BASELODE AND NON-CONTROLLING INTEREST

On February 25, 2020, the Company sold its 100% interest in the Mann Mine and as consideration received 17,857,143 shares of Baselode at an implied valuation of \$1,250,000. The \$1,250,000 purchase price was allocated on a cost basis at the date of acquisition as follows: Cash \$220,246, Accounts Payable (\$18,040), Property Expenses of \$1,088,794, and Non-controlling Interest of \$41,000. On consolidation, the Company recorded Baselode net assets of \$202,206, Property Expense \$(161,206) and Non-controlling Interest of \$41,000. On June 10, 2020, Baselode completed a private placement for \$687,280 (net of \$12,720 in share issue costs) which the Company did not participate in and that added to the non-controlling interest for a total of \$728,280. Furthermore, the noncontrolling interest share of Baselode's net loss for the period ended July 31, 2020 amounted to \$108,183 leaving a net non-controlling interest of \$620,097 at July 31, 2020.

12. RELATED PARTY TRANSACTIONS

As at July 31, 2020, Orefinders held 5,059,752 common shares or approximately 8.6% of the common shares outstanding of the Company.

Key management personnel compensation

Key management includes directors and officers. The remuneration of the key management of the Company during the period ended July 31, 2020 consisted of management and consulting fees of \$160,201 (2019 - \$207,000), geological consulting fees included in exploration expenses of \$62,753 (2019 - \$129,499), and share-based payments of \$198,000 (2019 - \$88,695).

Unless disclosed elsewhere, related party transactions for the periods ended July 31, include:

	2020	2019
Management and consulting fees	\$ 160,201	\$ 207,000
Geological consulting included in exploration expenses	62,753	129,499
	<u>\$ 222,954</u>	<u>\$ 336,499</u>

The following are the balances due from (to) related parties:

	July 31, 2020	October 31, 2019
Due from (to) Standard Ore Corporation	\$ 6,150	\$ -
Due from (to) Orefinders Resources Inc.	15,547	-
	<u>\$ 21,697</u>	<u>\$ -</u>
Due from (to) Mistango River Resources Inc.	<u>\$ (3,481)</u>	<u>\$ -</u>

Standard Ore Corporation is a private company incorporated in Ontario. The company is controlled by a director of the Company and provides corporate and administrative services to the Company.

Mistango River Resources Inc. ("Mistango") is a junior mineral exploration company listed on the TSX-Venture exchange. Each of the Company's and Mistango's board of directors are controlled by the same three parties. At July 31, 2020, the Company had no common share interest in the Company.

All of amounts are unsecured, non-interest bearing with no fixed terms of repayment. The amounts are unsecured, non-interest bearing with no fixed terms of repayment

13. INCOME TAXES

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures in the period permitted. On July 10, 2020, the Department of Finance Canada announced a proposal to extend the time that issuers of "flow-through shares" have to incur eligible expenditures by 12 months. This extension applies to issuers with operations that have been impacted by COVID-19 and should provide

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13. INCOME TAXES (cont'd)

relief to mining companies that have had to change or halt their operations due to the pandemic. The Company is taking the position that the Canadian provinces will also provide a similar 12-month extension

The Company received \$601,332 from the issue of flow-through shares in March 2019, \$608,550 from the issue of flow-through shares in December 2019 and \$300,000 from the issue of flow-through shares in May 2020 for a total of \$1,509,882. Through July 31, 2020, the Company expended \$353,726 in eligible exploration expenditures and as a result had not yet met its flow-through obligation. The Company must expend a further \$856,156 in eligible exploration expenditures by December 31, 2021 and \$300,000 by December 31, 2022. In addition, Baselope received \$244,000 from the issue of flow-through shares in June 2020 and has spent \$Nil in eligible exploration expenditures during the period ended July 31, 2020 leaving \$244,000 to be spent by December 31, 2022.

14. PLAN OF ARRANGEMENT

On April 19, 2018, the Company and Orefinders executed a plan of arrangement agreement related to the spin-out of the Company (the "Arrangement"). The Arrangement was approved by shareholders at a special meeting on May 24, 2018 and received formal approval of the Supreme Court of British Columbia on May 30, 2018. Under the Arrangement: 1) Orefinders transferred its Mann property and MacMurchy property to the Company (a wholly-owned subsidiary of Orefinders) in consideration for the Company issuing 11,000,000 common shares to Orefinders (the "Consideration Shares"); and 2) Pursuant to the Arrangement under the Business Corporations Act (British Columbia) involving Orefinders, its shareholders, and the Company, each existing shareholder of Orefinders exchanged their shares of Orefinders for: (a) one new common share of Orefinders for each one existing share of Orefinders held; and (b) such shareholder's pro rata portion of 5,500,000 of the Consideration Shares (being approximately one common share of the Company for every 17 shares of Orefinders held on the effective date of the Arrangement). Furthermore, the Company began trading on the TSX Venture Exchange on June 5, 2018. As part of the Arrangement, it was agreed with Orefinders that upon the exercise of the Orefinders warrants that were outstanding before the closing of the Arrangement, Orefinders would give the Company 5.5% of the proceeds received upon exercise. The Company would then issue to the warrant holder approximately 0.06 shares of the Company for each warrant of Orefinders exercised.

15. COMMITMENTS AND CONTINGENCIES

(i) As a result of the Company's flow-through financings (Note 10,13) The Company must expend a further \$856,156 in eligible exploration expenditures by December 31, 2021 and \$300,000 by December 31, 2022. In addition, Baselope must spend \$244,000 in eligible exploration expenditures by December 31, 2022.

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made and expects to make in the future, expenditures to comply with such laws and regulations.

(ii) The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$11,000 due within one year.

(iii) In February 2019, the Company entered into an agreement for the lease of office space. Minimum rental payments over the term of the agreement are approximately:

2020	\$ 9,000
2021	37,000
2022	<u>9,000</u>
	<u>\$ 55,000</u>

(iv) The Company is party to commitments with regards to the acquisition of its Opemiska property as detailed in Note 7.

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16. CHANGE IN POLICY

During the year ended October 31, 2019, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights and exploration and evaluation costs are expensed until it has been established that a mineral property is technically feasible and commercially viable. Previously, the Company capitalized these amounts. The financial statements for the period ended July 31, 2019 have been restated to reflect adjustments made as a result of this change in accounting policy.

The following is a reconciliation of the Company's financial statements as at July 31, 2019.

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16. CHANGE IN POLICY (cont'd)

Condensed Interim Statement of Financial Position

As at July 31, 2019

	As originally reported	Adjustments	As restated
ASSETS			
Current			
Cash	\$ 484,214	\$ -	\$ 484,214
GST/HST/QST receivable	74,419	-	74,419
Due from related parties	34,833	-	34,833
Prepaid expenses	2,985	-	2,985
Total current assets	596,451	-	596,451
Exploration and evaluation assets	1,003,015	(1,003,015)	-
TOTAL ASSETS	\$ 1,599,466	\$ (1,003,015)	\$ 596,451
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 26,845	\$ -	\$ 26,845
Flow-through share liability	61,374	-	61,374
TOTAL LIABILITIES	88,219	-	88,219
SHAREHOLDERS' EQUITY			
Share capital	\$ 1,964,509	-	\$ 1,964,509
Share-based payment reserve	630,881	-	630,881
Deficit	(1,084,143)	(1,003,015)	(2,087,158)
TOTAL SHAREHOLDERS' EQUITY	1,511,247	(1,003,015)	508,232
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,599,466	\$ (1,003,015)	\$ 596,451

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16. CHANGE IN POLICY (cont'd)

Condensed Interim Statement of Loss and Comprehensive Loss
For the nine months ended July 31, 2019

	As originally reported	Adjustments	As restated
Expenses			
Consulting and management fees	\$ 272,350	\$ 4,000	\$ 276,350
Exploration expenses	-	493,003	493,003
Office, rent and general	30,014	-	30,014
Professional fees	60,679	-	60,679
Share-based payments	120,000	-	120,000
Transfer agent, filing fees and shareholder Communications	52,121	-	52,121
Travel and related costs	38,703	-	38,703
Total expenses	573,867	497,003	1,070,870
Loss from operations for the period	(573,867)	(497,003)	(1,070,870)
Deferred income tax recovery			
Flow-through share premium renunciation	86,139	-	86,139
Net loss and comprehensive loss for the period	\$ (487,728)	\$ (497,003)	\$ (984,731)
Weighted average number of shares, basic and diluted	39,383,684	39,383,684	39,383,684
Loss per share, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)

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Notes to the Condensed Interim Consolidated Financial Statements - Unaudited

For the nine months ended July 31, 2020 and 2019

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16. CHANGE IN POLICY (cont'd)

Condensed Interim Statement of Loss and Comprehensive Loss

For the three months ended July 31, 2019

	As originally reported	Adjustments	As restated
Expenses			
Consulting and management fees	\$ 83,750	\$ -	\$ 83,750
Exploration expenses	-	401,112	401,112
Office, rent and general	15,370	-	15,370
Professional fees	6,633	-	6,633
Share-based payments	120,000	-	120,000
Transfer agent, filing fees and shareholder Communications	52,121	-	52,121
Travel and related costs	38,703	-	38,703
Total expenses	250,097	401,112	651,209
Loss from operations for the period	(250,097)	(401,112)	(651,209)
Deferred income tax recovery			
Flow-through share premium renunciation	69,116	-	69,116
Net loss and comprehensive loss for the period	\$ (180,981)	\$ (401,112)	\$ (582,093)
Weighted average number of shares, basic and diluted	39,383,684	39,383,684	39,383,684
Loss per share, basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)

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Notes to the Condensed Interim Consolidated Financial Statements - Unaudited
For the nine months ended July 31, 2020 and 2019
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16. CHANGE IN POLICY (cont'd)

Condensed Interim Statement of Cash Flows
For the nine months ended July 31, 2019

	As originally reported	Adjustments	As restated
Cash provided by (used in):			
Operating activities			
Loss for the period	\$ (487,728)	\$ (497,003)	\$ (984,731)
Items not involving cash			
Flow-through share premium renunciation	(86,139)	-	(86,139)
Share-based payments	120,000	-	120,000
Changes in non-cash working capital items			
Prepaid expenses	8,315	-	8,315
GST/HST/QST receivable	(55,047)	-	(55,047)
Accounts payable and accrued liabilities	2,375	-	2,375
Net cash (used in) operating activities	(498,224)	-	(995,227)
Financing activities			
Issue of common shares and warrants	1,039,332	-	1,039,332
Exercise of warrants	1,155	-	1,155
Share issue costs	(36,710)	-	(36,710)
Net cash provided by financing activities	1,003,777	-	1,003,777
Investing activities			
Exploration and evaluation asset expenditures	(497,003)	497,003	-
Advances to related parties	(24,673)	-	(24,673)
Net cash (used in) provided by investing activities	(521,676)	497,003	(24,673)
Net (Decrease) in Cash	(16,123)	-	(16,123)
Cash Beginning of Period	500,337	-	500,337
Cash, End of Period	\$ 484,216	\$ -	\$ 484,216

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16. CHANGE IN POLICY (cont'd)

Condensed Interim Statement of Cash Flows

For the three months ended July 31, 2019

	As originally reported	Adjustments	As restated
Cash provided by (used in):			
Operating activities			
Loss for the period	\$ (180,981)	\$ (401,112)	\$ (582,093)
Items not involving cash			
Flow-through share premium renunciation	(69,116)	-	(69,116)
Share-based payments	120,000	-	120,000
Changes in non-cash working capital items			
Prepaid expenses	-	-	-
GST/HST/QST receivable	(41,916)	-	(41,916)
Accounts payable and accrued liabilities	(13,593)	-	(13,593)
Net cash (used in) operating activities	(185,606)	(401,112)	(586,718)
Financing activities			
Issue of common shares and warrants	-	-	-
Exercise of warrants	-	-	-
Share issue costs	-	-	-
Net cash provided by financing activities	-	-	-
Investing activities			
Exploration and evaluation asset expenditures	(401,112)	401,112	-
Advances to related parties	(18,034)	-	(18,034)
Net cash (used in) provided by investing activities	(419,146)	401,112	(18,034)
Net (Decrease) in Cash	(604,752)	-	(604,752)
Cash Beginning of Period	1,088,966	-	1,088,966
Cash, End of Period	\$ 484,216	\$ -	\$ 484,216

17. EVENTS SUBSEQUENT TO PERIOD END

(i) Since July 31, 2020, the COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.

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17. EVENTS SUBSEQUENT TO PERIOD END (cont'd)

(ii) On August 25, 2020, Power Ore closed the non-brokered private placement as announced for aggregate proceeds of \$985,000. This was comprised of:

(a) 5,184,333 flow-through units at a price of \$0.09 per unit for gross proceeds of \$466,590, where each flow-through unit consists of one flow through common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.14 for a period of 24 months from the date of issuance.

(b) 6,912,134 non flow units at a price of \$0.075 per unit for gross proceeds of \$518,410, where each non flow-through unit consists of one common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.14 for a period of 24 months from the date of issuance.

In connection with the financing, the Company has paid certain arm's length finders an aggregate of \$24,191 in cash and 271,125 finder's warrants. Each finder's warrant entitles the holder, on exercise thereof, to purchase one common share at a price of \$0.09 for a period of 24 months.

(iii) On August 25, 2020, the Company granted 2,800,000 stock options to directors, officers and consultants. The options are exercisable until August 25, 2025 at an exercise price of \$0.08 per share.

(iv) On September 14, 2020, Baselode announced a non-brokered private placement of flow-through units and hard-dollar units for gross proceeds of up to \$1,200,000. Each flow-through unit is being offered at a price of C\$0.26 and will be comprised of one common share of the Company and one-half common share purchase warrant. Concurrently, hard-dollar units will be offered at a price of \$0.26 and will be comprised of one common share and one common share purchase warrant. One common share purchase warrant from each of the flow-through units and hard-dollar units will entitle the holder to purchase one common share of the Company at a price of \$0.40 for a period expiring 30 months following the closing date of the offering.

(v) On September 28, 2020, the Company completed its name change to QC Copper and Gold Inc. (TSX.V: QCCU)