



(Formerly Aura Resources Inc.)
(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2020 and 2019

(expressed in United States dollars)

**NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying condensed consolidated interim financial statements of Gold79 Mines Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors has reviewed and approved these condensed consolidated interim financial statements.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Statements of Financial Position

(expressed in U.S. dollars)

	September 30, 2020	December 31, 2019
	\$	\$
Assets		
Current assets:		
Cash	388,840	47,168
Amounts receivable	43,801	1,027
Prepaid expenses	90,023	5,449
	<hr/>	<hr/>
	522,664	53,644
Exploration advances	64,587	-
Mineral exploration properties (note 5)	1,077,818	155,306
Deferred exploration expenditures (note 5)	187,034	25,919
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	1,329,439	181,225
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	1,852,103	234,869
Liabilities and shareholders' equity (deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	199,867	389,420
	<hr/>	<hr/>
Shareholders' equity (deficiency)		
Capital stock (note 7)	14,978,129	13,125,088
Warrants (note 7)	373,242	289,765
Contributed surplus (note 7)	5,369,350	4,797,745
Accumulated deficit	(18,973,962)	(18,262,965)
Accumulated other comprehensive loss	(94,523)	(104,184)
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	1,652,236	(154,551)
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	1,852,103	234,869
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Going concern (note 1)

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

Approved by the Board of Directors:

(signed) "Gary Thompson"

Director

(signed) "W. William Boberg"

Director

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss

(expressed in U.S. dollars)

	Three months ended September 30, 2020 \$	Three months ended September 30, 2019 \$	Nine months ended September 30, 2020 \$	Nine months ended September 30, 2019 \$
Expenses				
Promotion and annual meeting costs	54,056	824	68,122	45,521
Regulatory authority and transfer agent fees	14,552	4,643	22,506	13,882
Professional fees	32,760	17,329	81,824	53,073
General and administrative	63,803	20,437	125,245	81,089
Stock based compensation (note 7)	413,300	-	413,300	36,150
Project generation and evaluation	-	-	-	5,743
Net loss for the period	(578,471)	(43,233)	(710,997)	(235,458)
Other income				
Gain (loss) on marketable securities	-	(4,276)	-	1,886
Gain on sale of interest in Taviche property (note 5)	-	-	-	25,071
Total other income	-	(4,276)	-	26,957
Net loss for the period	(578,471)	(47,509)	(710,997)	(208,501)
Other comprehensive income (loss):				
Items that may be subsequently reclassified to operations				
Currency translation differences	191	117	9,661	(904)
Total comprehensive loss for the period	(578,280)	(47,392)	(701,336)	(209,405)
Net loss per common share:				
Basic and diluted	(0.01)	(0.00)	(0.02)	(0.01)
Weighted average number of common shares outstanding:				
Basic and diluted	74,479,458	32,814,476	46,681,735	29,918,956

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

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(expressed in U.S. dollars)

	Capital stock		Warrants		Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total shareholders' equity (deficiency)
	#	\$	#	\$	\$	\$	\$	\$
Balance, December 31, 2019	32,860,128	13,125,088	9,823,943	289,765	4,797,745	(18,262,965)	(104,184)	(154,551)
Shares issued for mineral properties (note 5)	1,673,177	85,449	-	-	-	-	-	85,449
Private placement of units (note 7)	25,633,333	909,904	12,816,665	234,837	-	-	-	1,144,741
Share issue costs	-	(29,786)	-	-	-	-	-	(29,786)
Compensation warrants issued to finders (note 7)	-	(5,900)	322,000	5,900	-	-	-	-
Shares issued for accounts payable (note 7)	1,791,667	79,908	-	-	-	-	-	79,908
Territory Metals acquisition (note 4)	26,581,400	813,466	320,000	1,045	-	-	-	814,511
Expiry of warrants (note 7)	-	-	(3,557,143)	(158,305)	158,305	-	-	-
Stock based compensation (note 7)	-	-	-	-	413,300	-	-	413,300
Net loss for the period	-	-	-	-	-	(710,997)	-	(710,997)
Currency translation differences	-	-	-	-	-	-	9,661	9,661
Balance, September 30, 2020	88,539,705	14,978,129	19,725,465	373,242	5,369,350	(18,973,962)	(94,523)	1,652,236
Balance, December 31, 2018	27,490,128	12,994,533	5,423,943	228,230	4,759,475	(18,033,051)	(100,376)	(151,189)
Shares issued for mineral properties (note 5)	970,000	37,075	-	-	-	-	-	37,075
Private placement of units (note 7)	4,400,000	102,152	4,400,000	61,535	-	-	-	163,687
Share issue costs	-	(6,552)	-	-	-	-	-	(6,552)
Compensation options issued to finders (note 7)	-	(2,120)	-	-	2,120	-	-	-
Stock based compensation (note 7)	-	-	-	-	36,150	-	-	36,150
Net loss for the period	-	-	-	-	-	(208,501)	-	(208,501)
Currency translation differences	-	-	-	-	-	-	(904)	(904)
Balance, September 30, 2019	32,860,128	13,125,088	9,823,943	289,765	4,797,745	(18,241,552)	(101,280)	(130,234)

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

Gold79 Mines Ltd.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Statements of Cash Flows

(expressed in U.S. dollars)

	Three months ended September 30, 2020 \$	Three months ended September 30, 2019 \$	Nine months ended September 30, 2020 \$	Nine months ended September 30, 2019 \$
Cash provided by (used in)				
Operating activities				
Net loss for the period	(578,471)	(47,509)	(710,997)	(208,501)
Items not affecting cash:				
Stock based compensation (note 7)	413,300	-	413,300	36,150
Gain on marketable securities	-	4,276	-	(1,886)
Gain on sale of interest in Taviche property (note 5)	-	-	-	(25,071)
Change in non-cash working capital items:				
Amounts receivable	(27,926)	5,199	(33,396)	3,937
Prepaid expenses	(73,611)	1,510	(73,761)	25,467
Accounts payable and accrued liabilities	(301,049)	7,121	(204,337)	45,908
	<u>(567,757)</u>	<u>(29,403)</u>	<u>(609,191)</u>	<u>(123,996)</u>
Investing activities				
Cash acquired with acquisition of Territory Metals (note 4)	161,978	-	161,978	-
Proceeds from sale of interest in Taviche property (note 5)	-	-	-	39,452
Exploration advances	(64,587)	-	(64,587)	-
Mineral exploration property costs (note 5)	(174,346)	(59,832)	(174,346)	(61,499)
Deferred exploration expenditures (note 5)	(93,798)	(2,917)	(96,798)	(10,301)
	<u>(170,753)</u>	<u>(62,749)</u>	<u>(173,753)</u>	<u>(32,348)</u>
Financing activities				
Proceeds from sale of marketable securities	-	32,757	-	32,757
Issuance of common shares and warrants (note 7)	1,144,741	-	1,144,741	163,687
Share issue costs	(29,786)	-	(29,786)	(6,552)
	<u>1,114,955</u>	<u>32,757</u>	<u>1,114,955</u>	<u>189,892</u>
Effect of exchange rate changes on cash	191	117	9,661	(904)
Net change in cash	376,636	(59,278)	341,672	32,644
Cash - Beginning of period	12,204	113,390	47,168	21,468
Cash - End of period	388,840	54,112	388,840	54,112

Supplemental cash flow information (note 12)

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

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

(expressed in U. S. dollars)

1. Nature of operations and going concern

General information

Gold79 Mines Ltd. (formerly Aura Resources Inc. and referred to herein collectively with its subsidiaries as the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of mineral properties in North America. The Company has not determined whether the properties contain mineral resources that are economically recoverable. The recoverability of amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

Gold79 Mines Ltd. is publicly listed on the TSX Venture Exchange and its common shares trade under the ticker symbol "AUU". The Company's registered office is located at Manotick (Ottawa), Ontario, K4M 1A3, Canada, where it is domiciled.

Going concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several matters and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and whether the use of accounting principles relating to a going concern is appropriate. From inception to date, the Company has incurred losses from operations and experienced negative cash flows from operating activities. As at September 30, 2020, the Company had cash totalling \$388,840 and had working capital of \$322,797. Existing funds on hand at September 30, 2020 will not be sufficient to support the Company's needs for cash to conduct exploration on its projects, to maintain its property interests in good standing and to continue operations during the coming year. On July 24, 2020, the Company closed a private placement financing raising gross proceeds of CDN\$1,538,000 and closed the amalgamation agreement with Territory Metals Corp. Subsequent to quarter end, on November 26, 2020, the Company announced the closing of a private placement financing raising gross proceeds of CDN\$288,500 (see note 14). The Company will require additional funding to be able to advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating profits from operations or disposition of properties in the future.

Management has been successful in obtaining sufficient funding for operating, capital and exploration requirements from the inception of the Company to date. There is, however, no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material.

2. Basis of preparation and presentation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the years ended December 31, 2019 and 2018, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved for issue by the Company's Board of Directors on November 25, 2020.

Basis of presentation and consolidation

Pursuant to a resolution passed by the directors of the Company on July 28, 2020, the Company changed its name to Gold79 Mines Ltd. which became effective August 5, 2020. On July 27, 2020, the Company continued from the laws of Canada under the *Canada Business Corporations Act* to the Province of British Columbia under the *Business Corporations Act (British Columbia)*. The continuance was approved by shareholders of the Company at the annual and special shareholder meeting held on June 30, 2020. On July 24, 2020, the Company closed the amalgamation agreement for the acquisition of Territory Metals Corp. ("Territory") with the Company's wholly-owned subsidiary, 1251498 B.C. Ltd. and Territory amalgamating to become a wholly-owned subsidiary of the Company named Territory Metals Ltd. (see note 4).

On November 15, 2018, the shareholders of the Company approved a change in name of the Company to Aura Resources Inc. The Company was originally incorporated under the *Business Corporations Act (Ontario)* by Articles of Amalgamation dated July 12, 1988. On June 9, 2006 the shareholders approved a name change to Aura Silver Resources Inc. and continued the Company under the *Canada Business Corporations Act*. On December 16, 2005, the Company acquired all of the issued and outstanding shares of Au Martinique Inc. ("Au Martinique") which had been operating since October 27, 2003. The share exchange was accounted for as a reverse take-over with Au Martinique deemed to be the acquirer for accounting purposes.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

(expressed in U. S. dollars)

On May 4, 2010, Aura Resources Mexico S.A. de C.V. was incorporated as a wholly-owned Mexican subsidiary. On August 6, 2020, Gold79 Holding One Corp., was incorporated as a wholly-owned British Columbia, Canada subsidiary in order to hold the shares of its wholly-owned subsidiary Gold79 USA Corp., incorporated in Nevada, USA on August 7, 2020. Gold79 USA Corp. was established to hold mineral claims associated with the Company's US based exploration projects.

These consolidated financial statements include the assets, liabilities and expenses of Gold79 Mines Ltd. and its wholly-owned subsidiaries Gold79 Holding One Corp., Gold79 USA Corp., Territory Metals Ltd., Au Martinique (which is inactive) and Aura Resources Mexico S.A. de C.V. All inter-company balances and transactions have been eliminated upon consolidation.

Critical accounting estimates, judgments and estimation uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mineral exploration properties and deferred exploration expenditures; the valuation of all equity instruments including flow-through share premiums, warrants, compensation options and stock options; and, the ability of the Company to continue as a going concern.

Impairment of mineral properties and exploration expenditures

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during subsequent periods.

Valuation of equity instruments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model. The Company has made estimates as to the volatility of its own common shares, the probable life of share options, warrants and compensation options granted and the time of exercise of those instruments.

The Company allocates values to share capital and to warrants according to their fair value using the proportional method when the two are issued together as a unit. The Company uses the Black-Scholes valuation model to determine the fair value of warrants issued.

Going concern considerations

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions. Further information regarding going concern is outlined in note 1.

New and revised accounting standards

IFRS 16, Leases ("IFRS 16")

IFRS 16, Leases, was issued by the IASB in January 2016. For lessee accounting the new standard brings most leases on to the statement of financial position under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. This standard was effective for annual reporting periods beginning on or after January 1, 2019. The Company has applied IFRS 16 with an initial application date of January 1, 2020 using a modified retrospective approach with the cumulative effect of initially applying the standard recognized at the date of initial application, without restating prior periods, in accordance with the transitional provisions specified in IFRS 16. The adoption of IFRS 16 had no impact on the Company's results of operations, financial position, and disclosures.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23, Uncertainty over Income Tax Treatments, was issued by the IASB in June 2017. IFRIC 23 clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it uses or plans to use in its income tax filing. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and permits early adoption. The adoption of IFRIC 23 had no impact on the Company's results of operations, financial position, and disclosures.

3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the years ended December 31, 2019 and 2018.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

(expressed in U. S. dollars)

4. Acquisition of Territory Metals Corp.

On July 24, 2020, the Company closed an amalgamation agreement for the acquisition of Territory Metals Corp. ("Territory"), an unlisted private company located in British Columbia. Territory's key asset is the Tip Top Gold project comprised of 22 unpatented mining claims (at the time of acquisition) covering approximately 173 hectares located in Esmeralda County, Nevada USA. The Tip Top Gold project is subject to an agreement of purchase and sale whereby Territory has a right to acquire a 100% interest in the project (see note 5).

In accordance with the terms of the amalgamation agreement, the Company's newly formed wholly-owned subsidiary 1251498 B.C. Ltd. and Territory amalgamated to become a wholly-owned subsidiary of the Company, named Territory Metals Ltd. Under the terms of the amalgamation agreement the Company acquired all the outstanding common shares of Territory, with each Territory share exchanged for two common shares of the Company, resulting in the issuance of 26,581,400 common shares. In addition, Territory's 160,000 warrants outstanding at closing of the transaction were exchanged for 320,000 warrants of the Company with equivalent terms.

Upon closing of the amalgamation, Mr. Gary Thompson was appointed as a director and Chairman of the board of directors of the Company.

The Company determined that Territory did not meet the definition of a business under IFRS 3, Business Combinations, and as such has been accounted for as an asset acquisition. A summary of the consideration provided and the fair value of net identifiable assets acquired in the acquisition are as follows:

	#	\$
Consideration provided:		
Common shares issued to Territory shareholders	26,581,400	813,466
Warrants issued	320,000	1,045
Total		<u>814,511</u>
Fair value of identifiable net assets acquired:		
Cash acquired		161,978
Other current assets		20,191
Mineral exploration property interest - Tip Top Gold, Nevada		662,552
Current liabilities		<u>(30,210)</u>
Total		<u>814,511</u>

5. Mineral exploration properties and deferred exploration expenditures

	Gold Chain (Arizona, USA)	Jefferson Canyon (Nevada, USA)	Tip Top Gold (Nevada, USA)	Taviche (Mexico)	Total
<u>Mineral exploration properties:</u>					
Balance, December 31, 2018	\$ 56,732	\$ -	\$ -	\$ 39,030	\$ 95,762
Cash option payment	20,000	10,275	-	-	30,275
Shares issued for property interests	12,350	24,725	-	-	37,075
Claim renewal and maintenance	19,127	12,097	-	-	31,224
Sale of interest to Minaurum	-	-	-	(39,030)	(39,030)
Balance, December 31, 2019	108,209	47,097	-	-	155,306
Acquisition of interest in Tip Top Gold (note 4)	-	-	662,552	-	662,552
Cash option payment	40,000	21,624	-	-	61,624
Shares issued for property interests	60,000	25,449	-	-	85,449
Claim staking, renewal and maintenance	18,165	11,599	83,123	-	112,887
Balance, September 30, 2020	<u>\$ 226,374</u>	<u>\$ 105,769</u>	<u>\$ 745,675</u>	<u>\$ -</u>	<u>\$ 1,077,818</u>
<u>Deferred exploration expenditures:</u>					
Balance, December 31, 2018	\$ 7,305	\$ -	\$ -	\$ 4,522	\$ 11,827
Geology	-	2,606	-	-	2,606
Sampling	-	13,824	-	-	13,824
Assaying	-	2,184	-	-	2,184
General field costs	-	-	-	1,700	1,700
Sale of interest to Minaurum	-	-	-	(6,222)	(6,222)
Balance, December 31, 2019	7,305	18,614	-	-	25,919
Geology	7,218	900	29,414	-	37,532
Geochemical survey	-	68,475	53,361	-	121,836
Drilling and related permitting	635	556	556	-	1,747
Balance, September 30, 2020	<u>\$ 15,158</u>	<u>\$ 88,545</u>	<u>\$ 83,331</u>	<u>\$ -</u>	<u>\$ 187,034</u>

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

(expressed in U. S. dollars)

Gold Chain - Arizona, USA

On July 30, 2018, the Company entered into a letter agreement for an option to acquire a 100% interest in the Gold Chain project located in Mohave County, Arizona. The initial project comprised 86 Bureau of Land Management lode mining claims in western Arizona, where work conducted by prior operators has indicated the property is prospective for gold. On February 4, 2019, the Company completed a definitive agreement with the vendors of the Gold Chain project incorporating all of the terms of the letter agreement and other standard industry terms. On May 29, 2020, the Company and the vendors entered into an amended option agreement which adjusted future cash and share payments and extended the timing of future payments. Consideration payable to earn a 100% interest in the project is payable in annual instalments over a seven-year period from inception and consists of a total of \$560,000 in cash; 300,000 common shares; and, a value of \$300,000 payable in common shares as detailed below.

Date of payment	Cash	Common	Value of
	\$	Shares	Common Shares
Execution of the letter agreement (paid)	30,000	-	-
Upon final TSX-V approval (shares issued March 2019)	-	150,000	-
On or before July 30, 2019 (paid July 2019)	20,000	150,000	-
On or before July 30, 2020 (paid July 2020)	40,000	-	60,000
On or before July 30, 2021	30,000	-	48,000
On or before July 30, 2022	30,000	-	48,000
On or before July 30, 2023	60,000	-	48,000
On or before July 30, 2024	100,000	-	48,000
On or before July 30, 2025	250,000	-	48,000
Totals	560,000	300,000	300,000

Following initial evaluation of the historical technical data base for the Gold Chain project and a field visit during the fall of 2018, an additional 14 claims were staked to cover newly interpreted structural projections, bringing the total project claims to 100. These additional claims fall into an area of interest defined in the letter agreement. During March 2019, the Company issued 150,000 common shares to the vendors valued at \$5,517. During July 2019, the Company issued 150,000 common shares to the vendors valued at \$6,833. During July 2020, the Company paid \$40,000 cash and issued 1,060,422 common shares to the vendors valued at \$60,000.

The vendors of the property hold a 2% net smelter return royalty (NSR) on gold and silver. The Company has the right to buy down the NSR in increments of 1% by paying the vendors the sum of \$1 million for each 1% of the NSR at any time prior to completion of the first year of commercial production. Additionally, the vendors will be entitled to a bonus cash payment equivalent to \$1.00 per ounce of gold estimated in any resource category determined in a Preliminary Economic Assessment compliant with National Instrument 43-101. Any cash bonus payment that becomes payable will be creditable toward amounts due under the NSR agreement.

Jefferson Canyon - Nevada, USA

On May 31, 2019, the Company entered into a definitive option agreement with Thorsen-Fordyce Merchant Capital Inc. ("Thorsen") and TF Minerals (USA) Inc. (together, the "TF parties") relating to the Jefferson Canyon gold-silver project located in Nye County, Nevada. The agreement covers 57 unpatented claims located approximately nine kilometres northeast of Kinross's Round Mountain gold mine. On May 29, 2020, the Company and the TF parties entered into an amended option agreement which extended the timeframe for certain cash payments and exploration expenditures.

Under the terms of the amended option agreement the Company can earn a 100% interest in 28 claims forming part of the Jefferson Canyon property held directly by the TF parties by making: (i) an initial common share payment to the TF parties valued at \$25,000 upon receipt of TSX Venture Exchange approval (670,000 common shares and cash of \$275 paid during June 2019); (ii) seven additional annual payments valued at \$25,000 each on May 31, 2020, through 2026, which may be paid in common shares and/or cash at the option of the Company; and, (iii) a cash payment by May 31, 2027, of \$200,000. During July 2020, the Company issued 612,755 common shares related to the 2020 anniversary payment.

Additionally, under the terms of the definitive option agreement, the Company has assumed responsibility for an underlying option agreement, initiated in September, 2015, between Thorsen and an individual claim holder whereby Thorsen has the right to earn a 100% interest in 29 claims comprising the balance of the Jefferson Canyon project. The underlying agreement requires annual advance royalty payments by the September 14 anniversary through to 2030 or until exercise of the option to purchase. Annual advance royalty payments total \$425,000 (\$5,000 was paid by Thorsen with a balance of \$420,000 due at initiation of the option agreement). The annual advance royalty payment schedule comprises \$10,000 due September, 2019 (paid), \$15,000 in 2020 (paid), after which the annual payment increases by \$5,000 per year until 2026 and is followed by four annual payments of \$50,000 for 2027 to 2030. The option to acquire a 100% interest in the 29 claims is exercisable at any time during its term, up until March 14, 2032, by paying a purchase price of \$500,000. Any advance royalty payments paid and the purchase price are creditable against future net smelter return royalties payable.

The Company is responsible for annual claim maintenance fees and has committed to minimum exploration work expenditures of \$100,000 by the third anniversary of the agreement on May 31, 2022. Additionally, the 28 claims held by the TF parties are subject to a 3% net smelter return royalty and the 29 underlying claims are also subject to a 3% NSR. Each of these NSR obligations are subject to separate buyback provisions whereby up to 2% of each NSR can be purchased by the Company for \$1 million for each 1%.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

(expressed in U. S. dollars)

Tip Top Gold - Nevada, USA

On July 24, 2020, the Company closed an amalgamation agreement for the acquisition of Territory Metals Corp., an unlisted private company located in British Columbia. Territory's key asset is the Tip Top Gold project comprised of 22 unpatented mining claims (at the time of acquisition) covering approximately 173 hectares located in Esmeralda County, Nevada USA. The Tip Top Gold project is subject to an agreement of purchase and sale whereby the Company has a right to acquire a 100% interest in the project. To complete the acquisition of a 100% interest, the Company is required to issue the vendor its publicly traded shares equal to a value of \$175,000 on or before May 12, 2021, and pay an amount of \$25,000 in cash on each of the first, second and third anniversaries of May 12, 2021. The vendor retains a 1% net smelter return royalty on the property and the Company is obligated to pay the vendor a cash payment of \$200,000 within 30 days of completion of a bankable feasibility study on the Tip Top Gold project. The Company may purchase the NSR royalty by paying the vendor \$1 million.

During September 2020, the Company staked 121 additional claims at the Tip Top Gold project. This new staking increased the land position from 22 claims to a total of 143 claims covering approximately 1,062 hectares in total area.

Greyhound - Nunavut, Canada

During June 2006, the Company initiated its Greyhound project in the central Churchill region of Nunavut, Canada, staking 10 claims for a total of 10,451 hectares. From 2008 to 2011, the Company increased its land holdings in the Whitehills area to a total of 57 claims comprising over 55,000 hectares. Since that time, a total of 42 claims have lapsed. Currently, the Company holds 15 claims covering approximately 15,123 hectares. Of these claims, 13 are subject to a joint operating agreement with Agnico Eagle Mines Limited ("Agnico Eagle") (see below). These 13 claims have been converted to mining leases under Nunavut Mining Regulations.

During June 2014, the Company entered into a definitive option agreement with Agnico Eagle which allowed Agnico Eagle to earn an interest in 13 claims comprising the majority of the Greyhound project. Under the terms of the option agreement, over the first three years of the agreement, Agnico Eagle had the exclusive right to earn an undivided 51% ownership interest by meeting annual commitments that totalled CDN\$210,000 in cash payments to the Company and incurring CDN\$1,750,000 in exploration work expenditures on the project.

Agnico Eagle completed all requirements to earn a 51% interest effective June 1, 2017. From June 1, 2017 forward, the 13 claims became subject of a joint operating agreement between the Company and Agnico Eagle. Work programs are to be established by a management committee comprised of one representative from each of the Company and Agnico Eagle. If either party to the joint operating agreement fails to fund its pro-rata share of approved exploration programs its interest in the project will be diluted on a pro-rata basis.

If any party's interest in the project falls below 10% then that party will forfeit their 10% interest and in return will receive a 2% NSR. The other party may at any time purchase one-half of the NSR, namely a 1% NSR, for an amount of CDN\$2,000,000. Agnico Eagle is the operator of the project.

Prior to the option agreement with Agnico Eagle, as at March 31, 2014, the Company had recorded a full impairment charge with respect to the mineral exploration property costs and deferred exploration expenditures associated with the Greyhound project.

As at September 30, 2020, the Company's ownership interest in the Greyhound project was 37.1%.

Taviche - Oaxaca, Mexico

The Company holds a 20% free-carried interest in the Taviche project located in Oaxaca State, Mexico. The Taviche project is comprised of the Higo Blanco concession covering 986 hectares and is subject to a 1.5% NSR held by Maverix Metals Inc.

On January 29, 2019, the Company announced it had entered into a definitive agreement with Minaurum Gold Inc. ("Minaurum") and its Mexican subsidiary whereby Minaurum would acquire an initial 80% interest in the Taviche project for the following consideration: (i) the issuance of 100,000 common shares of Minaurum (received April 2019); (ii) the reimbursement of all Taviche project concession fees paid by the Company during 2018 and payment of the remaining concession fees to bring the property into good standing until January 31, 2019, to a maximum of \$80,000 (cash of \$39,452 received April 2019); and, (iii) the issuance of an additional 100,000 common shares of Minaurum upon receiving all relevant approvals and consents required to be obtained for the commencement of exploration and drilling activities at the Taviche project. Minaurum will act as operator of the Taviche project having exclusive authority and control over the direction and management of the business and operations of the project.

Additionally, the Company has granted Minaurum an exclusive option to acquire the remaining 20% of the Taviche project for a purchase price of CDN\$1,000,000. Until exercise of this option, the Company's 20% interest shall be free-carried with no obligation to co-finance project costs and will not be subject to dilution.

On April 17, 2019, the Company announced the closing of this agreement with Minaurum. The Company received 100,000 common shares of Minaurum and a cash payment of \$39,452 on closing. The Company recorded a gain in other income of \$25,071 on the sale of this interest in the Taviche project.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

(expressed in U. S. dollars)

6. Accounts payable and accrued liabilities

	September 30, 2020	December 31, 2019
	\$	\$
Trade accounts payable	187,874	282,478
Accrued liabilities	11,993	106,942
	<u>199,867</u>	<u>389,420</u>

7. Capital stock**Authorized**

The Company is authorized to issue an unlimited number of common shares, having no par value, and an unlimited number of preference shares, having no par value, in one or more series with the rights, privileges and conditions as determined by the Board of Directors at the time of issuance.

Issued

On July 24, 2020, the Company closed a private placement financing issuing 25,633,333 units at CDN\$0.06 per unit for gross proceeds of \$1,144,741 (CDN\$1,538,000). Each unit consists of one common share of the Company and one-half common share purchase warrant. A total of 12,816,665 warrants were issued entitling the holders to purchase one common share of the Company at a price of CDN\$0.10 per share until July 24, 2022. In connection with the private placement, the Company paid eligible finders cash commissions of \$14,476 (CDN\$19,420) and an aggregate of 322,000 compensation warrants. Each compensation warrant entitles the finder to acquire one common share at an exercise price of CDN\$0.10 and is exercisable until July 24, 2022.

During July 2020, the Company issued a total of 1,673,177 common shares related to its mineral property option agreements (see note 5). These common shares were valued at \$85,449. During July 2020, the Company issued a total of 1,791,667 common shares to settle outstanding payables of \$79,908 (CDN\$107,500) with Company officers. During July 2020, the Company issued 26,581,400 common shares in connection with the acquisition of Territory Metals Corp. (see note 4).

On May 29, 2019, the Company closed a private placement financing issuing 4,400,000 units at CDN\$0.05 per unit for gross proceeds of \$163,687 (CDN\$220,000). Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN\$0.07 per share for a period of 36 months following the date of issuance. In connection with this private placement, the Company paid finders' fees of \$3,554 (CDN\$4,800) and issued 96,000 compensation options to finders. Each compensation option entitles the finder to acquire a unit (having the same features as described above) at an exercise price of CDN\$0.05 per unit and is exercisable until May 29, 2022.

During the nine month period ended September 30, 2019, the Company issued a total of 970,000 common shares related to its mineral property option agreements (see note 5).

Warrants

During July 2020, the Company issued 12,816,665 warrants in connection with a private placement. These warrants are exercisable at CDN\$0.10 per share and expire on July 24, 2022. These warrants were recorded at a value of \$234,837. In addition, 322,000 compensation warrants with the same terms were issued to finders. These compensation warrants were valued at \$5,900. Additionally, in connection with the Territory acquisition, the Company issued 320,000 warrants exercisable at CDN\$0.125 expiring February 1, 2021. These warrants were valued at \$1,045. These values were determined using the Black-Scholes option pricing model with the following assumptions: expected volatility of 126% to 130%; expected warrant life of 0.58 to 2 years; risk-free interest rate of 0.23%; and, an expected dividend yield of nil.

During May 2019, the Company issued 4,400,000 warrants in connection with a private placement. These warrants are exercisable at CDN\$0.07 per share and expire on May 29, 2022. These warrants were recorded at a value of \$61,535. This value was determined using the Black-Scholes option pricing model with the following assumptions: expected volatility of 92%; expected warrant life of 3 years; risk-free interest rate of 1.66%; and, an expected dividend yield of nil.

During January and July of 2020, a total of 3,557,143 warrants exercisable at CDN\$0.25 per share expired. As at September 30, 2020, details with respect to outstanding warrants are as follows:

Number	Exercise price	Expiry
4,400,000	CDN \$0.07	May 29, 2022
13,138,665	CDN \$0.10	July 24, 2022
320,000	CDN \$0.125	February 1, 2021
<u>1,866,800</u>	CDN \$0.25	June 1, 2021
<u>19,725,465</u>		

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

(expressed in U. S. dollars)

Compensation options and compensation option warrants

The Company has provided compensation options to agents who refer investors to the Company. Compensation options are exercisable into equity instruments having the same attributes as those purchased by the referred investor. As at September 30, 2020 outstanding compensation options are summarized as follows:

Number	Exercise price	Expiry
96,000	CDN \$0.05	May 29, 2022
64,000	CDN \$0.25	June 1, 2021
<u>160,000</u>		

As at September 30, 2020, outstanding compensation options are exercisable for units comprised of one common share and one whole common share purchase warrant. Warrants potentially issuable upon the exercise of compensation options are as follows: 96,000 warrants exercisable at CDN\$0.07 expiring May 29, 2022; and, 64,000 warrants exercisable at CDN\$0.25 expiring June 1, 2021.

The 96,000 compensation options issued in May 2019 were recorded at a total value of \$2,120 using the Black-Scholes option pricing model. The assumptions used for the valuation of compensation options are as follows: dividend yield of nil; expected volatility 92% to 118%; risk-free interest rate of 0.42% to 1.72%; and an expected life of the options of three years.

During January 2020, a total of 63,262 compensation options expired.

Stock options

On July 8, 2005, the Company's shareholders approved the creation of the Company's stock option plan (the "Fixed Plan"). Eligible participants in the Plan include directors, officers, employees and consultants to the Company. The exercise price of the options granted under the Plan is fixed by the Board of Directors but may not be less than the Discounted Market Price, as that term is defined by the TSX Venture Exchange, of the shares at the time the option is granted. Options granted under the Plan typically have a five year life subject to earlier expiry upon the termination of the optionee's employment or the optionee ceasing to be a director or officer of the Company. The vesting period of options is determined by the Board of Directors at the time of grant. On June 27, 2019, disinterested shareholders of the Company approved an amendment to the Fixed Plan to increase the maximum number of common shares reserved for issuance under the Plan from 1,940,000 to 3,700,000.

On June 30, 2020, Company shareholders approved the new Stock Option Plan 2020 (the "10% Rolling Plan"). The features of the 10% Rolling Plan are similar to the Fixed Plan except that the maximum number of stock options issuable under the 10% Rolling Plan are equal to 10% of the Company's outstanding common shares from time to time. In combination, stock options issuable under the Fixed Plan and the 10% Rolling Plan can not exceed 10% of the Company's outstanding common shares.

Activity with respect to stock options is summarized as follows:

	Number	Weighted- average exercise price	Expiry
		CDN \$	
Balance, December 31, 2018	740,000	0.31	June 2019 to April 2022
Expired	(280,000)	0.25	June 2019
Granted	<u>1,200,000</u>	0.05	June 2024
Balance, December 31, 2019	1,660,000	0.13	April 2022 to June 2024
Granted	<u>6,550,000</u>	0.08	August 2030 to September 2030
Balance, September 30, 2020	<u>8,210,000</u>	0.09	April 2022 to September 2030

As at September 30, 2020 outstanding stock options are as follows:

Options outstanding		Options exercisable			Expiry
Exercise price CDN \$	Number of options	Weighted- average remaining contractual life (years)	Number of options	Weighted- average remaining contractual life (years)	
0.05	1,200,000	3.7	1,200,000	3.7	June 4, 2024
0.08	6,050,000	9.9	6,050,000	9.9	August 29, 2030
0.11	500,000	10.0	500,000	10.0	September 24, 2030
0.35	<u>460,000</u>	1.6	<u>460,000</u>	1.6	April 23, 2022
	<u>8,210,000</u>	8.5	<u>8,210,000</u>	8.5	

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

(expressed in U. S. dollars)

During June 2019, the Company granted 1,200,000 stock options to officers, directors and consultants to the Company which vested immediately. During June 2019, 280,000 stock options expired. During August 2020, the Company granted 6,050,000 stock options to officers, directors and consultants to the Company which vested immediately. During September 2020, the Company granted 500,000 stock options to a new director of the Company which vested immediately. As at December 31, 2019, a total of 1,660,000 stock options were exercisable.

During the nine month period ended September 30, 2020, the Company recorded a total of \$413,300 (2019 - \$36,150) related to stock based compensation with respect to stock options. As at September 30, 2020, no balance remains to be expensed relating to past stock option grants. Stock based compensation amounts are included in shareholders' equity as contributed surplus. The value determined using the Black-Scholes option pricing model, with respect to stock options granted during 2020 and 2019, utilized the following assumptions:

	<u>2020</u>	<u>2019</u>
Expected volatility	126%	188%
Expected option life (in years)	10.0	5.0
Risk-free interest rate	0.22%	1.67%
Expected dividend yield	0%	0%
Weighted-average exercise price	CDN\$0.082	CDN\$0.05
Weighted-average market price at grant date	CDN\$0.087	CDN\$0.042
Weighted-average fair value	CDN\$0.083	CDN\$0.040

The Company determines expected volatility in relation to both historical Company volatility and by analysis of comparable companies in the mineral exploration sector.

8. Related party transactions and compensation of key management and directors

Key management includes all persons named or performing the duties of Chief Executive Officer, President, Chief Financial Officer, Vice-President and the directors of the Company. Compensation awarded to key management and directors included:

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
	\$	\$	\$	\$
Management service contract fees	71,116	15,710	124,411	72,867
Stock based compensation	361,387	28,619	361,387	28,619
	<u>432,503</u>	<u>44,329</u>	<u>485,798</u>	<u>101,486</u>

As at September 30, 2020, a total of \$26,432 (December 31, 2019 - \$220,357) is included in accounts payable and accrued liabilities with respect to amounts due to Company officers. A company controlled by the Company's Chief Financial Officer also provides bookkeeping and administration services to the Company. For the nine month period ended September 30, 2020 a total of \$2,150 (2019 - \$1,175) was charged for bookkeeping and administrative services.

During July 2020, a total of \$79,908 (CDN\$107,500) of accounts payable due to Company officers was settled with the issuance of 1,791,667 common shares of the Company.

9. Financial instruments and risk management

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest rate or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, currency risk and interest rate risk. These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Company's annual financial statements as at December 31, 2019. There have been no changes in the Company's risk management policies or procedures since the year end.

10. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Canada. The Company's exploration activities are focused on projects in Canada, the United States and Mexico; therefore, any mineral exploration property and deferred exploration expenditure assets would be located in those countries.

Gold79 Mines Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

(expressed in U. S. dollars)

11. Capital structure

The Company's capital structure is comprised of shareholders' equity. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs.

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants. The Company's capital management objectives have remained unchanged over the periods presented in these consolidated financial statements.

12. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Three months ended September 30, 2020 \$	Three months ended September 30, 2019 \$	Nine months ended September 30, 2020 \$	Nine months ended September 30, 2019 \$
Mineral exploration property costs included in accounts payable and accrued liabilities	165	-	165	-
Deferred exploration expenditures included in accounts payable and accrued liabilities	64,317	13,091	64,317	7,407
Common shares issued for mineral property interests	85,449	6,834	85,449	37,075
Common shares issued to settle accounts payable	79,908	-	79,908	-

13. Global COVID-19 pandemic

During March of 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by most governments internationally, including the Canadian, provincial and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the extensive geographic spread of the disease, and the inability to predict the duration of the outbreak or reoccurrence of outbreaks, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the full extent of the impact is unknown, COVID-19 may hinder both the Company's ability to conduct exploration activities in the jurisdictions that it operates in and its ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.

14. Subsequent event

Private placement financing

On November 26, 2020, the Company announced the closing of a private placement financing issuing 2,885,000 units at CDN\$0.10 per unit for gross proceeds of CDN\$288,500. Each unit consists of one common share of the Company and one-half common share purchase warrant. A total of 1,442,500 warrants were issued entitling the holders to purchase one common share of the Company at a price of CDN\$0.15 per share until November 25, 2022. In connection with the private placement, the Company paid eligible finders cash commissions of CDN\$1,410 and an aggregate of 14,100 compensation warrants. Each compensation warrant entitles the finder to acquire one common share at an exercise price of CDN\$0.15 and is exercisable until November 25, 2022.