



FINANCIAL STATEMENTS
FOR NINE MONTHS ENDED SEPTEMBER 30, 2019
AND SEPTEMBER 30, 2018

Laurion Mineral Exploration Inc.

Condensed Interim Consolidated Financial Statements

September 30, 2019

(expressed in Canadian dollars)

(unaudited)

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Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of Laurion Mineral Exploration Inc. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Laurion Mineral Exploration Inc.

Consolidated Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

	Notes	As at September 30, 2019 \$	As at December 31, 2018 \$
Assets			
Current			
Cash		381,786	64,785
Cash-restricted	11	1,042,892	160,000
Receivables		129,469	62,392
Prepaid expenses		12,476	-
		<u>1,566,623</u>	<u>287,177</u>
Liabilities			
Current			
Accounts payable and accrued liabilities	5 and 10	266,017	340,449
Loan payable	6 and 10	-	24,000
		<u>266,017</u>	<u>364,449</u>
Shareholders' equity (deficiency)			
Share capital	7	15,874,830	14,659,731
Share-based payments reserve	7	4,173,555	4,123,618
Warrants reserve	7	5,375,336	3,729,550
Deficit		(24,123,116)	(22,590,171)
		<u>1,300,605</u>	<u>(77,272)</u>
		<u>1,566,623</u>	<u>287,177</u>
Going concern	2		
Subsequent events	12		

Approved by the Board:

Cynthia Le Sueur-Aquin
Director

David Burkes
Director

Laurion Mineral Exploration Inc.

Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)
(unaudited)

	Notes	3 months ended September 30,		9 months ended September 30,	
		2019 \$	2018 \$	2019 \$	2018 \$
Expenses					
Professional fees		32,095	74,429	155,292	144,264
Management fees	10	24,230	14,069	57,146	60,451
Director bonus	10	53,150	-	53,150	-
Stock-based compensation		45,680	-	123,987	-
Share-based payments		-	353	-	1,777
General and administrative		4,952	6,603	19,936	20,901
Investor relations		4,801	14,362	30,267	55,994
Public company costs		19,683	8,289	32,580	39,808
Travel		7,404	14,796	22,528	45,388
Exploration and evaluation	4 and 10	753,393	508,506	1,138,058	783,676
Loss on settlement of accounts payable		-	-	-	364,468
		<u>945,387</u>	<u>641,407</u>	<u>1,632,945</u>	<u>1,516,727</u>
Loss before income taxes		(945,387)	(641,407)	(1,632,945)	(1,516,727)
Deferred income tax recovery	7	-	-	100,000	-
Loss and comprehensive loss		<u>(945,387)</u>	<u>(641,407)</u>	<u>(1,532,945)</u>	<u>(1,516,727)</u>
Loss per common share-basic and diluted		<u>(0.006)</u>	<u>(0.004)</u>	<u>(0.011)</u>	<u>(0.011)</u>
Weighted average number of common shares- basic and diluted		<u>158,554,488</u>	<u>149,442,850</u>	<u>149,371,715</u>	<u>134,176,459</u>

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

Laurion Mineral Exploration Inc.

Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)

(unaudited)

	Share capital \$	Warrants reserve \$	Share-based payments reserve \$	Deficit \$	Total \$
Balance, December 31, 2018	14,659,731	3,729,550	4,123,618	(22,590,171)	(77,272)
Private placement of units	1,000,000	-	-	-	1,000,000
Fair value of warrants	(518,000)	518,000	-	-	-
Fair value of finder warrants	(26,000)	26,000	-	-	-
Finder's fee	(50,000)	-	-	-	(50,000)
Private placement of flow-through common shares	200,000	-	-	-	200,000
Fair value of finder warrants	(2,793)	2,793	-	-	-
Finder's fee	(16,000)	-	-	-	(16,000)
Unrenounced flow-through share premium	(100,000)	-	-	-	(100,000)
Private placement of flow-through units	1,508,500	-	-	-	1,508,500
Fair value of warrants	(1,122,000)	1,122,000	-	-	-
Fair value of finder warrants	(17,000)	17,000	-	-	-
Finder's fees	(22,910)	-	-	-	(22,910)
Settlement of accounts payable	146,700	-	-	-	146,700
Exercise of stock options	141,799	-	-	-	141,799
Fair value of stock options exercised	74,050	-	(74,050)	-	-
Exercise of warrants	100,866	-	-	-	100,866
Fair value of warrants exercised	40,007	(40,007)	-	-	-
Stock-based compensation	-	-	123,987	-	123,987
Share issue costs	(122,120)	-	-	-	(122,120)
Loss	-	-	-	(1,532,945)	(1,532,945)
Balance, September 30, 2019	15,874,830	5,375,336	4,173,555	(24,123,116)	1,300,606
Balance, December 31, 2017	13,891,054	2,429,274	3,976,066	(21,154,793)	(858,399)
Private placement of units	1,325,200	-	-	-	1,325,200
Fair value of warrants issued	(1,074,176)	1,074,176	-	-	-
Share issue costs	(35,528)	-	-	-	(35,528)
Issue of common shares	-	-	-	-	-
Acquisition of exploration and evaluation	13,600	-	-	-	13,600
Settlement of debt	928,502	-	-	-	928,502
Stock-based compensation	-	-	159,656	-	159,656
Share-based payment	-	-	1,777	-	1,777
Loss	-	-	-	(1,516,727)	(1,516,727)
Balance, September 30, 2018	15,048,652	3,503,450	4,137,499	(22,671,520)	18,081

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

Laurion Mineral Exploration Inc.

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	9 months ended September 30,	
	2019	2018
	\$	\$
Cash provided by (used in)		
Operating activities		
Loss	(1,532,945)	(1,516,727)
Item not affecting cash		
Stock-based compensation	123,987	1,777
Issue of shares for exploration and evaluation	-	13,600
Loss on settlement of accounts payable	-	364,468
Deferred income tax recovery	(100,000)	-
Changes in non-cash working capital		
Receivables	(67,077)	(55,628)
Prepaid expenses	(12,476)	(67,860)
Accounts payable and accrued liabilities	72,268	347,240
	<u>(1,516,242)</u>	<u>(913,130)</u>
Financing activities		
Repayment of loan payable	(24,000)	-
Private placement of units	1,000,000	1,325,200
Private placement of flow-through common shares	200,000	-
Private placement of flow-through units	1,508,500	-
Finder's fees	(88,910)	-
Exercise of stock options	141,799	-
Exercise of warrants	100,866	-
Share issue costs	(122,120)	(35,528)
	<u>2,716,135</u>	<u>1,289,672</u>
Net increase in cash	1,199,893	376,542
Cash, beginning of period	224,785	17,984
Cash, end of period	<u>1,424,678</u>	<u>394,526</u>
Non-cash transactions		
Issue of common shares for settlement of accounts payable	146,700	928,502
Supplementary information		
Interest paid	-	-
Income taxes paid	-	-

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

Laurion Mineral Exploration Inc.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

(expressed in Canadian dollars)
(unaudited)

1. Nature of operations

Laurion Mineral Exploration Inc. (the "Company") is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the laws of Ontario and its registered office is located at 40 King Street West, Suite 5800, Toronto, Ontario, M5H 3S1.

2. Going concern

The Company is in the exploration stage and has no revenue. For the 9 months ended September 30, 2019, the Company incurred a loss of \$1,532,945 (2018 - \$1,516,727) and a cashflow deficit from operations of \$1,516,242 (2018 - \$913,130). The losses and cashflow deficit from operations limit the Company's ability to fund operations and the acquisition, exploration and development of mineral resource properties. As a result, there is doubt about the Company's ability to continue as a going concern.

The continued operation of the Company is dependent upon the Company's ability to access equity financings to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company has been successful to date in accessing equity placements and continues to actively seeks to raise the necessary equity financing, however, there can be no assurance that additional financing will continue to be accessible.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2018.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual audited financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2018.

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

Changes in accounting standards

On January 1, 2019, the Company adopted the following amendment to standards:

IFRS 16, Leases ("IFRS 16")

This standard replaces *IAS 17, Leases*. IFRS 16 provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged from IAS 17.

The adoption of this accounting standard had no impact on these condensed interim consolidated financial statements as the Company is not a party to any leases.

4. Exploration and evaluation

Ishkoday Property

The Company holds the following interests in the Ishkoday situated in the Onaman-Tashota Greenstone Camp in the Irwin, Walters, Elmhirst and Pifher Townships located 25 km northeast of the Town of Beardmore, Ontario and 220 km northeast of Thunder Bay, Ontario:

Property	%	Interest	Hectares
Ishkoday	100%	15 contiguous mining leases currently in the renewal process	657
Ishkoday North	100%	13 mining claim units comprising 179 contiguous units	2,864
Jubilee-Elmhirst	100%	4 mining leases	74
Ishkoday East	100%	3 mineral claims comprising 21 claim units	336
Beaurox	100%	1 mining lease	447
Ishkoday South	100%	1 mineral claim	64
			4,442

Jubilee-Elmhirst

The Company, as operator, is entitled to a management fee equal to 10% of exploration expenditures, which will be applied against the required exploration expenditures.

On May 14, 2018, the Company agreed to amend the addendum to the August 30, 2011 Option Agreement. In order to acquire an additional 40% interest, the Company is required to make option payments, issue common shares and incur exploration expenditures as follows:

	Option payments \$	Common shares Number	Fair value \$	Exploration expenditures \$
June 30, 2018 (issued)	–	160,000	13,600	–
Payable in instalments in June, July and August 2018 (paid)	30,000	–	–	–
Payable in instalments in February and March 2019 (paid)	20,000	–	–	–
	–	–	–	313,000
	50,000	160,000	13,600	313,000

The Company has made all required option payments to increase its interest in Jubilee-Elmhirst from 60% to 100%. Upon completing the option, the Company granted a 2% net smelter royalty on production from the leases and has the option to reduce the royalty to 1% by making a payment of \$1,000,000.

Beaurox

The Company holds a 100% interest in Beaurox, subject to a 3% net smelter return royalty. At any time, the Company has the option to reduce the royalty to 1.5% by making a payment of \$1,500,000 or to 2% by making a payment of \$1,000,000.

Midlothian

Until July 25, 2019, the Company held a 2.5% net smelter royalty with respect to precious metals and a 1.5% net smelter royalty with respect to all other metals on the Midlothian Property which consists of 11 claims (152 claim units) covering an area of approximately 2,432 hectares located 80 km west-southwest of Kirkland Lake and 25 km west-southwest of the Town of Matachewan.

On July 25, 2019, the Company terminated the agreement covering Midlothian, and in its place, entered into a joint venture agreement. Pursuant to the agreement, the Company reacquired a 30% interest in Midlothian and new mining claims located adjacent to Midlothian in the Doon and Midlothian Townships (“Doon”).

The joint venture will incur exploration expenditures. If a joint venture partner does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest will be reduced solely to a 3% net smelter returns royalty on Midlothian (“Midlothian NSR”) and 1% net smelter returns royalty on Doon. The other joint venture partner will have the option to reduce the Midlothian NSR from 3% to 2% by making a payment of \$1,000,000.

5. Settlement of accounts payable

After receiving approval from disinterested shareholders, on July 24, 2019, the Company issued 1,467,008 common shares at a deemed price of \$0.10 per common share to settle accounts payable of \$146,700 owed to a company controlled by a director and officer.

6. Loan payable

The loan payable of \$24,000, which was owed to a company controlled by a director and officer, was unsecured, non-interest bearing and was due on demand. On July 25, 2019, the loan was repaid.

7. Share capital

Authorized

An unlimited number of special shares, voting, redeemable, convertible, participating

500,000 Class A shares, voting, non-redeemable, convertible, non-participating

An unlimited number of common shares

Issued

	Number	\$
Common shares		
Balance, December 31, 2018	140,670,084	14,659,731
Private placement of units	10,000,000	1,000,000
Fair value of warrants	–	(518,000)
Fair value of finder warrants	–	(26,000)
Finder's fee	–	(50,000)
Private placement of flow-through common shares	2,000,000	200,000
Fair value of finder warrants	–	(2,793)
Finder's fee	–	(16,000)
Unrenounced flow-through share premium	–	(100,000)
Private placement of flow-through units	11,324,508	1,508,500
Fair value of warrants	–	(1,122,000)
Fair value of finder warrants	–	(17,000)
Finder's fee	–	(22,910)
Settlement of accounts payable (note 5)	1,467,008	146,700
Exercise of stock options	1,911,556	141,799
Fair value of stock options exercised	–	74,050
Exercise of warrants	1,248,888	100,866
Fair value of warrants exercised	–	40,007
Share issue costs	–	(122,120)
Balance, September 30, 2019	168,622,044	15,874,830

Private placement of flow-through common shares

On April 26, 2019, the Company completed a private placement of 2,000,000 flow-through common shares at a price of \$0.10 per share for gross proceeds of \$200,000. In connection with a finder's fee for the private placement, the Company paid a cash commission of \$16,000 and issued 160,000 finder warrants entitling the holder to purchase one common share for \$0.13 until April 26, 2021.

The fair value of the warrants and finder warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

Warrants issued	160,000
Exercise price	\$0.13
Share price	\$0.05
Risk-free interest rate	1.34%
Expected volatility based on historical volatility	108%
Expected life of warrants	2 years
Expected dividend yield	0%
Fair value	\$2,793
Fair value per warrant	\$0.017

With respect to the flow-through common shares, the deductions for income tax purposes of the related expenditures will be renounced to the subscribers of the flow-through shares. As the renouncement is prospective, a flow-through share premium of \$100,000, representing the income tax benefits of the expenditures to be renounced to the subscribers, was recorded in the statement of financial position as a reduction of share capital and an increase to other liabilities. The Company incurred flow-through expenditures of \$200,000 which resulted in the reduction of other liabilities by \$100,000 and a deferred income tax recovery of \$100,000.

Private placement of units

On May 9, 2019, the Company completed a private placement of 10,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,000,000. Each unit consisted of one common share and one warrant entitling the holder to purchase one common share for \$0.14 until May 9, 2021. In connection with the private placement, the Company paid a cash commission of \$50,000 and issued 500,000 finder warrants entitling the holder to purchase one common share for \$0.14 until May 9, 2021.

The fair value of the warrants and finder warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

	Warrants	Finder warrants
Warrants issued	10,000,000	500,000
Exercise price	\$0.140	\$0.140
Share price	\$0.105	\$0.105
Risk-free interest rate	1.58%	1.58%
Expected volatility based on historical volatility	107%	107%
Expected life of warrants	2 years	2 years
Expected dividend yield	0%	0%
Fair value	\$518,000	\$26,000
Fair value per warrant	\$0.05	\$0.05

Private placement of flow-through units

On August 12, 2019, the Company completed the first tranche of a private placement of 2,916,666 flow-through units at a price of \$0.12 per unit for gross proceeds of \$350,000. Each unit consisted of one flow-through common share and one warrant entitling the holder to purchase one common share for \$0.15 until August 12, 2021.

On September 6, 2019, the Company completed the second tranche of a private placement of 5,416,667 flow-through units at a price of \$0.12 per unit for gross proceeds of \$650,000. Each unit consisted of one flow-through common share and one warrant entitling the holder to purchase one common share for \$0.15 until September 6, 2021. In connection with the private placement, the Company paid a cash finder's commission of \$22,400 and issued 186,666 finder warrants entitling the holder to purchase one common share for \$0.15 until September 6, 2021.

The fair value of the warrants and finder warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

	Warrants		Finder warrants
	Tranche 1	Tranche 2	
Warrants issued	2,916,666	5,415,667	186,666
Exercise price	\$0.15	\$0.15	\$0.15
Share price	\$0.15	\$0.15	\$0.15
Risk-free interest rate	1.33%	1.49%	1.49%
Expected volatility based on historical volatility	123%	121%	121%
Expected life of warrants	2 years	2 years	2 years
Expected dividend yield	0%	0%	0%
Fair value	\$272,000	\$498,000	\$17,000
Fair value per warrant	\$0.09	\$0.09	\$0.09

Private placement of flow-through units

On September 30, 2019, the Company completed a private placement of 2,991,175 flow-through units at a price of \$0.17 per unit for gross proceeds of \$508,500. Each unit consisted of one flow-through common share and one warrant entitling the holder to purchase one common share for \$0.21 until September 30, 2021. In connection with the private placement, the Company paid a cash commission of \$510.

The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

Warrants issued	2,991,175
Exercise price	\$0.21
Share price	\$0.20
Risk-free interest rate	1.58%
Expected volatility based on historical volatility	117%
Expected life of warrants	2 years
Expected dividend yield	0%
Fair value	\$352,000
Fair value per warrant	\$0.12

See note 11 for subsequent event.

Stock options

Pursuant to a stock option plan approved on October 4, 2010, the Company may grant options to its directors, officers, employees and consultants for up to 10% of the number of common shares outstanding. The maximum term of each option is 10 years and the exercise price shall not be less than the closing price of the common shares prevailing on the date of the grant, less a discount up to 25% in accordance with the policies of the TSX Venture Exchange.

All outstanding options granted under the Original Option Plan will remain outstanding and be governed by the terms of the Original Option Plan. The Original Option Plan allowed the Company to issue options to directors, officers and service providers, enabling them to purchase common shares. The Company set aside 4,000,000 common shares for the exercise of options granted pursuant to the plan. Each option granted under the plan had a maximum term of five years. The exercise price was determined by the Board of Directors at the time the option is granted and was subject to regulatory approval.

A continuity of the Company's stock options is presented below:

	Weighted- average exercise price \$	Number of stock options
Balance, December 31, 2018	0.08	9,290,000
Granted	0.12	1,741,664
Exercised	0.07	(1,911,556)
Balance, September 30, 2019	0.09	9,120,108

A summary of the Company's stock options is presented below:

	Expiry date	Number of stock options exercisable	Number of stock options outstanding
\$0.12	December 31, 2020	1,200,000	1,200,000
\$0.10	December 31, 2021	360,000	360,000
\$0.10	December 31, 2022	2,050,000	2,050,000
\$0.105	October 1, 2023	–	44,445
\$0.05	December 31, 2023	900,000	900,000
\$0.05	December 31, 2024	1,050,000	1,050,000
\$0.05	April 6, 2027	250,000	250,000
\$0.05	June 15, 2028	857,333	1,523,999
\$0.11	May 15, 2029	83,325	250,000
\$0.11	June 24, 2029	249,975	750,000
\$0.11	July 16, 2029	176,650	500,000
\$0.15	September 9, 2029	48,611	241,664
		7,225,894	9,120,108

The Company granted stock options to directors, officers and consultants. The fair values of the stock options were calculated using the Black-Scholes option pricing model with the following assumptions:

Grant date	May 15, 2019	June 24, 2019	July 16, 2019	September 9, 2019
Expiry date	May 15, 2029	June 24, 2029	July 16, 2029	September 9, 2029
Stock options granted	250,000	750,000	500,000	241,664
Exercise price	\$0.110	\$0.110	\$0.11	\$0.15
Share price	\$0.105	\$0.105	\$0.11	\$0.15
Risk-free interest rate	1.66%	1.46%	1.59%	1.34%
Expected volatility based on historical volatility	145%	143%	141%	138%
Expected life of stock options	10 years	10 years	10 years	10 years
Expected dividend yield	0%	0%	0%	0%
Vesting	1/3 each of the date of grant and the first and second anniversary of the date of grant			
Fair value	\$26,000	\$77,000	\$54,000	\$35,000
Fair value per stock option	\$0.10	\$0.10	\$0.11	\$0.15

See note 11 for subsequent events.

Warrants

A continuity of the Company's warrants is presented below:

	Weighted- average exercise price \$	Number of warrants
Balance, December 31, 2018	0.10	20,051,744
Issued	0.15	22,171,174
Exercised	0.08	(1,248,888)
Balance, September 30, 2019	0.13	40,974,030

A summary of the Company's outstanding warrants is presented below:

Exercise price	Expiry date	Number of warrants
\$0.07	March 22, 2020	2,740,000
\$0.09	July 18, 2020	8,647,857
\$0.12	August 2, 2020	5,548,332
\$0.12	December 28, 2020	1,866,667
\$0.13	April 26, 2021	160,000
\$0.14	May 9, 2021	10,500,000
\$0.15	August 12, 2021	2,916,666
\$0.15	September 6, 2021	5,603,333
\$0.21	September 30, 2021	2,991,175
		40,974,030

The weighted average remaining contractual life of the outstanding warrants is 1.23 years.

See note 11 for subsequent event.

8. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash, restricted cash, accounts payable and accrued liabilities and loan payable

The fair values of cash, restricted cash, accounts payable and accrued liabilities and loan payable approximated their respective carrying value due to their short term to maturity.

9. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash. The Company's limits its exposure to credit risk on its cash by holding deposits with high credit quality Canadian chartered bank.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. Accounts payable and accrued liabilities are subject to normal trade terms and the loan payable is due on demand.

Capital management

Capital of the Company consists of share capital, warrants reserve, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issuance of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

10. Related party transactions

Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	9 months ended September 30,		September 30,	Outstanding at
	2019	2018	2019	December 31,
	\$	\$		2018
				\$
Exploration and evaluation	137,025	71,274		
Management fees	115,220	149,157		
	252,245	220,431	78,038	171,903
Director bonus	53,150	–	–	–
Rent	2,700	2,700	–	–
	308,095	223,131	78,038	171,903

Additional related party transactions are disclosed in notes 5, 6 and 11. These transactions were in the normal course of business.

11. Commitment

Pursuant to private placements of flow-through units (see note 7), at September 30, 2019, the Company is committed to make eligible Canadian Exploration Expenditures of \$1,042,892 by December 31, 2020.

12. Subsequent events

Grant of stock options

On October 10, 2019, the Company granted 500,000 stock options to an officer. Each stock option entitles the holder to purchase one common share for \$0.19 until October 10, 2024.

Private placement of flow-through units

On October 22, 2019, the Company announced its intention to complete a private placement of 5,263,157 flow-through units at a price of \$0.19 per unit for gross proceeds of \$1,000,000. Each unit will consist of one flow-through common share and one warrant entitling the holder to purchase one common share for \$0.25 for 24 months from the date of issuance.

On October 31, 2019, the Company completed the first tranche of the private placement of 2,368,438 flow-through units at a price of \$0.19 per unit for gross proceeds of \$450,003. Each unit consisted of one flow-through common share and one warrant entitling the holder to purchase one common share for \$0.25 until October 31, 2021. In connection with the first tranche of the private placement, the Company paid a cash commission of \$22,500 and issued 118,420 finder warrants entitling the holder to purchase one common share for \$0.25 until October 31, 2021.

Exercise of stock options

On November 7, 2019, there were 1,425,334 stock options exercised for proceeds of \$116,267.