

BANKERS COBALT CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
Nine months ended September 30, 2019 and 2018
(Expressed in United States Dollars, unless otherwise noted)

BANKERS COBALT CORP.

(the “Company”)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Nine months ended September 30, 2019 and 2018

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Bankers Cobalt Corp. is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

November 27, 2019

Bankers Cobalt Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - expressed in United States dollars unless otherwise noted)

	Notes	September 30, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents		\$ 961	\$ 39,522
Accounts receivable		-	7,511
Prepaid expenses and deposits	4	24,283	18,339
		25,244	65,372
Non-current assets			
Property, plant and equipment	5	64,694	92,107
Exploration and evaluation assets	6	3,043,763	3,038,958
TOTAL ASSETS		\$ 3,133,701	\$ 3,196,437
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	\$ 2,052,950	\$ 1,968,696
Loans	8	134,152	94,950
TOTAL LIABILITIES		2,187,102	2,063,646
SHAREHOLDERS' EQUITY			
Share capital	9	15,702,173	15,577,423
Reserves	9	6,601,180	6,456,867
Accumulated other comprehensive income (loss)		(606)	(8,061)
Deficit		(21,356,148)	(20,893,438)
SHAREHOLDERS' EQUITY		946,599	1,132,791
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,133,701	\$ 3,196,437

Nature of Operations and going concern (Note 1)
Subsequent events (Note 13)

On behalf of the Board of Directors:

"Stephen Barley" Director

"Cesare Fazari" Director

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

Bankers Cobalt Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - expressed in United States dollars unless otherwise noted)

		Three months ended	Three months ended	Nine months ended	Nine months ended
	Notes	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Expenses					
Filing fees		\$ 10,252	\$ 9,206	\$ 27,164	\$ 77,201
Investor relations		-	18,640	2,857	346,383
Management and consulting fees	10	52,066	147,569	436,715	807,427
Office and sundry		472	14,589	6,113	35,657
Professional fees	10	17,405	(21,255)	67,684	219,499
Project generation		1,411	-	9,472	-
Rent		-	1,152	-	2,913
Share-based payments	9,10	11,356	23,376	142,229	156,025
Travel and accommodation		4,072	28,101	48,252	193,976
Total expenses		(97,034)	(221,378)	(740,486)	(1,839,081)
Other income (expense)					
Interest expense		(11,286)	-	(20,017)	-
Impairment of exploration and evaluation assets	6	(61,056)	-	(61,056)	-
Listing expense recovery	14	-	16,613	-	16,613
Forgiveness of debt		272,832	-	272,832	-
Gain on settlement of debt	9	84,397	-	84,397	-
Foreign exchange gain (loss)		567	(1,285)	1,620	(6,081)
Net income (loss)		188,420	(206,050)	(462,710)	(1,828,549)
Other comprehensive income (loss)					
Exchange difference on translation		3,107	(57,564)	7,455	(78,121)
Total comprehensive income (loss)		\$ 191,527	\$ (263,614)	\$ (455,255)	\$ (1,906,670)
Basic and diluted loss per share		\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.02)
Weighted average number of common shares outstanding		113,891,055	106,792,648	111,240,205	99,389,415

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

Bankers Cobalt Corp.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(Unaudited - expressed in United States dollars unless otherwise noted)

	Share Capital		Shares to be issued	Reserves	Accumulated other comprehensive income		Total
	Number of shares	Amount			Deficit		
Balance at December 31, 2017	93,934,878	\$ 13,949,951	\$ -	\$ 6,230,469	\$ 100,499	\$ (9,766,239)	\$ 10,514,680
Private placements	11,580,303	1,145,340	-	145,690	-	-	1,291,030
Share issuance costs	-	(46,120)	-	(6,020)	-	-	(52,140)
Bonus shares	850,000	302,431	-	-	-	-	302,431
Common shares for exercise of options	100,000	18,332	-	-	-	-	18,332
Reallocation of fair market value of stock options exercised	-	54,372	-	(54,372)	-	-	-
Common shares for exercise of warrants	327,467	45,741	-	-	-	-	45,741
Reallocation of fair market value of warrants exercised	-	22,624	-	(22,624)	-	-	-
Shares to be issued	-	-	27,064	-	-	-	27,064
Exchange difference on translation	-	-	-	-	(78,121)	-	(78,121)
Share-based payments	-	-	-	154,580	-	-	154,580
Net loss for the period	-	-	-	-	-	(1,828,549)	(1,828,549)
Balance at September 30, 2018	106,792,648	\$ 15,492,671	\$ 27,064	\$ 6,447,723	\$ 22,378	\$ (11,594,788)	\$ 10,395,048
Balance at December 31, 2018	109,892,812	\$ 15,577,423	\$ -	\$ 6,456,867	\$ (8,061)	\$ (20,893,438)	\$ 1,132,791
Bonus shares	1,500,000	39,602	-	-	-	-	39,602
Shares issued for debt	4,481,850	85,148	-	-	-	-	85,148
Exchange difference on translation	-	-	-	-	7,455	-	7,455
Share-based payments	-	-	-	144,313	-	-	144,313
Net loss for the period	-	-	-	-	-	(462,710)	(462,710)
Balance at September 30, 2019	115,874,662	\$ 15,702,173	\$ -	\$ 6,601,180	\$ (606)	\$ (21,356,148)	\$ 946,599

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

Bankers Cobalt Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - expressed in United States dollars unless otherwise noted)

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Operating activities		
Net loss	\$ (462,710)	\$ (1,828,549)
Items not affecting cash		
Share-based payments	144,313	156,025
Impairment of exploration and evaluation assets	61,056	-
Interest accrued on loan	16,529	5,539
Foreign exchange	(18,530)	-
Bonus shares	39,602	302,431
Gain on settlement of debt	(84,397)	-
Forgiveness of debt	(272,832)	-
Changes in non-cash working capital items:		
Accounts receivable	7,511	(43,585)
Prepaid expenses and deposits	(5,943)	242,262
Trade payables and accrued liabilities	520,693	(9,228)
Net cash outflow from operating activities	(54,708)	(1,175,105)
Investing activities		
Property, plant and equipment purchased	-	(114,294)
Proceeds on disposal of assets	-	35,640
Exploration and evaluation assets	(6,525)	(4,296,223)
Net cash outflow from investing activities	(6,525)	(4,374,877)
Financing activities		
Issuance of common shares	-	1,302,588
Loans	22,672	100,000
Subscriptions received	-	-
Net cash inflow from financing activities	22,672	1,402,588
Currency impact on cash	-	(78,829)
Decrease in cash and cash equivalents	(38,561)	(4,226,223)
Cash and cash equivalents, beginning of the period	39,522	4,292,841
Cash, and cash equivalents, end of the period	\$ 961	\$ 66,618

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

1. Nature of Operations and Going Concern

On March 27, 2007, Bankers Cobalt Corp. (formerly Nomad Ventures Inc.) (“the Company” or “Bankers”), was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia). The Company’s registered office is located at 2900 – 550 Burrard Street, Vancouver, BC V6C 0A3. The Company commenced trading on the TSX Venture Exchange (“TSX-V”) under the symbol NMD.V on February 17, 2010. On October 11, 2017, the Company changed its name to Bankers Cobalt Corp. and commenced trading on the TSX-V under the symbol BANC effective October 12, 2017.

On October 20, 2017, the Company acquired Katanga Cobalt Corp. (“Katanga”) pursuant to the terms of a previously executed amalgamation agreement between Bankers, Katanga and a subsidiary of Bankers (“Subco”), under which Subco amalgamated with Katanga. For accounting purposes this was considered a reverse takeover whereby Katanga was identified as the acquirer of Bankers.

The Company’s principal activity is the acquisition and exploration of mineral properties.

These consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.,

As at September 30, 2019, the Company had not yet achieved profitable operations. During the period ended September 30, 2019, the Company incurred a net loss of \$462,710 (2018 - \$1,828,549), a cash outflow from operating activities of \$54,708 (2018 - \$1,175,105) and, as of September 30, 2019, the Company had a working capital (current assets less current liabilities) deficiency of \$2,161,858 (2018 – \$1,998,274). The Company had a cumulative deficit of \$21,356,148 (2018 - \$20,893,438).

The Company’s continuing existence and its ability to discharge its liabilities and fulfill its commitments as they come due is dependent upon the ability of the Company to obtain equity and/or debt financing and the successful discovery of mineral resources that the Company can profitably commercialize. Management plans to continue exploring the Company’s mineral concessions in order to achieve a commercial discovery that will generate sustainable, long term profitability and obtain additional financing, if needed. While the Company has been successful at securing financing in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the amount and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. Summary of Significant Accounting Policies and Basis of Preparation

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

Basis of preparation

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34, “Interim Financial Reporting” (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2018.

These condensed consolidated interim financial statements of the Company have been prepared on a historical cost basis and are presented in United States dollars unless otherwise specified.

2. Summary of Significant Accounting Policies and Basis of Preparation (continued)

Basis of consolidation

The condensed consolidated interim financial statements of the Company include the accounts of its wholly owned subsidiaries, Bankers Cobalt Mining SASU located in the Democratic Republic of Congo (“DRC”), Bankers Cobalt Mining (Namibia) (Proprietary) Limited located in Namibia and Bankers Cobalt Acquisition Corp. located in Canada.

All significant intercompany transactions and balances are eliminated on consolidation.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

3. New Accounting Standards

IFRS 16, Leases. On January 1, 2019, the Company adopted the new accounting standard, IFRS 16. IFRS 16 requires all leases, including financing and operating leases, to be reported on a company’s balance sheet. The adoption of IFRS 16 had no impact on the Company’s financial statements as the Company has no leases.

4. Prepaid Expenses and Deposits

	September 30, 2019	December 31, 2018
Advances to staff	17,268	16,461
Prepaid listing fees	7,015	1,878
	\$ 24,283	\$ 18,339

5. Property, Plant and Equipment

	Vehicles	Field Equipment	Furniture and Equipment	Computer Equipment	Computer Software	Total
Cost						
Balance December 31, 2018	\$ 25,250	\$ 59,145	\$ 14,295	\$ 14,571	\$ 18,548	\$ 131,809
Additions	-	-	-	-	-	-
Balance September 30, 2019	\$ 25,250	\$ 59,145	\$ 14,295	\$ 14,571	\$ 18,548	\$ 131,809
Accumulated amortization						
Balance December 31, 2018	\$ 12,896	\$ 14,971	\$ 4,210	\$ 4,379	\$ 3,246	\$ 39,702
Additions	9,468	2,268	9,939	2,292	3,446	27,413
Balance September 30, 2019	\$ 22,364	\$ 17,239	\$ 14,149	\$ 6,671	\$ 6,692	\$ 67,115
Net book value						
Balance December 31, 2018	\$ 12,354	\$ 44,174	\$ 10,085	\$ 10,192	\$ 15,302	\$ 92,107
Balance September 30, 2019	\$ 2,886	\$ 41,906	\$ 146	\$ 7,900	\$ 11,856	\$ 64,694

6. Exploration and Evaluation Assets

Democratic Republic of Congo

On June 5, 2017, the Company entered into an agreement with Lockwood Financial Ltd. and Katanga Trust Mining Sarl to acquire certain mining or contractual interests in seven (7) mineral concessions in the DRC as follows:

70% of ZEA 292-COMIMA	65% of PR13370 (Kimpe 1)
70% of ZEA 292-COMIPAD	65% of PR13371 (Kimpe 2)
70% of Nkwali-ZRG 00121	65% of PR13372 (Kimpe)
70% of Karajipopo1	

In exchange, the Company issued 16,000,000 common shares to various third parties, assumed \$200,000 of debt and paid \$896,678. Total consideration was \$2,152,823.

The assignor retains a 2% NSR interest. The Company has the option to purchase 1% of the NSR by payment of the sum of \$1,000,000 per concession at any time.

In the prior year, management determined that the Kimpe concessions were unlikely to provide future economic benefits and therefore decided not to pursue further work on these properties. As a result, an impairment of \$2,422,342, representing total costs incurred, was recorded on these concessions in the year ended December 31, 2018.

On June 13, 2017, the Company entered into a definitive assignment agreement to acquire 100% of the interests, rights and obligations of a further six (6) mining concessions in the DRC as follows: PR13723, PR13724, PR13725, PR13726, PR13727, and PR13781 (the "King Luba" Concessions). In exchange, the Company issued 2,000,000 common shares and paid \$30,000. Total consideration was \$164,461.

On October 5, 2017, the Company entered into a definitive assignment agreement to acquire 55% of the interest, rights and obligations of mining concession PE9468 ("Kaboleta") in the DRC.

In the prior year, management determined that the Kabolela concession was unlikely to provide future economic benefits and therefore decided not to pursue further work on this property. As a result, an impairment of \$4,597,240, representing total costs incurred, was recorded on these concessions in the year ended December 31, 2018.

In January 2018, the Company entered into an agreement with a company controlled by an officer of one of the Company's subsidiaries whereby the Company would pay \$250,000 upon the Company completing the acquisition of interests in not less than 20 concessions in the DRC and an additional \$250,000 upon the Company completing the acquisition of interests in not less than 25 cumulative concessions in the DRC. These costs were included in the acquisition costs of the concessions acquired.

In January 2018, the Company entered into an agreement to earn up to a 70% interest in six additional concessions in the southern Democratic Republic of Congo Copperbelt as follows: PR13414, PR13430, PR13433, PR13441, PR13444, and PR13445. The Company was required to make monthly payments of \$5,000 per concession (total \$30,000 per month) plus \$700,000 per concession after a definite feasibility study has been delivered (total \$4,200,000). Effective July 2018, the monthly payments of \$30,000 were waived by the optionor. The sum of \$60,000 remains owing to the vendor.

In the prior year, as part of a cost savings effort, management decided not to pursue further work on these properties. As a result, an impairment of \$896,733, representing total costs incurred, was recorded on these concessions in the year ended December 31, 2018.

6. Exploration and Evaluation Assets (continued)

Democratic Republic of Congo (continued)

In February 2018, the Company entered into an agreement to earn up to a 70% interest in six additional concessions in the southern Democratic Republic of Congo Copperbelt as follows: PR13416, PR13421, PR13422, PR13423, PR13425 and PR13442. The Company was required to make monthly payments of \$5,000 per concession (total \$30,000 per month) plus \$700,000 per concession after a definite feasibility study has been delivered (total \$4,200,000). Effective July 2018, the monthly payments of \$30,000 were waived by the optionor. The sum of \$60,000 remains owing to the vendor.

In the prior year, as part of a cost savings effort, management decided not to pursue further work on these properties. As a result, an impairment of \$508,262, representing total costs incurred, was recorded on these concessions in the year ended December 31, 2018.

In August 2018, the Company paid \$316,312 (CAD \$415,140) for an option to acquire up to an 80% interest in three more Permits 13394, 13395 and 13396 in the DRC. In connection with the agreement, the Company was required to pay the registered holder of the permits the sum of \$15,000 upon signing of the option agreement (paid), an additional amount of \$15,000 within 30 days of the option agreement (not paid) and \$15,000 per month commencing December 1, 2018 and continuing until the option has been exercised or terminated. Effective July 2018, the monthly payments of \$15,000 were waived by the optionor.

The Company was able to exercise the option up until July 31, 2019, by establishing a joint venture with the registered holder of the permits and paying \$10,000 per percentage point to the registered holder to acquire an equity ownership in the joint venture up to a maximum of 80% (or \$800,000). Effective July 2018, the monthly payments of \$15,000 were waived by the optionor. Effective November 30, 2018, the Company terminated the option as part of a cost saving process and recorded an impairment of \$477,880 in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2018.

In addition, the Company recorded an impairment of \$88,202 on other properties that were previously under evaluation during the year ended December 31, 2018.

Namibia

In July 2018, the Company entered into an option agreement with a private Namibian company to acquire a 70% interest in a prospective base metals, precious metals and industrial metals permit located in the Republic of Namibia for \$9,000. Namibia is situated north of South Africa and south of Zambia. The option is for a period of one year and may be extended by an additional year for a payment of \$8,461. There are no defined expenditure requirements and the option may be extended or converted into a 70/30 corporate joint venture within the two-year option timeline. The Company determined to terminate the option agreement on September 9, 2019.

In November 2018, the Company entered into an option agreement with a private Namibian company to acquire a 70% interest in a prospective base metals, precious metals and industrial metals permit located in the Republic of Namibia for \$20,000. The option is for a period of two years. There are no defined expenditure requirements and the option may be extended or converted into a 70/30 corporate joint venture within the two-year option timeline. The Company determined to terminate the option agreement on September 9, 2019.

During the quarter ended September 30, 2019, the Company recorded an impairment of \$61,056 on the two optioned Namibian properties.

6. Exploration and Evaluation Assets (continued)

Exploration and evaluation expenditures for the period ended September 30, 2019 are as follows:

	Democratic Republic of the Congo				Namibia	Total
	292 Comipad and Comina	2809 Karajipopo	121 Nkwali	King Luba		
<u>Acquisition costs:</u>						
Balance at December 31, 2018	\$ 625,192	\$ 307,546	\$ 307,546	\$ 164,461	\$ 31,275	\$ 1,436,020
Acquisition costs for the period	-	-	-	-	-	-
Balance, September 30, 2019	\$ 625,192	\$ 307,546	\$ 307,546	\$ 164,461	\$ 31,275	\$ 1,436,020
<u>Exploration costs:</u>						
Balance at December 31, 2018	\$ 1,136,273	\$ 37,840	\$ 119,232	\$ 37,217	\$ 28,581	\$ 1,359,143
Consultants	-	-	-	-	1,200	1,200
Depreciation	17,653	3,461	4,277	2,021	-	27,412
Office	3,355	658	813	384	-	5,210
Expenditures during the period	21,008	4,119	5,090	2,405	1,200	33,822
Balance, September 30, 2019	1,157,281	41,959	124,322	39,622	29,781	1,392,965
Value-added tax credit	-	-	-	-	-	274,703
Impairment on properties	-	-	-	-	(61,056)	(61,056)
Currency translation adjustment	-	-	-	-	-	1,131
Total, September 30, 2019	\$ 1,782,473	\$ 349,505	\$ 431,868	\$ 204,083	\$ -	\$ 3,043,763

Bankers Cobalt Corp.
Notes to the Condensed Consolidated Interim Financial Statements
Nine months ended September 30, 2019 and 2018

6. Exploration and Evaluation Assets (continued)

Exploration and evaluation expenditures for the year ended December 31, 2018 are as follows:

	Democratic Republic of the Congo					Other	Namibia	Total
	Kabolela	292 Comipad and Comina	2809 Karajipopo	121 Nkwali	King Luba			
<u>Acquisition costs:</u>								
Balance at December 31, 2017	\$ 2,717,886	\$ 615,092	\$ 307,546	\$ 307,546	\$ 164,461	\$ 922,639	\$ -	\$ 5,035,170
Acquisition costs for the year	-	10,100	-	-	-	816,212	31,275	857,587
Balance, December 31, 2018	\$ 2,717,886	\$ 625,192	\$ 307,546	\$ 307,546	\$ 164,461	\$ 1,738,851	\$ 31,275	\$ 5,892,757
<u>Exploration costs:</u>								
Balance at December 31, 2017	\$ 440,627	\$ 180,759	\$ 37,981	\$ -	\$ 15,295	\$ 932,978	\$ -	\$ 1,607,640
Assays	71,374	99,840	-	23,782	-	53,465	-	248,461
Camp	63,331	30,073	-	1,787	-	77,536	-	172,727
Community relations	-	20,341	-	23	-	1,637	-	22,001
Consultants	56,869	46,068	-	-	7,583	-	14,000	124,520
Depreciation	47,199	33,200	-	5,680	-	41,186	-	127,265
Drilling	466,129	5,594	-	3	-	192,518	-	664,244
Equipment	84,658	167,264	-	-	-	151,531	-	403,453
Field costs	16,226	7,667	-	1,283	-	17,688	-	42,864
Geology	35,314	18,210	(1)	830	2,662	136,969	4,814	198,798
Labour	-	61,311	-	3	-	30,858	-	92,172
Legal	-	-	-	-	-	-	-	-
Permits and fees	10,805	7,720	-	65	-	67,681	-	86,271
Road development	-	-	-	-	-	-	-	-
Office	516,665	458,818	(86)	85,695	12,239	637,795	3,758	1,714,884
Site preparation	60,062	4,111	-	10	-	510	-	64,693
Travel and accommodation	11,193	1,388	-	71	-	311,345	5,152	329,149
Vehicles	4,340	3,832	-	-	-	18,358	857	27,387
Expenditures during the year	1,444,165	965,437	(87)	119,232	22,484	1,739,077	28,581	4,318,889
Balance, December 31, 2018	1,884,792	1,146,196	37,894	119,232	37,779	2,672,055	28,581	5,926,529
Value-added tax credit	-	-	-	-	-	-	-	274,703
Gain on disposal of asset	(5,438)	(9,923)	(54)	-	(562)	(17,487)	-	(33,464)
Impairment on properties	(4,597,240)	-	-	-	-	(4,393,419)	-	(8,990,659)
Currency translation adjustment	-	-	-	-	-	-	-	(30,908)
Total, December 31, 2018	\$ -	\$ 1,761,465	\$ 345,386	\$ 426,778	\$ 201,678	\$ -	\$ 59,856	\$ 3,038,958

7. Trade Payables and Accrued Liabilities

	September 30, 2019	December 31, 2018
Trade payables	\$ 1,232,088	\$ 1,166,485
Accrued and other liabilities	820,862	802,211
	\$ 2,052,950	\$ 1,968,696

Included in trade payables and accrued liabilities at September 30, 2019 is \$239,047 (December 31, 2018 - \$184,862) due to related parties. Amounts due to related parties are non-interest bearing, unsecured and due on demand. During the period ended September 30, 2019, the Company entered into debt cancellation and settlement agreements with various parties whereby trade payables and accrued liabilities of \$272,832 were forgiven. This is recorded in forgiveness of debt in the condensed consolidated interim statements of loss and comprehensive loss (see note 9).

8. Loan from Related Party

On August 7, 2018, the Company entered into a loan agreement with a director of the Company for the amount of \$100,000. The loan is unsecured and bears interest at 10%. The principal value plus accrued interest was payable on August 7, 2019. As additional consideration for the loan, the Company issued 371,000 common shares of the Company. The loan was initially recorded at face value of \$100,000 less the fair value of the shares of \$27,064 for a net amount of \$72,936. The fair value of the shares was being accreted over the loan term and recorded as interest expense. The amortized cost of the loan at September 30, 2019, including accrued interest, is \$111,479 (note 10).

9. Share Capital and Reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At September 30, 2019, there were 115,874,662 (December 31, 2018 – 109,892,812) issued and fully paid common shares.

The Company settled debts of an aggregate amount of \$169,545 (CAD\$224,092) through the issuance of 4,481,850 common shares with a fair value of \$85,148 (CAD\$112,046) and recorded a gain on settlement of debt of \$84,397 (note 7).

The Company issued 1,500,000 common shares with a fair value of \$39,602 as incentive share grants to two insiders pursuant to agreed contractual arrangements. This cost is included in management and consulting fees in the condensed consolidated interim statements of loss and comprehensive loss (note 10)

Warrants

During the nine-month period ended September 30, 2019, 13,474,351 warrants expired unexercised.

Warrants outstanding at September 30, 2019 are as follows:

Outstanding Warrants	Exercise Price (CDN\$)	Expiry Date
19,700	1.00	November 4, 2019
217,000	1.00	November 9, 2019
18,733,750	0.60	December 12, 2020
3,300	1.00	December 23, 2019
58,000	1.00	December 24, 2019
5,500	1.00	February 28, 2020
150,200	1.00	April 18, 2020
4,615,000	0.10	April 28, 2020
103,750	1.00	May 5, 2020
50,000	1.00	August 14, 2020
663,636	0.70	January 25, 2021
2,661,000	0.15	December 12, 2021
5,458,333	0.40	June 29, 2020
252,600	0.40	June 29, 2020
32,991,769		

9. Share Capital and Reserves (continued)

Stock Options

In connection with the reverse takeover transaction on October 20, 2017, the Company adopted a stock option plan whereby the Board of Directors may grant employees, consultants, directors and officers share purchase options. The aggregate number of options reserved for issuance may not exceed 10% of the Company's issued and outstanding shares at the date of the grant. In any twelve-month period, the Company will not grant more than 2% of the issued and outstanding shares of the Company to any one consultant or any one individual performing investor relations activities. The options vest in stages over twelve months, with no more than one-quarter of the options vesting over any three-month period.

During the period ended September 30, 2019, the Company granted 5,987,500 stock options with an exercise price of \$0.05, exercisable for a period of 5 years. The Company also cancelled 6,920,000 stock options.

Total stock-based compensation for the period ended September 30, 2019 was \$142,229 (2018 – \$132,649) relating to the vesting of options. The fair value of options granted was determined using the Black-Scholes option pricing model using the following assumption: Expected life of options: 5 years; Annualized volatility rate of 157.92%-179.35%; Risk-free interest rate of 1.19%-1.38%; and Dividend date of 0%.

Stock option transactions for the period ended September 30, 2019 are as follows:

	Stock Options	Exercise Price (CDN\$)
Balance, December 31, 2018	7,520,000	0.65
Issued	5,987,500	0.05
Cancelled	(6,920,000)	0.65
Balance, September 30, 2019	6,587,500	0.22

Stock options outstanding at September 30, 2019 are as follows:

Outstanding Options	Vested Options	Exercise Price (CDN\$)	Expiry Date
600,000	600,000	0.66	December 18, 2022
5,475,000	5,475,000	0.05	June 20, 2024
512,500	512,500	0.05	August 29, 2024
6,587,500	6,587,500		

Reserves

Reserves consist of the cost of the finders' warrants. When the warrants are exercised, the value of the warrants will be transferred to share capital.

10. Related Party Transactions

Related party transactions for the period ended September 30, 2019 and 2018 are as follows:

Period ended	September 30, 2019	September 30, 2018
Management fees accrued for or paid to companies controlled by officers of the Company	\$ 90,124	\$ 167,029
Bonus paid to a company controlled by an officer of the Company's subsidiary pursuant to agreed contractual agreements	39,602	500,000
Management fees accrued for or paid to companies controlled by officers of the Company's subsidiary	240,000	293,867
Common shares issued to companies controlled by officers in connection with consulting agreements	-	298,988
Interest accrued on loan from a director	7,479	5,539
Common shares owing to director for loan consideration		27,064
Share-based payment	116,948	-
	\$ 494,153	\$ 1,292,487

See Note 6, 7, 8 and 9 for additional related party transactions.

Included in trade payables and accrued liabilities at September 30, 2019 is \$239,047 (December 31, 2018 - \$184,862) due to related parties. Amounts due to related parties are non-interest bearing, unsecured and due on demand.

11. Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. Management approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized 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 on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution 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 financings and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements or through proceeds from loans. The Company's access to financing is uncertain. There can be no assurance of continued access to necessary levels of equity funding. (Note 1)

11. Financial Risk and Capital Management (continued)

Foreign exchange risk

Foreign currency 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 Company's functional currency. The Company does not hedge its exposure to fluctuations in exchange rates.

The Company has operations in Canada, the DRC and in Namibia, which gives rise to the risk that its financial instruments may be adversely impacted by exchange rate fluctuations. The Company has expenditures in both the Canadian and the US dollar.

A significant change in the currency exchange rate between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations.

A 10% change in the Canadian dollar to the U.S. dollar exchange rate would impact the Company's net loss by \$49,598.

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 is not exposed to significant interest rate risks.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash, accounts receivable, trade payables and a loan from a related party. The fair value of cash approximates its carrying value due to its short-term maturity. The fair value of accounts receivable and trade payables may be less than the carrying value as a result of the Company's credit and liquidity risk. The carrying value of the loan from the related party approximates its fair value.

IFRS establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted prices in active markets for the same instrument.

Level 2 – Valuation techniques for which significant inputs are based on observable market data.

Level 3 – Valuation techniques for which any significant input is not based on observable market data.

12. Segmented information

Geographic segments

The Company's assets are located in the following countries:

	As at September 30, 2019			
	Canada	DRC	Namibia	Total
Exploration and evaluation assets	\$ -	\$ 3,043,763	\$ -	\$ 3,043,763
Property, plant and equipment	-	64,694	-	64,694
Other assets	24,545	699	-	25,244
	\$ 24,545	\$ 3,109,156	\$ -	\$ 3,133,701

12. Segmented information (continued)

	As at December 31, 2018			
	Canada	DRC	Namibia	Total
Exploration and evaluation assets	\$ -	\$ 2,979,102	\$ 59,856	\$ 3,038,958
Property, plant and equipment	-	92,107	-	92,107
Other assets	63,840	1,532	-	65,372
	\$ 63,840	\$ 3,072,741	\$ -	\$ 3,196,437

13. Subsequent Events

A total of 236,700 warrants expired unexercised with an exercise price of CDN\$1.00. As well a total of 350,000 stock options expired unexercised with an exercise price of CDN\$0.66.