

VOYAGEUR PHARMACEUTICALS LTD.
(formerly Voyageur Minerals Ltd.)
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2020
(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited consolidated interim financial statements of Voyageur Pharmaceuticals Ltd. (the "Corporation") have not been reviewed by the auditors of the Corporation. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

VOYAGEUR PHARMACEUTICALS LTD.
Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	August 31 2020	November 30 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 15,241	\$ 75,613
GST input tax credits	8,590	26,820
Mineral exploration tax credits	-	68,011
Inventory	10,114	10,114
Prepaid expenses	74,610	214,496
Amounts receivable and Other (note 6)	11,310	2,742
	119,865	397,795
Reclamation deposits (note 7)	14,000	14,000
Property and equipment (note 4)	18,092	23,519
Exploration and evaluation assets (note 5)	1,164,809	1,172,708
Total assets	\$ 1,316,765	\$ 1,608,021
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 582,064	\$ 651,009
Current portion of finance lease obligation (note 13)	9,318	9,067
Loans and interest payable (note 6)	154,291	105,470
Due to shareholders (note 6)	30,749	49,050
	776,423	814,595
Long-term liabilities		
Provision for reclamation obligations (note 7)	14,000	14,000
Finance lease obligation (note 13)	19,378	24,094
COVID-19 Loan	40,000	-
Total liabilities	849,801	852,689
SHAREHOLDERS' EQUITY		
Share capital (note 8)	3,455,004	3,035,951
Contributed surplus	778,429	501,126
Deficit	(3,766,468)	(2,781,745)
Total shareholders' equity	466,965	755,332
Total liabilities and shareholders' equity	\$ 1,316,765	\$ 1,608,021

Nature of operations and going concern (note 1)

Commitments and contingencies (note 11)

Subsequent events (note 15)

Approved on behalf of the Board:

Director	<i>"Brent Willis"</i>	<i>"Trent Abraham"</i>
	Brent Willis	Trent Abraham

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

VOYAGEUR PHARMACEUTICALS LTD.
Consolidated Interim Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended August 31		For the nine months ended August 31	
	2020	2019	2020	2019
EXPENSES				
General and administrative (note 6)	\$ 86,761	\$ 119,305	\$ 352,640	\$ 221,093
Professional fees (note 6)	2,840	37,150	51,379	74,164
Transfer agent and filing fees	6,279	10,267	13,581	17,409
Share-based compensation (note 8)	-	-	264,100	5,315
Wages and benefits (note 6)	37,626	46,495	150,918	146,904
Loss on Asset Write Off (note 5)	152,104	-	152,104	-
Net and comprehensive loss	\$ (285,611)	\$ (213,217)	\$ (984,722)	\$ (464,885)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	67,151,342	58,613,806	67,151,342	55,813,687

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

VOYAGEUR PHARMACEUTICALS LTD.Consolidated Interim Statements of Cash Flow
(Unaudited - Expressed in Canadian Dollars)

	For the nine months ended August 31	
	2020	2019
Cash provided by (used in):		
Operating activities		
Net and comprehensive loss for the period	\$ (984,722)	\$ (464,885)
Add item not involving cash:		
Share-based compensation	264,100	5,315
Non-cash working capital items		
GST input tax credits	18,229	(5,697)
Amounts receivable	59,443	(3,001)
Inventory		(10,114)
Prepaid expenses	139,885	3,074
Accounts payable and accrued liabilities	94,570	20,550
Loans and interest payable		39,838
Due to shareholders	-	(9,620)
Net cash (used in) operating activities	(408,494)	(424,540)
Investing activities		
Accounts payable and accrued liabilities		(7,837)
Property and equipment expenditures		(1,311)
Loss on asset write off	152,104	
Exploration and evaluation expenditures	(138,778)	(125,545)
Net cash (used in) investing activities	13,326	(134,693)
Financing activities		
Promissory note proceeds	154,759	-
COVID-19 Loan	40,000	
Finance lease payments	(4,464)	(6,392)
Issuance of share capital	154,700	468,002
Share subscriptions advanced		50,000
Share issue costs	(10,197)	(16,642)
Net cash provided by (used in) financing activities	334,797	494,968
Change in cash and cash equivalents during the period	(60,372)	(64,265)
Cash and cash equivalents, beginning of the period	75,613	146,916
Cash and cash equivalents, end of the period	\$ 15,241	\$ 82,651
Supplemental cash flow information (note 12)		

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

VOYAGEUR PHARMACEUTICALS LTD.
Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Share capital	Contributed surplus	Share subscriptions advanced	Deficit	Total Equity (Deficiency)
Balance at December 1, 2018	53,975,119	\$2,330,786	\$ 415,589	\$ -	\$ (2,230,694)	515,681
Shares issued on private placements	6,675,353	500,651	-	-	-	500,651
Share subscriptions advanced	-	-	-	50,000.00	-	50,000
Flow-through shares issued on private placement	520,000	41,600	-	-	-	41,600
Flow-through share premium liability	-	(2,600)	-	-	-	(2,600)
Unit warrants	-	(29,726)	29,726	-	-	-
Share issue costs	-	(25,252)	8,610	-	-	(16,642)
Share-based compensation	-	-	5,315	-	-	5,315
Net and comprehensive loss	-	-	-	-	(464,885)	(464,885)
Balance at August 31, 2019	61,170,472	\$2,815,459	\$ 459,240	\$ 50,000	\$ (2,695,579)	\$ 629,120
Balance at December 1, 2019	65,507,038	3,035,951	501,126	-	(2,781,746)	755,332
Shares issued on private placements	2,013,000	95,100	-	-	-	95,100
Shares issued to retire debt obligations	3,846,128	274,550	13,203	-	-	287,753
Flow-through shares issued on private placement	-	55,875	-	-	-	55,875
Flow-through share premium liability	-	3,725	-	-	-	3,725
Share issue costs	-	(10,197)	-	-	-	(10,197)
Share-based compensation	-	-	264,100	-	-	264,100
Net and comprehensive loss	-	-	-	-	(984,722)	(984,722)
Balance at August 31, 2020	71,366,166	\$3,455,004	\$ 778,429	\$ -	\$ (3,766,468)	\$ 466,965

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

VOYAGEUR PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2020 AND 2019

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Voyageur Pharmaceuticals Ltd., formerly Golden Sun Capital Inc., (“Voyageur” or the “Corporation”) was incorporated under the Business Corporations Act (Alberta) on July 23, 2008. Voyageur, through its wholly owned subsidiaries, Voyageur Industrial Minerals Ltd. and Voyageur Minerals Inc., is in the business of acquiring, exploring and developing mineral exploration properties, primarily in the province of British Columbia and the state of Utah, USA. To date, the Corporation has not generated significant revenues from operations and is considered to be an exploration stage corporation.

On March 2, 2017, the Corporation completed a reverse takeover transaction (“RTO”) with Voyageur Industrial Minerals Ltd. (“VIM”). The Corporation acquired 100% of the shares of VIM in exchange for shares of the resulting entity on a 1:1 basis. As a result of the share exchange, VIM is considered to have control. While the Corporation is the legal acquirer, the accounting acquirer is VIM and these financial statements are consolidated and presented with VIM as the reporting entity. Concurrent with the RTO, the Corporation changed its name to Voyageur Minerals Ltd.

The address of the Corporation’s registered and records office is 3700, 400 3rd Avenue S.W., Calgary, Alberta, T2P 4H2. The head office of the Corporation is located at 255, 339 – 50th Avenue S.E., Calgary, Alberta, T2G 2B3.

These consolidated interim financial statements have been prepared on the assumption that the corporation will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business.

The Corporation is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. Recovery of the capitalized costs shown for mineral properties will likely require the establishment of economically recoverable reserves, the securing of development financing and profitable production.

As at August 31, 2020, the Corporation had not yet achieved profitable operations, has accumulated losses of \$3,766,468 since inception and expects to incur further losses in the development of its business, all of which cast substantial doubt on the Corporation’s ability to continue as a going concern. The continued operations of the Corporation are primarily dependent on its ability to raise exploration financing from equity markets or by selling or optioning its mineral properties. While the Corporation has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Corporation be unable to continue as a going-concern. If the going concern assumption was not used, then the adjustments required to report the Corporation’s assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance 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”), applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Corporation’s audited annual financial statements for the year ended November 30, 2019, which have been prepared in accordance with IFRS.

VOYAGEUR PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2020 AND 2019

(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

Approval of consolidated financial statements

These consolidated financial statements were authorized for issue on October 29, 2020 by the directors of the Corporation.

Basis of consolidation

These consolidated financial statements include the accounts of Voyageur Minerals Ltd., its wholly owned Canadian subsidiary, Voyageur Industrial Minerals Ltd., and its wholly owned US subsidiary, Voyageur Minerals Inc. All significant inter-company transactions and balances have been eliminated upon consolidation.

Basis of measurement

The consolidated financial statements of the Corporation have been prepared on an accrual basis and are based on historical costs, modified where applicable. The policies applied in these financial statements are based on IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") issued and outstanding as of October 29, 2020, the date the Board of Directors approved the statements. These consolidated financial statements are presented in Canadian Dollars, which is also the Corporation's functional currency.

3. Summary of significant accounting policies

a) Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements may include estimates which, by their nature, are uncertain. The impacts of such estimates could be pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Significant assumptions management has made could result in a material adjustment to the carrying amounts of assets and liabilities including the determination of fair value of share-based payments using the expected volatility, in the event that actual results differ from assumptions.

The Corporation's accounting policy for exploration costs results in certain items being capitalized according to the expected recoverability of the projects. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the costs, a judgment is made that recovery of the costs is unlikely, the relevant capitalized amount will be written off to earnings.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have a significant effect on the amounts recognized in the interim financial statements:

- the determination that the Corporation will continue as a going-concern for the next year.
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VOYAGEUR PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2020 AND 2019

(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

b) Recent accounting pronouncements

New accounting standards issued but not yet effective

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Corporation has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Changes in accounting policies

IFRS 16 - Leases

The Company applied IFRS 16 with a date of initial application of December 1, 2019. As a result, the Company has changed its accounting policy for leases as detailed below. The Company applied IFRS 16 using the modified retrospective approach, under which any cumulative effect of initial application is recognized in retained earnings at December 1, 2019.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases.

At inception, the Company assesses whether a contract is or contains a lease. This assessment involved the exercise of judgment about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Company has elected not to separate lease and non-lease components for leases of vehicles.

The Company recognizes a right of use (ROU) asset and a lease liability at the commencement of the lease. The ROU is initially measured based on the present value of the lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received. The ROU is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU is subject to testing for impairment if there is an indicator for impairment.

Lease payments generally include fixed payments and variable payment that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the costs of the option is included in the lease payments.

ROU assets are included in the heading Property and equipment and the lease liability is included in the headings current and on-current financial liability.

The Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months or the lease of low value IT equipment. The payments of such lease are recognized in the income statement on a straight-line basis over the lease term.

VOYAGEUR PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2020 AND 2019
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3. Summary of significant accounting policies (continued)**b) Recent accounting pronouncements (continued)**

For the current financial statements of the Company, there are two lease situations:

1. Lease of company vehicle – The Company leases a vehicle for operations and the lease was previously classified as a finance lease under IAS 17. The carrying value of the right-to-use asset and the lease liability at December 1, 2019 was determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

This asset is included in fixed assets along with the related lease obligations as liabilities. The presentation of this asset as a right-of-use asset reflects that it does not meet the definition of investment property and therefore remains to be included in property and equipment. This includes the asset in the same line item as underlying assets of the same nature that it owns. There is no impact of IFRS 16 on this lease.

2. Head office location – The Company is under a lease for its head office location. The lease terms for the current fiscal period under which IFRS 16 applies is on a month-to-month basis and as a result the Company is relying upon a practical expedient exemption of a short-term lease (under 12 months). Accordingly, there is no impact on the company of adopting IFRS 16 on its head office lease.

4. Property and equipment

Cost	Property and equipment		Total
Balance, November 30, 2018	\$	60,853	\$ 60,853
Additions		1,829	1,829
Balance, November 30, 2019		62,682	62,682
Additions		-	-
Balance, Aug 31, 2020	\$	62,682	\$ 62,682
Accumulated depreciation and impairments			
Balance, November 30, 2018	\$	28,959	\$ 28,959
Depreciation		10,204	10,204
Balance, November 30, 2019		39,163	39,163
Depreciation		5,427	5,427
Balance, Aug 31, 2020	\$	44,590	\$ 44,590
Carrying Amount			
As at November 30, 2019	\$	23,519	\$ 23,519
Balance, Aug 31, 2020	\$	18,092	\$ 18,092

Depreciation expense related to exploration property and equipment is presented in exploration and evaluation assets (note 5).

VOYAGEUR PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2020 AND 2019

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets

At the end of the fiscal year ended November 30, 2019, the Corporation had interests in five mineral properties located in British Columbia and Utah, USA as at August 31, 2019. These were Frances Creek, Jubilee Mountain, Pedley Mountain, Paradox Basin and Lithium King.

During the third quarter ended August 31, 2020, the Corporation decided to write off the accumulated capitalized costs of \$152,104 associated with its Lithium King property in the United States. The Corporation determined that this property does not contain sufficient iodine potential. In making this determination, the Corporation believes the best strategy is to focus on one property – the Paradox Basin property (“ULI”) as a base for its future iodine business. The amount written off primarily includes annual claims fees combined with geological and consulting costs as set out below;

Lithium King write off:

	Fiscal year ended November 30,				
	2017	2018	2019	2020	Total
Claims Fees	46,653	-	15,864	-	62,517
Geolical and consulting	38,787	30,446	20,354	-	89,587
	\$ 85,440	\$ 30,446	\$ 36,218	\$ -	\$152,104

A summary of the capitalized acquisition and exploration expenditures on the Corporation’s exploration and evaluation assets for the nine months ended August 31, 2020 and the year ended November 30, 2019 are as follows:

	Canada			USA		Total
	Frances Creek	Jubilee Mountain	Pedley Mountain	Paradox Basin	Lithium King	
Balance, Nov 30 2018	608,210	72,251	42,304	152,433	115,886	991,084
Claims fees	-	14,612	-	19,838	15,864	50,314
Geological and consulting	1,643	14,440	3,500	394	20,354	40,331
Assays and surveys	3,322	-	-	-	-	3,322
Site expenses	7,771	-	-	-	-	7,771
Insurance	6,024	-	-	-	-	6,024
Salaries and wages	65,777	-	-	-	-	65,777
Depreciation of exploration equipment	8,085	-	-	-	-	8,085
Balance, Nov 30, 2019	\$ 700,832	\$ 101,303	\$ 45,804	\$ 172,665	\$ 152,104	\$ 1,172,708
Claims fees	25,861	-	-	-	-	25,861
Geological and consulting	11,743	-	-	-	-	11,743
Assays and surveys	19,778	-	-	-	-	19,778
Site expenses	3,552	-	-	-	-	3,552
Insurance	6,046	-	-	-	-	6,046
Salaries and wages	40,709	-	-	-	-	40,709
Depreciation of exploration equipment	5,427	-	-	-	-	5,427
Other	31,089	-	-	-	(152,104)	(121,015)
Balance, August 31, 2020	\$ 845,037	\$ 101,303	\$ 45,804	\$ 172,665	\$ -	\$ 1,164,809

VOYAGEUR PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2020 AND 2019

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (continued)

Frances Creek, Jubilee Mountain, and Pedley Mountain – Canada

In fiscal 2013, the Corporation was granted the exclusive option to purchase a 100% undivided interest in certain mineral properties located in the province of British Columbia referred to as “Pedley Mountain”,

“Jubilee Mountain” and “Frances Creek” (together, the “claims”) from Tiger Ridge Resources Ltd. (the “Vendor”), a related party.

The Vendor has reserved a 3.5% gross milled sales return royalty on the production of barite and other industrial minerals and a 3.5% net smelter return royalty on the production of base and precious metals on all the claims.

The Corporation and the Vendor are related by virtue of the directors, officers and a shareholder of the Vendor also being directors, officers and a shareholder of the Corporation.

Paradox Basin - USA

In July 2016, the Corporation entered into an agreement to acquire, from the owner, a 100% interest in 89 mineral claims covering approximately 720 hectares in a lithium brine property located in the Paradox Basin of Utah, USA (the “ULI Project”). The claims have been staked by the owner and have been transferred to Voyageur’s wholly owned United States subsidiary.

On September 14, 2016, the Corporation entered into a Standstill Agreement with Anson Resources Ltd. (“Anson”). Under the terms of the agreement, Anson paid Voyageur a non-refundable deposit of US\$75,000 (CDN\$98,753) in exchange for the exclusive right to conduct due diligence on Voyageur’s ULI Project for a period of 45 days and, based on its due diligence findings, earn into the project.

On March 27, 2017 the Corporation signed a formal joint venture agreement with Anson whereby Anson may earn up to 70% of the ULI Project by undertaking exploration activities on the project. Anson earned a 10% interest in the ULI Project upon signing of the formal joint venture agreement can earn further interests upon completing the following:

- 40% by defining the location(s) for one or more drill holes, issuing a NI 43-101 technical report, and incurring US\$666,000 in qualifying expenditures; and
- a further 20% by drilling and logging one or more holes, issuing an updated NI 43-101 technical report, and incurring US \$2,330,000 in qualifying expenditures.

Anson Resources is currently involved in a lawsuit from the geologist who introduced the paradox basin project to Anson. This dispute has delayed the project from advancing. Upon conclusion of this lawsuit, which is currently in the courts in Utah, Voyageur and Anson will resume the project.

Lithium King - USA

In March 2017, the Corporation entered into an agreement to acquire, from the owner, a 100% interest in 71 mineral claims covering approximately 563.62 hectares in a lithium brine property located in the salt flats of Utah, USA (the “Lithium King Property”). During the third quarter ended August 31, 2020, the Corporation determined that the Lithium King property contained insufficient amounts of iodine and determined to completely write off this property. The Corporation has determined that the Paradox Basin property (“ULI Property”) will be the key property for its future strategy focused on iodine

VOYAGEUR PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2020 AND 2019

(Expressed in Canadian Dollars)

6. Related party transactions and balances

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties. Related party transactions are disclosed below, unless they have been disclosed elsewhere in the financial statements.

In the past, certain expenses were paid for by the shareholders who are also directors of the Corporation. During the nine months ended August 31, 2020, these directors accepted shares in the Corporation in exchange for a portion of the outstanding debt. This resulted in a decrease in the amount due to shareholders, including accrued interest, to \$30,749 as at August 31, 2020 from \$154,520 as at November 30, 2019. The entire amount remaining outstanding at August 31, 2020 (November 30, 2019 - \$49,050) is unsecured, non-interest bearing and included in current liabilities.

During the three and nine months ended August 31, 2020 certain directors of the Corporation provided demand promissory note (the "Notes") to the Corporation. These Notes are repayable at the earlier of demand or at the time of the next financing of the Company and carry an interest rate of 10% per annum. A total of \$115,000 was provided in February and March 2020 in Canadian and US funds. In addition, during the quarter ended August 31, 2020, two directors agreed to add \$15,833.23 in outstanding expenses to their promissory notes. Including foreign exchange and interest to August 31, 2020, a total of \$154,291 is outstanding.

During the nine months ended August 31, 2020, the Corporation capitalized \$40,709 (2019 - \$49,717) in wages and benefits to exploration and evaluation assets, in respect of services provided by officers of the Corporation. As of August 31, 2020, and November 30, 2019, all amounts owing to these individuals are included in accounts payable or in amounts due to shareholders.

7. Reclamation deposits

Prior to commencement of exploration of a mineral property in British Columbia, a company is required to post a reclamation bond against any potential land restoration costs that may be incurred in the future, which is refunded upon completion of reclamation to the satisfaction of the Inspector of Mines. The Corporation has posted reclamation bonds of \$14,000 (2019 - \$14,000) with the Province of British Columbia, Canada.

Based on the Corporation being in the early stages of exploration, management believes minimal reclamation obligations exist. Management has recorded a provision of \$14,000 (2019 - \$14,000) at this time based on the bonds posted with the Ministry of Finance. Management believes this obligation is sufficient to cover any future reclamation costs.

8. Share capital

a) Authorized

Unlimited number of Class A shares

Unlimited number of Class B and Class C preferred shares

VOYAGEUR PHARMACEUTICALS LTD.**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2020 AND 2019***(Expressed in Canadian Dollars)***8. Share capital (continued)****b) Issued and outstanding Class A common shares**

	August 31, 2020		November 30, 2019	
	Number	Amount	Number	Amount
Balance, beginning of period	65,507,038	\$ 3,035,952	53,975,119	\$ 2,330,786
Issued on private placement	2,013,000	95,100	11,011,919	779,956
Issued to retire debt obligations	3,846,128	274,550	-	-
Flow-through shares issued on private placement	-	55,875	520,000	41,600
Flow-through share premium	-	3,725	-	(2,600)
Share issue costs	-	(10,197)	-	(82,774)
Value assigned to unit warrants	-	-	-	(31,017)
Balance, end of period	71,366,166	\$ 3,455,004	65,507,038	\$ 3,035,952

2020

On December 23, 2019, the Corporation closed a private placement raising a total of \$95,100 through the sale of 1,268,000 units at \$0.075 per unit. Each unit contained one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.20 for a two-year period. No value has been attached to the warrants as under the Residual Value method, the issue price and market price at the date of issue were identical.

On December 30, 2019, the Corporation closed a private placement raising a total of \$59,600 through the sale of 745,000 flow-through units at \$0.08 per unit. Each flow-through unit contains one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.20 for a two-year period. In connection with this placement, the Corporation paid cash of \$3,968 and issued 49,600 broker warrants. No value has been attached to the unit warrants as under the Residual Value method, the issue price and market price at the date of issue were identical. The broker warrants were valued at \$992 using the Black Scholes option pricing model with the following assumptions: market price of \$0.07, term of two years; volatility of 100%; dividend of 0%; and discount rate of 1.64%.

A flow-through premium liability of \$0.005 per unit has also been recorded to recognize the sale of tax deductions for a total premium liability of \$3,725.

On February 11, 2020, the Corporation entered into settlement agreements with creditors and settled \$288,460 of debt with the issuance of 3,846,128 common shares at a deemed price of \$0.075 per share and 2,650,688 common share purchase warrants, each one of which entitles the holder to acquire one additional common share at \$0.20 for a two year period. The unit warrants have been valued at \$13,203 using the residual value method.

VOYAGEUR PHARMACEUTICALS LTD.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2020 AND 2019

(Expressed in Canadian Dollars)

8. Share capital (continued)

b) Issued and outstanding Class A common shares (continued)

2019

On May 6, 2019, the Corporation closed a private placement raising a total of \$240,652 through the sale of 3,208,687 units at \$0.075 per unit. Each unit contained one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.15 for a two-year period. The unit warrants have been valued at \$16,043 using the residual value method. Of the unit issue, 990,021 were issued to settle outstanding loans and interest owing to a related party in the amount of \$74,251.

In connection with the May 6, 2019 private placement, the Corporation paid cash of \$16,640 and issued 221,867 broker warrants with a fair value of \$7,127. The broker warrants were valued using the Black Scholes option pricing model with the following assumptions: market price of \$0.07, term of two years; volatility of 121%; dividend of 0%; and discount rate of 1.62%.

On July 23, 2019, the Corporation closed a private placement raising a total of \$260,000 through the sale of 3,466,666 equity units at \$0.075 per unit. Each equity unit contains one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.15 for a two-year period. The unit warrants have been valued at \$17,333 using the residual value method.

On September 17, 2019, the Corporation closed a private placement raising a total of \$41,600 through the sale of 520,000 flow-through units at \$0.08 per unit. Each flow-through unit contains one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one

common share at a price of \$0.20 for a two-year period. The unit warrants have been valued at \$1,300 using the residual value method.

A flow-through premium liability of \$0.005 per unit has also been recorded to recognize the sale of tax deductions for a total premium liability of \$2,600. During the year ended November 30, 2019, the Corporation incurred qualifying flow-through expenditures resulting in other income of \$2,600.

On September 24, 2019, the Corporation closed a private placement raising a total of \$99,555 through the sale of 1,327,400 units at \$0.075 per unit. Each unit contained one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.15 for a two-year period. The unit warrants have been valued at \$6,637 using the residual value method.

On October 31, 2019, the Corporation closed a private placement raising a total of \$125,050 through the sale of 1,683,333 units at \$0.075 per unit. Each unit contained one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.20 for a two-year period. The unit warrants have been valued at \$16,673 using the residual value method. Of the units issued, 16,000 were issued to brokers in error. Subsequent to year-end, the 16,000 common shares issued to brokers were cancelled.

In connection with the October 31, 2019 private placement, the Corporation paid cash of \$1,200 and issued 16,000 broker warrants with a fair value of \$448. The broker warrants were valued using the Black Scholes option pricing model with the following assumptions: market price of \$0.07, term of two years; volatility of 121%; dividend of 0%; and discount rate of 1.52%.

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On November 28, 2019, the Corporation closed a private placement raising a total of \$100,637 through the sale of 1,381,833 units at \$0.075 per unit. Each unit contained one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.20 for a two-year period. The unit warrants have been valued at \$13,418 using the residual value method. Of the units issued, 40,000 were issued to brokers in error. Subsequent to year-end, the 40,000 common shares issued to brokers were cancelled.

In connection with the November 28, 2019 private placement, the Corporation paid cash of \$3,000 and issued 40,000 broker warrants with a fair value of \$1,242. The broker warrants were valued using the Black Scholes option pricing model with the following assumptions: market price of \$0.075, term of two years; volatility of 121%; dividend of 0%; and discount rate of 1.59%.

c) Warrants

Details of common share purchase warrants outstanding at August 31, 2020 are as follows:

	August 31,		November 30,	
	2020		2019	
	Number of	Weighted	Number of	Weighted
	Warrants	average	Warrants	average
		exercise		exercise
		price		price
Outstanding - beginning of year	32,037,314	\$ 0.16	21,800,052	\$ 0.18
Issued on private placements	2,013,000	0.20	8,002,753	0.15
Issued on debt retirement	2,640,688	0.20	3,269,166	-
Issued to brokers on private placements	49,600	0.20	221,867	0.15
Issued to brokers on private placements	-	-	56,000	-
Expired	(12,159,951)	0.17	(1,312,524)	0.19
Outstanding - end of period	24,580,651	\$ 0.17	32,037,314	\$ 0.16

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As at August 31, 2020, the following share purchase warrants were outstanding:

Number of Warrants	Exercise price	Expiry date
3,273,552	\$ 0.15	December 31, 2020 *
2,240,400	\$ 0.15	December 31, 2020 *
2,813,625	\$ 0.15	October 30, 2020
3,430,554	\$ 0.15	May 6, 2021
3,466,666	\$ 0.15	July 23, 2021
260,000	\$ 0.20	September 17, 2021
1,327,400	\$ 0.20	September 24, 2021
1,683,333	\$ 0.20	October 30, 2021
1,381,833	\$ 0.20	November 27, 2021
1,268,000	\$ 0.20	December 23, 2021
794,600	\$ 0.20	December 29, 2021
2,640,688	\$ 0.20	February 23, 2022
24,580,651		

On December 30, 2019, the Corporation announced that it had received approval from the Exchange to extend the expiry date of two sets of warrants (* above) totaling 5,513,952 outstanding share purchase warrants that are exercisable for common shares of the Corporation at \$0.15. The warrants were issued as part of the private placements which closed in December 2017. The warrants were set to expire on December 5 and December 29, 2019 and will now expire on December 31, 2020. All other terms of the warrants remain unchanged.

The weighted average remaining contractual life of the issued and outstanding warrants at August 31, 2019 was 0.88 years.

d) Stock options

The Corporation has adopted an incentive stock option plan which provides that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable up to ten years from the date of grant. The fair value of each option grant will be estimated on the date of grant using the Black-Scholes option pricing model. Stock options issued and outstanding are as follows:

	August 31 2020		November 30, 2019	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding - beginning of period	3,598,532	\$ 0.10	4,229,441	\$ 0.10
Issued	3,700,000	-	-	-
Expired/Forfeited	(2,128,532)		(630,909)	
Outstanding - end of period	5,170,000	\$ 0.10	3,598,532	\$ 0.10

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8. Share capital (continued)

d) Stock options (continued)

Details of the share options outstanding and exercisable as at August 31, 2020 are as follows:

Expiry Date	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested	Exercise Price	Weighted Average Remaining Life
May 31, 2023	250,000	250,000	-	\$ 0.10	2.7 years
December 5, 2022	1,220,000	1,220,000	-	\$ 0.10	2.3 years
January 20, 2030	3,350,000	3,350,000	-	\$ 0.10	9.4 years
February 24, 2030	350,000	350,000	-	\$ 0.10	9.5 years

On January 20, 2020, the Corporation issued 3,350,000 incentive stock options to directors, officers, employees and consultants. These options were all immediately vested and are exercisable at \$0.10 per share for a period of ten years. The fair value of the options was calculated using the Black-scholes model based on the following assumptions: Risk-free interest rate of 1.56%, expected life of 10 years, no annual dividend, expected volatility of 100% and a forfeiture rate of 0%.

On February 24, 2020, the Corporation issued 350,000 incentive stock options to an officer with all being immediately vested and are exercisable at \$0.10 per share for a period of ten years. The fair value of the options was calculated using the Black-scholes model based on the following assumptions; Risk-free interest rate of 1.31%, expected life of 10 years, no annual dividend, expected volatility of 100% and a forfeiture rate of 0%.

As at August 31, 2019, stock options outstanding had a weighted average remaining life of 7.40 years.

9. Financial instruments

As at August 31, 2020 and November 30, 2019, the Corporation's financial instruments consist of cash and cash equivalents, amounts receivable, reclamation deposits, accounts payable and accrued liabilities, deferred creditors, due to shareholders and loans and interest payable. The amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to the short-term nature and negligible credit losses. These financial instruments are classified as follows:

- Cash and cash equivalents – fair value through profit and loss
- Amounts receivable – loans and receivables
- Reclamation deposits – loans and receivables
- Accounts payable and accrued liabilities – other financial liability
- Deferred creditors – other financial liability
- Due to shareholders – other financial liability
- Finance lease obligation – other financial liability
- Loans and interest payable – other financial liability

The Corporation does not use derivative instruments or hedges to manage risks because the Corporation's exposure to credit risk, interest rate risk and currency risk is small.

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9. Financial Instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and cash equivalents is exposed to credit risk; however, the risk is deemed small because the counterparty is a highly rated bank.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's cash and cash equivalents are exposed to interest rate risk as the Corporation invests cash and cash equivalents at floating rates of interest in highly liquid instruments. Fluctuations in interest rates impact the value of cash and cash equivalents.

Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign currency risk as certain monetary financial instruments are denominated in United States dollars. At August 31, 2020, total assets include cash of US\$82 (November 30, 2019 - \$5,116) and total liabilities include accounts payable of US\$132,692 (November 30, 2019 - \$200,255). The Corporation has not entered into any foreign currency contracts to mitigate this risk. The Corporation's sensitivity analysis suggests that a change in the absolute rate of exchange in the US dollar by 10% would increase or decrease net loss by \$13,300 (November 30, 2019 - \$18,500) in these consolidated interim financial statements.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation's accounts payable and accrued liabilities are all current and due within 90 days of the statement of financial position date. The Corporation ensures that it has sufficient capital to meet short term financial obligations after taking into account cash and cash equivalents on hand.

10. Capital management

The Corporation's objectives when managing capital are:

- To safeguard the Corporation's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Corporation includes shareholders' equity, cash and cash equivalents in the definition of capital. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

There have been no changes with respect to the overall capital management strategy during the periods ended August 31, 2020 and November 30, 2019.

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11. Commitments and contingencies

Rental Lease Agreement

The Corporations lease term on its head office in Calgary ended on October 31, 2019 and converted to a month-to-month basis effective November 1, 2019. As such there are no commitments beyond 30 days on the office rent (rental currently \$3,707 per month).

12. Supplemental cash flow information

The following outlines the supplemental cash flow details during the nine-month periods ending August 31, 2020 and 2019:

	2020	2019
Non-cash transactions:		
Interest accrued on loans payable (note 6)	\$ -	\$ 2,942
Shares issued to settle debt (note 8)	288,460	-
Flow-through share premium liability (note 8)	3,725	-
Broker warrants issued as share issue costs (note 8)	992	-
Depreciation capitalized to exploration and evaluation assets (note 6)	5,427	2,483
Share-based compensation (note 8)	264,100	3,640
Loss on asset write off (note 5)	152,104	-

13. Finance lease obligation

The Corporation entered into an agreement for the lease of equipment. This lease agreement transferred substantially all the risks and rewards incidental to the ownership of the equipment to the Corporation and the Corporation considered it as a purchase and finance agreement. Accordingly, at the commencement of the lease term, the Corporation recognized this agreement as the acquisition of an asset and liability at amounts equal to the present value of the minimum lease payments. The equipment under finance lease was recognized in property and equipment. The lease is for a period of 5 years with payments of \$888 due monthly. The discount rate used in calculating the present value of the minimum lease payments was the interest rate implicit in the finance lease of 5.475%.

	August 31 2020	November 30 2019
Present value lease payments outstanding	\$ 28,696	\$ 33,159
Less current portion	(9,318)	(9,067)
Long-term portion	\$ 19,378	\$ 24,092

At August 31, 2020, the net carrying amount of the leased equipment was \$14,526.

14. COVID-19

In response to the COVID-19 pandemic, central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operations in future periods.

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14. COVID-19 (continued)

In connection with these programs the Corporation secured a \$40,000 loan through the Canada Emergency Business Account ("CEBA"). This \$40,000 loan carries zero interest and is partially forgivable (25 percent) if repaid by December 31, 2022.

15. Subsequent Events

Subsequent to the quarter ended August 31, 2020, the Corporation received a short-term loan from a prior executive officer of the Corporation. The proceeds are for general purposes but will be focused mainly on launching the Preliminary Economic Assessment ("PEA"). It is critical for the Corporation to have the PEA authors visit the Frances Creek location prior to winter and these funds will allow the Corporation to accomplish this. This will allow the Corporation to maintain its timeline of completing the PEA within the next six months. The loan matures on February 1, 2020 and carries 10% interest that is accrued and paid at maturity. The Corporation has the right to repay earlier with no penalty.