



## **STRIKEPOINT GOLD INC.**

Condensed Consolidated Interim Financial Statements

Nine Months Ended September 30, 2019

(Unaudited)

These unaudited condensed consolidated interim financial statements of Strikepoint Gold Inc. for the nine months ended September 30, 2019 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

**STRIKEPOINT GOLD INC.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian dollars)

	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
<b>Current</b>		
Cash and equivalents	\$ 1,213,688	\$ 533,703
Receivables	117,637	49,218
Prepaid expenses and deposits	80,513	15,129
	1,411,838	598,050
<b>Reclamation bond</b> (Note 3(a))	49,000	10,000
<b>Equipment</b>	362	1,157
	\$ 1,461,200	\$ 609,207
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 418,506	\$ 275,057
<b>Shareholders' equity</b>		
Share capital (Note 5)	37,511,202	33,305,112
Special warrants (Notes 3 and 5)	-	384,000
Reserves (Note 5)	8,073,704	7,524,304
Deficit	(44,542,212)	(40,879,266)
	1,042,694	334,150
	\$ 1,461,200	\$ 609,207

**Nature of operations and going concern** (Note 1)**Commitments** (Note 3)**On behalf of the Board:**

"Shawn KhunKhun" Director  
Shawn KhunKhun

"Ian Harris" Director  
Ian Harris

See accompanying notes to these condensed consolidated interim financial statements

**STRIKEPOINT GOLD INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended Sept 30, 2019	Three months ended Sept 30, 2018	Nine months ended Sept 30, 2019	Nine months ended Sept 30, 2018
<b>EXPENSES</b>				
Amortization	\$ 265	\$ 194	\$ 795	\$ 1,124
Consulting	64,500	195,900	137,000	261,000
Exploration costs (Note 3)	1,471,951	3,194,481	1,746,324	4,439,887
Management fees (Note 6)	45,000	45,000	135,000	135,000
Office	9,781	11,694	27,320	33,140
Professional fees (Note 6)	25,374	37,617	72,532	92,737
Property acquisition payments (Note 3)	-	1,837,500	1,026,000	1,837,500
Rent	3,140	9,000	14,233	27,000
Share-based payments (Note 5(d))	101,000	337,652	471,600	337,652
Shareholder communication	92,597	34,825	182,674	109,813
Transfer agent and filing fees	3,388	17,402	32,862	56,228
Travel and related costs	6,444	8,922	22,249	19,426
<b>Loss from operations</b>	<b>(1,823,440)</b>	<b>(5,730,187)</b>	<b>(3,816,189)</b>	<b>(7,350,507)</b>
Flow-through share premium reversal	204,875	-	204,875	-
Interest income	200	17,205	768	40,265
<b>Loss and comprehensive loss for the period</b>	<b>\$ (1,618,365)</b>	<b>\$ (5,712,982)</b>	<b>\$ (3,662,946)</b>	<b>\$ (7,310,242)</b>
<b>Loss per common share (basic and diluted)</b>	<b>\$ (0.02)</b>	<b>\$ (0.08)</b>	<b>\$ (0.04)</b>	<b>\$ (0.11)</b>
<b>Weighted average number of common shares outstanding (basic and diluted)</b>	<b>104,791,882</b>	<b>69,748,435</b>	<b>88,860,917</b>	<b>64,281,546</b>

See accompanying notes to these condensed consolidated interim financial statements.

**STRIKEPOINT GOLD INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

NINE MONTHS ENDED SEPTEMBER 30, 2019 and 2018

(Unaudited)

(Expressed in Canadian dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (3,662,946)	\$ (7,310,242)
Items not affecting cash:		
Amortization	795	1,124
Issuance of shares for exploration asset	420,000	1,178,500
Flow-through premium reversal	(204,875)	-
Issuance of special warrants for exploration asset	-	384,000
Share-based payments	471,600	337,652
Change in non-cash working capital items:		
Increase in receivables	(68,419)	(259,388)
Increase in prepaid expenses and deposits	(65,384)	(2,343)
Increase in accounts payable and accrued liabilities	<u>143,449</u>	<u>1,464,642</u>
Net cash used in operating activities	<u>(2,965,780)</u>	<u>(4,206,055)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of reclamation bond	<u>(39,000)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(39,000)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of shares, net of issuance costs	<u>3,684,765</u>	<u>1,287,500</u>
Net cash provided by financing activities	<u>3,684,765</u>	<u>1,287,500</u>
<b>Change in cash and equivalents during the period</b>	679,985	(2,918,555)
<b>Cash and equivalents, beginning of period</b>	<u>533,703</u>	<u>5,379,383</u>
<b>Cash and equivalents, end of period</b>	<u>\$ 1,213,688</u>	<u>\$ 2,460,828</u>
<b>Cash and equivalents consists of:</b>		
Cash	\$ 1,113,688	\$ 60,828
Guaranteed Investment Certificates (less than 90 days)	<u>100,000</u>	<u>2,400,000</u>
	<u>\$ 1,213,688</u>	<u>\$ 2,460,828</u>

See accompanying notes to these condensed consolidated interim financial statements.

**STRIKEPOINT GOLD INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited)  
(Expressed in Canadian dollars)

	Share Capital		Special Warrants	Reserves	Deficit	Total
	Number	Amount				
<b>Balance at December 31, 2017</b>	60,035,392	\$ 30,869,358	\$ -	\$ 7,156,406	\$ (32,679,347)	\$ 5,346,417
Shares issued for mineral property acquisitions	7,350,0000	1,178,500	-	-	-	1,178,500
Special Warrants issued for property acquisition *	-	-	384,000	-	-	384,000
Shares issued for private placements, net	6,700,0000	1,257,254	-	30,246	-	1,287,500
Share-based payments	-	-	-	337,652	-	337,652
Comprehensive loss for the period	-	-	-	-	(7,310,242)	(7,310,242)
<b>Balance at September 30, 2018</b>	74,085,392	\$ 33,305,112	\$ 384,000	\$ 7,524,304	\$ (39,989,589)	\$ 1,223,827
<b>Balance at December 31, 2018</b>	74,085,392	\$ 33,305,112	\$ 384,000	\$ 7,524,304	\$ (40,879,266)	\$ 334,150
Shares issued for private placement, net	31,073,044	3,606,965	-	77,800	-	3,684,765
Flow-through share premium	-	(204,875)	-	-	-	(204,875)
Shares issued for property acquisition	3,000,000	420,000	-	-	-	420,000
Shares issued for special warrant conversion *	2,400,000	384,000	(384,000)	-	-	-
Share-based payments	-	-	-	471,600	-	471,600
Comprehensive loss for the period	-	-	-	-	(3,662,946)	(3,662,946)
<b>Balance at September 30, 2019</b>	110,558,436	\$ 37,511,202	\$ -	\$ 8,073,704	\$ (44,542,212)	\$ 1,042,694

\* **Note:** Each special warrant was convertible into one common share of the Company at any time without additional consideration for a five-year period (Notes 3(b) and 5).

See accompanying notes to these condensed consolidated interim financial statements.

## **STRIKEPOINT GOLD INC.**

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

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2019

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

StrikePoint Gold Inc. (the “Company”) is incorporated under the laws of the Province of Alberta and is listed on the TSX Venture Exchange under the symbol “SKP”. The Company is considered to be in the exploration stage with respect to its mineral properties that are all located within Canada (Note 3). Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves.

The Company’s head office and principle address is 300 - 1055 West Hastings Street, Vancouver, BC, V6E 2E9. The registered and records office is located at 2080 - 777 Hornby Street, Vancouver, BC, V6Z 1S4.

These unaudited condensed consolidated interim financial statements have been prepared by management on the basis of accounting principles applicable to a going concern, which assumes that 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. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its exploration projects by issuance of share capital or through joint ventures, and/or proceeds from the disposition of a property. As at September 30, 2019, the Company has an accumulated deficit of \$44,542,212 (December 31, 2018 - \$40,879,266) and has working capital of \$993,332 (December 31, 2018 - \$322,993). However, additional financing will be required to carry out exploration and development of its properties. The Company’s current forecast indicates that it will have sufficient cash available for the next year to continue as a going concern.

These unaudited condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

#### **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

These unaudited condensed consolidated interim financial statements were authorized for issue on November 27, 2019 by the directors of the Company.

##### ***Principles of consolidation***

These unaudited condensed consolidated interim financial statements include the accounts of its wholly-owned inactive subsidiary, Braveheart Gold Inc. All intercompany accounts and transactions have been eliminated on consolidation.

##### ***Basis of presentation***

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

Except for the adoption of IFRS 16 on January 1, 2019, these unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and, therefore, should be read in conjunction with the Company’s audited financial statements and notes thereto for the year ended December 31, 2018. In particular, the Company’s significant accounting policies where were presented in Note 2 to the consolidated financials for the fiscal year ended December 31, 2018 have been consistently applied in the preparation of the Company’s condensed consolidated interim financial statements.

These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

## **STRIKEPOINT GOLD INC.**

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

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2019

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## **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (Cont'd)**

### *Judgement and estimates*

The preparation of financial statements in compliance with IFRS requires management to exercise judgment in applying the Company's accounting policies and make certain critical accounting estimates. The areas involving critical judgments in applying accounting policies have the biggest impact on the assets and liabilities recognized in the financial statements are:

#### *Acquisition accounting*

The assessment of whether acquisitions are considered business combinations or asset acquisitions requires management judgement, the outcome of which may result in different accounting treatments.

#### *Decommissioning and rehabilitation provision*

Management's determination of the Company's decommissioning and rehabilitation provision is based on the reclamation and closure activities it anticipates as being required and its estimate of the probable costs and timing of such activities and measures.

#### *Share-based payments expense*

The inputs used in calculating the fair value for share-based payments expense included in profit or loss and stock-based share issuance costs included in equity. The share-based payments expense and stock-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

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.

#### *Share capital*

Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

#### *Flow-through shares*

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as recovery from issuance of flow-through shares. Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

#### *Adoption of new accounting standard*

IFRS 16 Leases - IFRS 16 replaces IAS 17 to become the new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. This standard was adopted on January 1, 2019 and has not had a material impact on the Company's financial position or results as at, and for the nine months ended, September 30, 2019.

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2019

**3. EXPLORATION PROPERTIES**

Exploration Costs	Willoughby Property (A)	Porter Idaho Property (B)	Yukon Properties (C)	Handsome Jack Property (D)	Lobstick Property (F)	Total – 9 months ended September 30, 2019
Drilling and assaying costs	\$ 410,319	\$ 8,238	\$ 1,679	\$ -	\$ -	\$ 420,236
Field costs	422,424	1,283	-	-	-	423,707
Geological consulting	359,194	77,498	-	-	-	436,692
Helicopter and fuel	416,852	8,424	-	-	-	425,276
Taxes	-	40,413	-	-	-	40,413
Total	\$ 1,608,499	\$ 135,856	\$ 1,679	\$ -	\$ -	\$ 1,746,324

Exploration Costs	Willoughby Property (A)	Porter Idaho Property (B)	Yukon Properties (C)	Handsome Jack Property (D)	Lobstick Property (F)	Total – 9 months ended September 30, 2018
Claim renewals	\$ -	\$ -	\$ 43,842	\$ -	\$ -	\$ 43,842
Drilling and assaying costs	1,658	586,418	287,073	-	-	875,149
Field costs	-	575,178	1,020,814	-	-	1,595,992
Geological consulting	-	187,770	462,500	-	4,600	654,870
Helicopter and fuel	-	638,345	628,682	-	-	1,267,027
Reports	-	-	3,007	-	-	3,007
Total	\$ 1,658	\$ 1,987,711	\$ 2,445,918	\$ -	\$ 4,600	\$ 4,439,887

**A) WILLOUGHBY PROPERTY**

During April 2019, the Company acquired a 100% interest in the Willoughby property, located in northwestern British Columbia, from ArcWest Exploration Inc. (“ArcWest”) (formerly Sojourn Exploration Inc.), a Canadian public company, for a cash payments of \$10,000 (paid) and \$75,000 (paid) and the issuance of 3,000,000 common shares (issued and valued at \$420,000). During March 2019, the Company incurred a reclamation bond payment in the amount of \$39,000.

ArcWest will retain a 1.5% net smelter return, which can be reduced by 0.50% for an additional \$1,000,000 cash payment.

**B) PORTER IDAHO PROPERTY**

On August 15, 2018 (and amended February 11, 2019), the Company completed an acquisition agreement regarding the Porter Idaho property, near Stewart, British Columbia, with Skeena Resources Limited (TSXV: SKE) (“Skeena”) (the “Porter Idaho Transaction”), whereby the Company will purchase the property indirectly through the acquisition of all of the shares of Mount Rainey Silver Inc., a wholly-owned subsidiary of Skeena. The terms of the Porter Idaho Transaction are as follows:

- \$1,500,000 payable in cash to Skeena (\$250,000 was paid on completion of the Porter Idaho Transaction and \$500,000 was paid during the nine months ended September 30, 2019), with the final \$750,000 to be paid by December 31, 2019 in cash or in the equivalent value of common shares or special warrants of the Company, at the Company’s election;
- issuance to Skeena of 7,100,000 Strikepoint common shares (issued August 15, 2018 – valued at \$1,136,000);

## **STRIKEPOINT GOLD INC.**

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

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2019

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### **3. EXPLORATION AND EVALUATION ASSETS**

#### **B) PORTER IDAHO PROPERTY (cont'd...)**

- issuance to Skeena of 2,400,000 special warrants of Strikepoint (issued August 15, 2018 – valued at \$384,000). These special warrants (converted on July 30, 2019) had a five-year term. Each special warrant was convertible into common shares of the Company for no additional consideration at the time of conversion.
- grant of 1% NSR on the property with the option to buy back 0.5% at a price of \$750,000.

The acquisition of Mount Rainey Silver Inc. will close once the final \$750,000 payment is made.

#### **C) YUKON PROPERTIES**

On March 28, 2017, the Company signed a definitive agreement with IDM Mining Ltd. (“IDM”), now a wholly-owned subsidiary of Ascot Resources Ltd. (a Canadian public company), to purchase a 100% interest in a portfolio of 14,031 claims defining 22 properties over 282,000 hectares located in the Yukon, Canada. The terms of the agreement are as follows:

- pay \$150,000 in cash (paid);
- issue 10,500,000 common shares of the Company with a value of \$4,042,500 (issued); and
- incur \$1,500,000 in exploration expenditures by December 31, 2017 (incurred).

IDM has been granted an equity participation right, allowing it to maintain its pro-rata interest. IDM has a right of first refusal for two years on the sale of any of the Yukon properties.

#### **D) HANDSOME JACK PROPERTY**

During August, 2018, the Company completed an acquisition agreement with Trifecta Gold Ltd. (TSXV: TG) (“Trifecta”) to purchase the Handsome Jack property, adjacent to the Porter Idaho property, near Stewart, British Columbia (the “Transaction”). The terms of the Transaction are as follows:

- \$25,000 payable in cash to Trifecta (paid);
- issuance to Trifecta of 250,000 Strikepoint common shares (issued – valued at \$42,500); and
- grant of 1% NSR on the property with the option to buy back 0.5% at a price of \$500,000.

#### **E) BIG, BADA AND BOOM PROPERTIES**

During September 2018, the Company acquired, by staking, the Big, Bada and Boom properties contiguous to its Porter Idaho and Handsome Jack properties near Stewart, BC. Staking costs totaled \$2,547.

#### **F) LOBSTICK PROPERTY - ONTARIO**

The Company owns a 100% interest in the Lobstick property located in the Lobstick area near the Lake of the Woods, Ontario. The Lobstick property is subject to a 3% net smelter return royalty upon commencement of commercial production, for which the Company may repurchase two-thirds of the 3% net smelter return royalty for \$1,000,000 for each one-third repurchased.

The Company must pay and issue to the former Optionor:

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2019

**3. EXPLORATION AND EVALUATION ASSETS****F) LOBSTICK PROPERTY – ONTARIO (cont'd...)**

- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a technical report under National Instrument 43-101 demonstrating mineral resources on any part of the Lobstick Property; and
- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a positive, bankable feasibility study (as defined under National Instrument 43-101) with respect to any part of the Lobstick Property.

The property is on care and maintenance.

**G) ANGELINA PROPERTY - MANITOBA**

The Company's owns a 100% interest in the Angelina property, located in Rice Lake Belt, Manitoba. The property is on care and maintenance.

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2019	December 31, 2018
Accounts payable	\$ 414,831	\$ 250,057
Accrued liabilities	3,675	25,000
Total	\$ 418,506	\$ 275,057

**5. SHARE CAPITAL AND RESERVES**

## a) Authorized share capital

As at September 30, 2019, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

## b) Issued share capital

*Fiscal 2018*

On April 27, 2018, the Company issued 4,150,000 units at \$0.20 per unit for gross proceeds totalling \$830,000. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.40 per share for a two-year period. Finders' fees totalling \$52,500 and 262,500 finders' warrants, exercisable at \$0.20 per share for a period of two years, were paid in conjunction with this private placement. The warrants were valued at \$30,246 using the Black-Scholes option pricing model.

On July 23, 2018, the Company issued 2,550,000 units for proceeds totalling \$510,000 in conjunction with the closing of a non-brokered private placement. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.30 per share for a two-year period. There was no finder's fee payable in conjunction with this private placement.

## STRIKEPOINT GOLD INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2019

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#### 5. SHARE CAPITAL AND RESERVES (cont'd)

##### b) Issued share capital (cont'd...)

###### *Fiscal 2018 (cont'd...)*

On August 15, 2018, the Company issued 7,100,000 common shares and 2,400,000 special warrants, valued at \$1,136,000 and \$384,000, respectively, pursuant to the Porter Idaho property acquisition described in Note 4, for which the market value on the date of issuance was \$0.16 per share and per special warrant. Each special warrant is convertible, at any time, into one common share of the Company for a five-year period for no additional consideration.

On August 24, 2018, the Company issued 250,000 common shares valued at \$42,500 pursuant to the Handsome Jack property acquisition described in Note 5, for which the market value on the date of issuance was \$0.17 per share.

###### *Fiscal 2019*

On April 8, 2019, the Company completed a private placement for gross proceeds of \$1,271,920 consisting of 11,562,908 common share units at \$0.11 per unit. Each unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.20 per share for a three-year period. Finders' fees payable in connection with the financing consisted of \$64,072 cash and 518,880 finders' warrants which are exercisable on the same terms as the unit warrants.

On April 15, 2019, the Company issued 3,000,000 common shares, valued at \$420,000, pursuant to the Willoughby property acquisition described in Note 7, for which the market value on the date of issuance was \$0.14 per share.

On July 22, 2019, the Company completed the first tranche of a non-brokered private placement for gross proceeds of \$2,090,490 consisting of 6,945,000 flow-through common share units at a price of \$0.16 per unit and 8,902,636 non-flow-through common share units at a price of \$0.11 per unit. Each unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.20 per share for a three-year period. The Company recognized a flow through premium liability of \$204,875 on issuance. The residual value of the flow through portion of the first tranche of \$937,575 was allocated to share capital. To September 30, 2019, the Company expended \$1,111,200 in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to \$Nil. Finders' fees payable in connection with the financing consisted of \$43,706 cash and 275,347 finder's warrants. The warrants were valued at \$39,000 using the Black-Scholes option pricing model.

On July 30, 2019, the Company completed the second tranche of a non-brokered private placement for gross proceeds of \$481,000 consisting of 1,562,500 flow-through shares at \$0.16 per share and 2,100,000 non-flow-through units at \$0.11 per unit. Each unit is comprised of one common share and one share purchase warrant, with each warrant exercisable at \$0.20, for a three-year period. The Company recognized a flow through premium liability of \$31,250 on issuance. The residual value of the flow through portion of the first tranche of \$218,750 was allocated to share capital. To September 30, 2019, the Company expended an additional \$250,000 in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to \$Nil. Finders' fees payable in connection with this tranche consisted of \$38,205 cash and 290,500 finder's warrants. The warrants were valued at \$38,800 using the Black-Scholes option pricing model.

On July 30, 2019, the Company issued 2,400,000 common shares in conjunction with the conversion of Special Warrants (Note 3(b)).

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2019

**5. SHARE CAPITAL AND RESERVES (cont'd)**

## c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

Details of stock options outstanding and exercisable as at September 30, 2019 are as follows:

Number of Shares	Exercise Price	Expiry Date
1,200,000	\$0.15	April 26, 2021
500,000	\$0.20 *	October 25, 2021
2,050,000	\$0.20 **	May 9, 2022
1,650,000	\$0.20	September 25, 2023
1,500,000	\$0.14	April 9, 2024
1,700,000	\$0.20	June 12, 2024
<u>1,200,000</u>	<u>\$0.20</u>	<u>July 31, 2024</u>
9,800,000		

\* Exercise price was amended from \$0.30 to \$0.20 on June 13, 2019 (Note 11 (d))

\*\* Exercise price was amended from \$0.43 to \$0.20 on June 13, 2019 (Note 11 (d))

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2017	5,930,000	\$ 0.19
Cancelled	(525,000)	0.20
Granted	<u>2,000,000</u>	0.20
Balance, December 31, 2018	7,405,000	0.20
Cancelled	(2,005,000)	0.17
Granted	<u>4,400,000</u>	0.18
Balance, September 30, 2019	9,800,000	\$ 0.18
Balance, exercisable, September 30, 2019	9,800,000	\$ 0.18

## d) Share-based payments

During September 2018, the Company granted stock options to directors, officers and a consultant to acquire up to 2,000,000 common shares with a grant date fair value of \$0.20 per option and with an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$337,652 using the Black-Scholes option pricing model.

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2019

**5. SHARE CAPITAL AND RESERVES (cont'd)**

## d) Share-based payments (cont'd)

During April 2019, the Company granted stock options enabling the holder to acquire up to 1,500,000 common shares of the Company with a grant date fair value of \$0.14 per share and with an exercise price of \$0.14 per share, resulting in stock-based payments expense of \$154,000 using the Black-Scholes option pricing model.

During June 2019, the Company granted stock options enabling the holders to acquire up to 1,700,000 common shares of the Company with a grant date fair value of \$0.14 per share and with an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$164,200 using the Black-Scholes option pricing model.

During June 2019, the Company re-priced certain stock options that enable the holders to acquire up to 2,550,000 common shares to an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$52,400 using the Black-Scholes option pricing model.

During August 2019, the Company granted stock options enabling the holders to acquire up to 1,200,000 common shares of the Company with a grant date fair value of \$0.12 per share. These stock options have an exercise price of \$0.20 per share, resulting in stock-based payments expense of \$101,000 using the Black-Scholes option pricing model.

The Company applies the fair value method using the Black-Scholes option pricing model to account for stock options granted to directors, officers and consultants. The following assumptions were used to calculate the weighted average fair value of the stock options granted and re-priced during the nine months ended September 30, 2019:

	2019	2018
Risk-free interest rate	1.70%	1.68%
Expected life of options	4.57 years	4.02 years
Annualized volatility	92.5%	98.3%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

## e) Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2017	11,539,750	\$ 0.48
Issued	4,150,000	0.40
Issued	262,500	0.40
Issued	<u>2,550,000</u>	0.30
Balance, December 31, 2018	18,502,250	0.44
Expired	(11,689,750)	0.49
Exercised	(2,400,000)	-
Issued	12,417,788	0.20
Issued	16,122,983	0.20
Issued	<u>2,390,500</u>	0.20
Balance, September 30, 2019	35,343,771	\$ 0.22

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2019

**5. SHARE CAPITAL AND RESERVES (cont'd)**

## e) Warrants (cont'd)

Details of warrants outstanding and exercisable as at September 30, 2019 are as follows:

Number of Shares	Exercise Price	Expiry Date
262,500	\$0.40	April 27, 2020
4,150,000	\$0.40	April 27, 2020
12,417,788	\$0.20	April 7, 2022
16,122,983	\$0.20	July 21, 2022
<u>2,390,500</u>	\$0.20	July 30, 2022
35,343,771		

**6. RELATED PARTY TRANSACTIONS**

During the nine months ended September 30, 2019, the Company entered into the following transactions with related parties:

- Paid or accrued management fees of \$135,000 (2018 - \$135,000) to the CEO of the Company.
- Paid or accrued professional fees of \$58,500 (2018 - \$58,500) to a company controlled by the Corporate Secretary of the Company.
- Paid or accrued consulting fees expense of \$Nil (2018 - \$27,000) to a company controlled by a director of the Company and \$Nil (2018 - \$62,000) to directors of the Company.
- Paid or accrued geological consulting fees of \$123,000 (2018 - \$nil) to companies controlled by two directors of the Company and \$99,569 (2018 - \$885,195) to a company controlled by the Company's former vice-president of exploration.

Key management personnel compensation disclosed above (including senior officers and certain directors of the Company):

	September 30, 2019	September 30, 2018
Short-term benefits	\$ 416,069	\$ 1,167,695

**7. FINANCIAL INSTRUMENTS AND RISK FACTORS*****Fair value***

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

**STRIKEPOINT GOLD INC.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

SEPTEMBER 30, 2019

**7. FINANCIAL INSTRUMENTS AND RISK FACTORS (cont'd)*****Fair value*** (cont'd)

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair value. Cash is measured based on Level 1 inputs of the fair value hierarchy.

The following is an analysis of the Company's financial assets measured at fair value as at September 30, 2019 and December 31, 2018:

	As at September 30, 2019		
	Level 1	Level 2	Level 3
Cash	\$ 1,213,688	\$ -	\$ -

  

	As at December 31, 2018		
	Level 1	Level 2	Level 3
Cash	\$ 533,703	\$ -	\$ -

***Risk factors***

The Company is exposed in varying degrees to a variety of financial instrument related risks.

***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. The Company has cash balances but no interest-bearing debt. The bank account is held with a major Canadian bank. As all of the Company's cash and equivalents are held by one bank, there is a concentration of credit risk with the bank. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

***Currency Risk***

Currency risk is the risk that arises from the change in price of one currency against another. The Company operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

***Interest Rate Risk***

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt, therefore, interest rate risk is nominal.

***Liquidity Risk***

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash balances.

**STRIKEPOINT GOLD INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

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Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk have been assessed as high.

**8. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation interests, acquire additional exploration and evaluation interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

**9. SEGMENTED INFORMATION**

The primary business of the Company is the acquisition and exploration of mineral properties in Canada.