



Condensed Consolidated Interim Financial Statements

September 30, 2020 and 2019

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of Reconnaissance Energy Africa Ltd. have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

RECONNAISSANCE ENERGY AFRICA LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

	September 30,	December 31,
	2020	2019
ASSETS		
Current Assets		
Cash	\$ 18,278,054	\$ 2,547,025
Receivables	98,328	41,825
Prepaid expenses	64,866	109,949
	18,441,248	2,698,799
Exploration and evaluation assets (Note 4)	7,387,316	5,649,599
Equipment (Note 5)	4,976,631	-
Total Assets	\$ 30,805,195	\$ 8,348,398
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 1,226,750	\$ 234,318
Promissory note payable (Note 7)	37,537	287,354
	1,264,287	521,672
Shareholders' Equity		
Share capital (Note 8)	26,525,779	9,159,101
Reserves (Note 8)	10,665,465	1,926,603
Deficit	(7,685,954)	(3,275,518)
Accumulated other comprehensive income ("AOCI")	35,618	16,540
Total Shareholders' Equity	29,540,908	7,826,726
Total Liabilities and Shareholders' Equity	\$ 30,805,195	\$ 8,348,398

Nature of operations and going concern (Note 1)

Subsequent event (Note 10)

These condensed consolidated financial statements are authorized for issue by the Board of Directors on November 24, 2020.

Approved by the Board of Directors:

_____ "J. Jay Park" Director

_____ "James Granath" Director

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

RECONNAISSANCE ENERGY AFRICA LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

	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				
Management and consulting	\$ 880,227	\$ 32,548	\$ 1,481,793	\$ 32,548
Listing expense	-	1,095,506	-	1,095,506
Marketing	545,032	-	1,202,250	-
Office and general	155,464	5,390	253,068	5,390
Professional fees	142,336	122,181	364,913	224,818
Share-based payments (Note 8)	584,148	-	1,077,649	-
Transaction costs	-	340,031	-	340,031
	2,307,207	1,595,656	4,379,673	1,698,293
Other Items				
Interest expense	2,055	10,120	14,593	15,423
Exchange loss	4,145	4,442	16,170	22,709
	6,200	14,562	30,763	38,132
Net Loss	2,313,407	1,610,218	4,410,436	1,736,425
Other Comprehensive Income				
Items that may be reclassified subsequently to net loss				
Translation adjustment	14,529	5,429	(19,078)	5,429
Comprehensive loss	\$ 2,327,936	\$ 1,615,647	\$ 4,391,358	\$ 1,741,854
Basic and diluted loss per common share	\$ 0.03	\$ 0.06	\$ 0.06	\$ 0.13
Weighted average number of common shares outstanding				
- basic and diluted	87,574,864	27,909,600	76,033,220	13,582,400

*Basic and diluted loss per share and shares outstanding have been retrospectively restated to reflect the share consolidation

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

RECONNAISSANCE ENERGY AFRICA LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

	Share Capital		Reserves	Deficit	AOCI	Equity
	Number	Amount				
Balance at December 31, 2018	6,299,997	\$ 620,185	\$ -	\$ (153,940)	\$ -	\$ 466,245
Issuance of shares on reorganizations	32,412,418	4,537,739	-	-	-	4,537,739
Issuance of shares on RTO	5,571,804	780,055	-	-	-	780,055
Issuance of shares for cash	17,053,280	3,404,656	-	-	-	3,404,656
Share issue costs - cash (Note 10)	-	(134,130)	-	-	-	(134,130)
Share issue costs - warrants (Note 10)	-	(24,348)	24,348	-	-	-
Net loss	-	-	-	(1,736,425)	-	(1,736,425)
Translation adjustment	-	-	-	-	5,429	5,429
Balance at September 30, 2019	61,337,499	\$ 9,184,157	\$ 24,348	\$ (1,890,365)	\$ 5,429	\$ 7,323,569
Balance at December 31, 2019	65,940,145	\$ 9,159,101	\$ 1,926,603	\$ (3,275,518)	\$ 16,540	\$ 7,826,726
Shares issued:						
Private placements (Note 8)	5,000,000	2,191,625	1,208,375	-	-	3,400,000
Public offering (Note 8)	32,855,409	16,717,948	6,280,838	-	-	22,998,786
Issue costs - cash (Note 8)	-	(2,398,496)	-	-	-	(2,398,496)
Issue costs - compensation options (Note 8)	-	(486,667)	486,667	-	-	-
Warrants exercise	1,241,350	649,969	(83,249)	-	-	566,720
Compensation option exercise	35,652	25,316	(360)	-	-	24,956
Options exercise	1,687,500	652,934	(231,058)	-	-	421,876
Deposit on shares	-	14,049	-	-	-	14,049
Share-based payments (Note 8)	-	-	1,077,649	-	-	1,077,649
Net loss	-	-	-	(4,410,436)	-	(4,410,436)
Translation adjustment	-	-	-	-	19,078	19,078
Balance at September 30, 2020	106,760,056	\$ 26,525,779	\$ 10,665,465	\$ (7,685,954)	\$ 35,618	\$ 29,540,908

*Share capital outstanding has been retrospectively restated to reflect the share consolidation

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

RECONNAISSANCE ENERGY AFRICA LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

	Nine Months Ended	Nine Months Ended
	September 30, 2020	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (4,410,436)	\$ (1,736,425)
Items not involving cash:		
Listing expense (Note 5)	-	1,095,506
Interest expense (Note 7)	14,593	15,423
Deferred transaction costs	-	-
Share-based payments (Note 8)	1,077,649	-
Unrealized foreign exchange	(19,693)	-
Changes in non-cash working capital items:		
Receivables	(56,503)	(1,698)
Prepaid expenses	45,083	11,690
Accounts payable	178,090	(61,832)
Net cash used in operating activities	(3,171,217)	(677,336)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired in RTO	-	2,442
Acquisition of the Reconnaissance subsidiaries	-	27,209
Investment in equipment (Note 5)	(4,639,949)	-
Investment in exploration and evaluation assets (Note 4)	(1,232,039)	-
Net cash used in investing activities	(5,871,988)	29,651
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposit on shares (Note 8)	14,049	-
Proceeds from private placement (Note 8)	3,400,000	3,404,656
Proceeds from public offering (Note 8)	22,998,786	-
Share issue costs (Note 8)	(2,392,617)	(134,130)
Proceeds from the exercise of options (Note 8)	421,875	-
Proceeds from the exercises of warrants (Note 8)	566,720	-
Proceeds from the exercises of compensation options (Note 8)	24,956	-
Promissory note (Note 7)	(264,410)	-
Net cash provided by financing activities	24,769,359	3,270,526
Impact of exchange rate changes on cash	4,875	12,415
Net change in cash	15,731,029	2,635,256
Cash, beginning of period	2,547,025	-
Cash, end of period	\$ 18,278,054	\$ 2,635,256

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

RECONNAISSANCE ENERGY AFRICA LTD.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE OF OPERATIONS AND GOING CONCERN

Reconnaissance Energy Africa Ltd. (formerly Lund Enterprises Corp.) (the “Company”) was incorporated on June 22, 1978 under the provisions of the Company Act of British Columbia. The Company is a junior oil and natural gas company with a focus on exploration and development in Namibia. The address of the Company’s corporate office and principal place of business is Suite 1500, 999 West Hastings Street, Vancouver, British Columbia, Canada, V6C 2W2.

These unaudited condensed consolidated interim financial statements (“Financial Statements”) have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company has not yet generated any revenues from its operations and is required to raise new financing through the sale of shares or issuance of debt to continue with its operations and to develop its property. Accordingly, the Company’s continued successful operations are dependent on its ability to obtain additional financing. Although management has been successful in raising capital in the past, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be obtained on terms advantageous to the Company.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from coronavirus (“COVID-19”). While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, financial performance, financial position and cash flows in 2020.

These conditions indicate the existence of material uncertainties that may cast significant doubt regarding the applicability of the going concern assumption. These Financial Statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION

These Financial Statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” following acceptable accounting policies under International Financial Reporting Standards (“IFRS”). As a result, these Financial Statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2019 and note 5 with respect to equipment.

These Financial Statements have been prepared on an accruals basis and are based on historical costs, except for certain financial instruments classified as financial instruments at fair value through profit or loss. All amounts are presented in Canadian dollars unless otherwise noted. These Financial Statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and accounts have been eliminated upon consolidation.

Estimates and judgements are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In preparing the Financial Statements, the judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2019.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The Company's financial instruments consist of cash, receivables, accounts payable and promissory note payable. As none of the Company's financial instruments are held at fair value, categorization into the fair value hierarchy has not been provided. Cash, receivables, accounts payable and promissory note payable are held at amortized cost which approximates fair value due to the short-term nature of these instruments.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

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's primary exposure to credit risk is keeping its cash in financial institutions. The Company manages that risk by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. In light of the current volatility in commodity prices including uncertainty regarding the timing for recovery in such prices, along with the effect of COVID-19 on commodity demand there can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has a non-material direct exposure to foreign exchange risk arising from certain accounts payable, accrued liabilities and property maintenance commitments (Note 4) measured in foreign currencies, principally the US dollar.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any significant interest rate risk.

Commodity price risk

Oil and natural gas prices have been and are expected to remain volatile due to market uncertainties over the supply and demand of these commodities due to various factors including OPEC actions, the current state of world economies and ongoing credit and liquidity concerns. Depressed commodity prices have had and will continue to have a significant impact on the Company's ability to raise future capital to fund operations. Therefore, management regularly monitors natural resource commodity prices to determine the appropriate course of action to be taken by the Company.

4. EXPLORATION AND EVALUATION ASSETS

The following table reconciles the changes in Reconnaissance's exploration and evaluation assets:

Balance at December 31, 2019	\$	5,649,599
Additions		1,703,821
Effect of exchange rate changes		33,896
Balance at September 30, 2020	\$	7,387,316

Notes to the Condensed Consolidated Interim Financial Statements (continued)

In June 2020, the Company was granted a petroleum licence in northwestern Botswana for 2.45 million acres (9,921 km²). Terms of the licence are as follows:

- 100% working interest in all petroleum rights from surface to basement
- An initial 4-year exploration period, with renewals up to an additional 10 years, in accordance with the Botswana Petroleum (Exploration and Production) Act
- Upon declaration of commercial production, the operator holds the right to enter into a 25-year production licence with a 20-year renewal period, in accordance with the Botswana Petroleum (Exploration and Production) Act
- Royalties associated with the production licence will be subject to negotiation, in accordance with the Botswana Petroleum (Exploration and Production) Act
- The Company has committed to a minimum work program of US\$432,000 over the first 4-year exploration period

The Company, through its wholly owned Botswana subsidiary, entered into a farm-out option agreement (the "Agreement") with a private company under the following terms:

- The farm-out option will carry a 3-year term providing the farmee with the right to acquire a 50% working interest in the Licence (the "Option")
- Initial payment from the farmee to ReconAfrica is \$100,000, which has been received
- If the Option is exercised within 18 months of the date the licence was awarded, the farmee will pay the Company \$1,000,000 upon transfer of the licence following exercise
- If the Option is exercised between 18 months and 36 months from the date the licence was awarded to the Company, the Farmee will pay the Company \$1,500,000 upon transfer of the licence following exercise

The Agreement is subject to certain conditions, including the approval of the Botswana Department of Mines and Ministry of Mineral Resources, Green Technology and Energy Security ("MMR") to the transfer of the licence upon exercise of the Option. The Agreement may be terminated if the MMR does not provide its approval to the transfer within six months following exercise of the Option, the transfer is not completed within six months following the exercise of the Option, or by mutual agreement.

5. EQUIPMENT

Equipment is recorded at cost, including costs attributable to bring the asset to its intended use, less accumulated depreciation. Depreciation begins when the asset is put into service and is calculated using the straight-line method. The cost of maintenance and repairs is charged to expense as incurred. The cost of significant renewals and improvements is added to the carrying amount of the respective asset. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the balance, and any resulting gain or loss is reflected in the consolidated statement of loss and comprehensive loss.

On February 10, 2020, the Company completed the acquisition of a Crown 750 drilling rig for US\$1,800,000 (\$2,379,060). The Crown 750 is being upgraded with a top drive system and ancillary equipment to acclimate the rig for drilling in the Kalahari Desert.

Balance at December 31, 2019	\$	-
Acquisition of Crown 750 drilling rig		2,379,060
Upgrades and improvements		2,597,571
Balance at September 30, 2020	\$	4,976,631

No depreciation has been recognized on the drilling rig as it has not yet been put into service. As at September 30, 2020 no indicators of impairment have been identified for the drilling rig.

6. RELATED PARTY TRANSACTIONS

Transactions with related parties are summarized in the table below:

	Nine months ended	
	September 30, 2020	September 30, 2019
Directors' fees	\$ 44,759	\$ 12,000
Management salaries and benefits	532,266	79,900
Share-based payments	394,324	-
	\$ 971,350	\$ 91,900

The farm-out agreement described in Note 4 was entered into with a private company owed by and insider of the Company.

7. PROMISSORY NOTE PAYABLE

The Company was a party to a promissory note entered into with a professional services provider, each bearing interest at 10% and payable at maturity or earlier with no penalty for prepayment.

On April 15, 2020, the Company repaid \$100,000 of the outstanding balance for the promissory note. On August 26, 2020, the Company repaid \$164,410 of remaining principle. As at September 30, 2020, accrued interest of \$37,537 (December 31, 2019 - \$22,944) was outstanding.

8. SHARE CAPITAL

On August 30, 2019, the Company completed the acquisition of Reconnaissance by way of an RTO transaction. Prior to closing the transaction, the Company consolidated its issued and outstanding common shares on the basis of one new post-consolidated common share for every two pre-consolidated common shares. The share consolidation affected all issued and outstanding common shares, stock options, warrants, and other convertible securities. All information relating to issued and outstanding common shares, stock options, warrants, and other convertible securities have been adjusted retrospectively to reflect the share consolidation.

Authorized: Unlimited common shares without par value

Deposit on shares

On September 30, 2020, the Company received cash proceeds of \$14,049 for the exercise of 20,070 compensation options on October 2, 2020.

Issued common shares

At September 30, 2020, there were 106,760,056 (December 31, 2019 – 65,940,145) shares issued and outstanding.

On February 4, 2020, the Company issued 5,000,000 units for \$3,400,000 pursuant to a non-brokered private placement. Each unit is comprised of one common share of the Company and one common share purchase warrant which its holder may exercise for one common share at an exercise price of \$1.00 per share until February 4, 2025. The Company incurred share issuance costs of \$230,044 in the form of finders' fees and professional fees associated with this non-brokered private placement.

On August 20, 2020, the Company completed a public offering (the "Offering") of 32,855,409 units (the "Units") for proceeds of \$22,998,786, including the partial exercise of an over-allotment option. The Offering was completed by way of a short form prospectus filed in all of the provinces of Canada, except Québec, and the Units were sold elsewhere outside of Canada on a private placement basis. Each Unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$1.00 until August 20, 2025. The Company incurred share issuance costs of \$2,168,452 in the form of finders' fees and professional fees associated with this Offering.

During the period ended September 30, 2020, the Company issued 1,241,350 common shares pursuant to the exercise of 179,850 broker warrants for cash proceeds of \$35,970 and 1,061,500 warrants for cash proceeds of \$530,750.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

During the period ended September 30, 2020, the Company issued common shares pursuant to the exercise of 1,687,500 options for cash proceeds of \$421,875.

Warrants

A summary of changes in share purchase warrants is presented below:

	Number of Compensation options	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2019	-	22,059,276	0.49
Issued	1,543,786	37,891,061	0.99
Broker warrants exercised		(179,850)	0.20
Exercised	(35,652)	(1,061,500)	0.51
Balance, September 30, 2020	1,508,134	58,708,987	0.82

The warrants have been valued using the Black-Scholes pricing model, with a gross amount of \$7,489,213 included in reserves based on the relative fair values of the shares and warrants issued. The following assumptions were used for the Black-Scholes valuation of the warrants granted:

Warrants	September 30, 2020	December 31, 2019	Broker Warrants	September 30, 2020	December 31, 2019	Compensation Options	September 30, 2020	December 31, 2019
Risk-free interest rate	0.37%-1.35%	1.18-1.63%	Risk-free interest rate	n/a	1.18%	Risk-free interest rate	0.37%	n/a
Expected life	5 years	5 years	Expected life	n/a	2 years	Expected life	5 years	n/a
Annualized volatility	65.00%	65.00%	Annualized volatility	n/a	61.50%	Annualized volatility	65%	n/a
Dividend rate	n/a	n/a	Dividend rate	n/a	n/a	Dividend rate	n/a	n/a

Warrants outstanding at September 30, 2020 are as follows:

	Number of Compensation options	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2019	-	22,059,276	0.49
Issued	1,543,786	37,891,061	0.99
Broker warrants exercised		(179,850)	0.20
Exercised	(35,652)	(1,061,500)	0.51
Balance, September 30, 2020	1,508,134	58,708,987	0.82

Issued stock options

On February 18, 2020, the Company granted 850,000 stock options to directors, officers, and consultants, exercisable at a price of \$0.76 per share for a period of five years.

On February 18, 2020, the Company granted 200,000 stock options to consultants, exercisable at a price of \$0.76 per share for a period of three years.

On April 29, 2020, the Company granted 300,000 stock options to an officer, exercisable at a price of \$0.31 per share for a period of five years. In order to accommodate this grant, certain optionees agreed to surrender for cancellation 200,000 options granted on February 18, 2020.

On August 26, 2020, the Company granted 3,750,000 stock options to directors, officers, and consultants, exercisable at a price of \$0.70 per share for a period of five years and 200,000 stock options to an optionee who agreed to surrender for cancellation 200,000 options granted on February 18, 2020, at a price of \$0.76 per share for a period of five years.

During the nine months ended September 30, 2020, the Company recorded share-based payments of \$1,077,649 (2019 - \$Nil). The fair value of stock options granted was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Notes to the Condensed Consolidated Interim Financial Statements (continued)

	Nine months ended September 30, 2020	Year ended December 31, 2019
Risk-free interest rate	0.41-1.42%	1.30-1.61%
Expected life	4.92 years	5 years
Expected volatility	65.00%	65.00%
Expected dividend yield	n/a	n/a

The following table summarizes information about the stock options transactions for the nine months ended September 30, 2020:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2019	6,050,000	0.28
Stock options issued	5,300,000	0.69
Stock options exercised	(1,687,500)	0.25
Stock options cancelled	(250,000)	0.66
Balance, September 30, 2020	9,412,500	0.51

Stock options outstanding at September 30, 2020 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Intrinsic Value (exercisable options)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
200,000	50,000	\$0.76	\$10,500	February 15, 2023	2.4
3,612,500	1,087,500	\$0.25	\$783,000	October 7, 2024	4.0
700,000	350,000	\$0.51	\$161,000	December 9, 2024	4.2
650,000	212,500	\$0.76	\$44,625	February 18, 2025	4.4
300,000	75,000	\$0.31	\$49,500	April 29, 2025	4.6
3,750,000	937,500	\$0.70	\$253,125	August 26, 2025	4.9
200,000	50,000	\$0.76	\$10,500	August 26, 2025	4.9
9,412,500	1,775,000	\$0.21	\$519,202		4.4

9. 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 acquisition, exploration and development of exploration and evaluation assets, 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 all the components of equity which, at September 30, 2020, totaled \$29,540,908 (December 31, 2019: \$7,826,726).

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 or acquire or dispose of assets. Refer to Note 1 for additional details of the Company's ability to continue as a going concern.

10. SUBSEQUENT EVENTS

- (a) Subsequent to September 30, 2020, the Company issued 357,118 common shares pursuant to the exercise of 357,118 warrants for cash proceeds of \$178,559; 142,000 common shares pursuant to the exercise of 142,000 compensation options for cash proceeds of \$99,400; and 100,000 common shares pursuant to the exercise of 100,000 options for cash proceeds of \$51,000.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

- (b) On October 7, 2020, the Company granted 250,000 options to a consultant, exercisable at a price of \$1.00 per share for a period of five years.