



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

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

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

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

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

TNR GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

| | Unaudited September 30, 2020 | Audited December 31, 2019 |
|--|------------------------------------|---------------------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 15,771 | \$ 1,855 |
| Receivables | 1,833 | 3,093 |
| Prepays | 5,098 | 6,596 |
| Marketable securities (Note 4) | <u>19,010</u> | <u>6,744</u> |
| | 41,712 | 18,288 |
| Right-of-use asset (Note 7) | <u>-</u> | <u>8,654</u> |
| Total assets | <u>\$ 41,712</u> | <u>\$ 26,942</u> |
| LIABILITIES AND DEFICIENCY | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 369,294 | \$ 343,859 |
| Lease liability (Note 7) | <u>-</u> | <u>8,963</u> |
| | 369,294 | 352,822 |
| Loan payable (Note 8) | <u>5,565,161</u> | <u>4,912,258</u> |
| | <u>5,934,455</u> | <u>5,265,080</u> |
| Deficiency | | |
| Share capital (Note 9) | 35,886,899 | 35,505,199 |
| Reserves (Note 9) | 5,634,450 | 5,509,509 |
| Deficit | <u>(47,414,092)</u> | <u>(46,252,846)</u> |
| | <u>(5,892,743)</u> | <u>(5,238,138)</u> |
| Total liabilities and deficiency | <u>\$ 41,712</u> | <u>\$ 26,942</u> |
| Nature and continuance of operations (Note 1) | | |
| Commitments (Note 10) | | |

On behalf of the Board on November 30, 2020

“Kirill Klip” Director “John Davies” Director

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

TNR GOLD CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) AND INCOME**

(Unaudited)

(Expressed in Canadian Dollars)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|---------------------|------------------------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | | | | Restated (Note 3) |
| OPERATING EXPENSES | | | | |
| Administration fees (Note 10) | \$ 5,982 | \$ 5,966 | \$ 18,328 | \$ 18,032 |
| Consulting fees (Note 10) | 18,000 | 18,166 | 72,702 | 122,633 |
| Depreciation (Note 7) | 2,156 | 3,249 | 8,654 | 9,747 |
| Directors' fees (Note 10) | 36,000 | 42,000 | 113,133 | 126,000 |
| Foreign exchange (gain) loss | 7,749 | (881) | 2,735 | (1,547) |
| Interest, accretion and bank charges (Note 8) | 229,852 | 213,710 | 658,016 | 610,791 |
| Management fees (Note 10) | 30,000 | 30,000 | 90,000 | 90,000 |
| Office and miscellaneous | 9,781 | 8,550 | 28,251 | 27,301 |
| Professional fees | 13,173 | 10,136 | 41,906 | 78,006 |
| Property expenditures | 5,043 | 25,346 | 5,260 | 25,346 |
| Shareholder communications | 639 | 1,889 | 2,798 | 11,223 |
| Share-based payments (Note 10) | 116,351 | - | 124,941 | 1,603 |
| Transfer agent and filing fees | 1,462 | 759 | 17,876 | 13,503 |
| Travel and related | - | - | - | 4,884 |
| Total operating expenses | <u>(476,188)</u> | <u>(358,890)</u> | <u>(1,184,600)</u> | <u>(1,137,522)</u> |
| Other (loss) income | | | | |
| Interest income (Note 5) | - | - | - | 11,189 |
| Gain on extinguishment of debt (Note 8) | - | - | - | 1,124,080 |
| Other income | - | - | 2,293 | 20,311 |
| Unrealized (loss) gain on marketable securities (Note 4) | (365) | (19,231) | 18,266 | 148,586 |
| Realized (loss) gain on marketable securities (Note 4) | - | (11,790) | 2,795 | (141,048) |
| Total other (loss) income | <u>(365)</u> | <u>(31,021)</u> | <u>23,354</u> | <u>1,163,118</u> |
| Net and comprehensive (loss) income for the period | <u>\$ (476,553)</u> | <u>\$ (389,911)</u> | <u>\$ (1,161,246)</u> | <u>\$ 25,596</u> |
| Basic and diluted (loss) income per common share | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> | <u>\$ (0.01)</u> | <u>\$ 0.00</u> |
| Weighted average number of common shares outstanding | | | | |
| – basic and diluted | 170,149,780 | 157,016,447 | 162,835,425 | 157,016,447 |

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

TNR GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30,

| | 2020 | 2019 |
|---|------------------|----------------------|
| | | Restated (Note 3) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net (loss) income for the period | \$ (1,161,246) | \$ 25,596 |
| Items not affecting cash: | | |
| Depreciation | 8,654 | 9,747 |
| Interest and accretion expense | 653,140 | 605,768 |
| Share-based payments | 124,941 | 1,603 |
| Gain on extinguishment of debt | - | (1,124,080) |
| Unrealized loss (gain) on marketable securities | (18,266) | (148,586) |
| Realized (gain) loss on marketable securities | (2,795) | 141,048 |
| Changes in non-cash working capital items: | | |
| Receivables | 1,260 | 100,017 |
| Prepays | 1,498 | (2,481) |
| Accounts payable and accrued liabilities | <u>25,435</u> | <u>(74,746)</u> |
| Net cash used in operating activities | <u>(367,379)</u> | <u>(466,114)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of marketable securities | 8,795 | 66,619 |
| Settlement of convertible debenture receivable | <u>-</u> | <u>700,001</u> |
| Net cash provided by investing activities | <u>8,795</u> | <u>766,620</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Shares issued for cash | 394,000 | - |
| Share issue cost | (12,300) | - |
| Repayment of loan payable | - | (300,000) |
| Lease payments | <u>(9,200)</u> | <u>(10,350)</u> |
| Net cash used in investing activities | <u>372,500</u> | <u>(310,350)</u> |
| Net change in cash | 13,916 | (9,844) |
| Cash, beginning of the period | <u>1,855</u> | <u>12,742</u> |
| Cash, end of the period | <u>\$ 15,771</u> | <u>\$ 2,898</u> |

There were no significant non-cash transactions during the periods ended September 30, 2020 and 2019.

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

TNR GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY
(Unaudited)
(Expressed in Canadian Dollars)

| | Share capital | | Reserves | Deficit | Total |
|---|---------------|---------------|--------------|-----------------|----------------|
| | Number | Amount | | | |
| Balance, December 31, 2018 | 157,016,447 | \$ 35,505,199 | \$ 5,434,215 | \$ (45,894,522) | \$ (4,955,108) |
| Share-based payments | - | - | 1,603 | - | 1,603 |
| Comprehensive income for the period – restated (Note 3) | - | - | - | 25,596 | 25,596 |
| Balance, September 30, 2019 – restated (Note 3) | 157,016,447 | 35,505,199 | 5,435,818 | (45,868,926) | (4,927,909) |
| Share-based payments | - | - | 73,691 | - | 73,691 |
| Comprehensive loss for the period – restated (Noted 3) | - | - | - | (383,920) | (383,920) |
| Balance, December 31, 2019 | 157,016,447 | 35,505,199 | 5,509,509 | (46,252,846) | (5,238,138) |
| Shares issued for cash | 13,133,333 | 394,000 | - | - | 394,000 |
| Share issue cost | - | (12,300) | - | - | (12,300) |
| Share-based payments | - | - | 124,941 | - | 124,941 |
| Comprehensive loss for the period | - | - | - | (1,161,246) | (1,161,246) |
| Balance, September 30, 2020 | 170,149,780 | \$ 35,886,899 | \$ 5,634,450 | \$ (47,414,092) | \$ (5,892,743) |

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

TNR GOLD CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – Unaudited)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

1. NATURE AND CONTINUANCE OF OPERATIONS

TNR Gold Corp. (the “Company”) was incorporated on January 14, 1988 under the laws of the Province of British Columbia. The Company’s head office address is Suite 2300 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3. The registered and records office address is Suite 400 – 725 Granville Street, Vancouver B.C. V7Y 1G5. The Company is listed on the TSX Venture Exchange and trades under the stock symbol “TNR”.

The Company is in the business of acquiring and owning royalties which will pay out in future but only if the related properties go into production. These royalties are currently receivable from companies with copper and lithium operations in Argentina. The Company is also in the business of acquiring and exploring its mineral properties located in the United States.

These condensed interim consolidated financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. The Company has not generated revenue from operations and has a working capital deficiency of \$327,582 and an accumulated deficit of \$47,414,092 at September 30, 2020. These circumstances indicate the existence of a material uncertainty which may cast significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

The Company will continue to pursue opportunities to raise additional capital through equity markets and/or debt to fund its exploration and operating activities; however, there is no assurance of the success or sufficiency of these initiatives. The Company’s ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. Management continues to monitor the situation.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**Statement of Compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019. The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2019.

TNR GOLD CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – Unaudited)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)****Basis of Presentation**

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed interim consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiaries.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All inter-company transactions and accounts have been eliminated upon consolidation. The Company's subsidiaries are as follows:

| | Country of Incorporation | Principal Activity | Effective Interest |
|--|-----------------------------|-----------------------|--------------------|
| 0828073 BC Ltd. | Canada | Holding company | 90% |
| Ameri Gold Corp. | Canada | Holding company | 100% |
| Bristol Exploration Co. Inc. ("Bristol") | USA | Holding company | 90% |
| Compania Minera Solitario de Argentina S.A. ("Solitario") | Argentina | Mining company | 100% |
| TNR Gold Investment Corp. | British Virgin Islands | Holding company | 100% |
| TNR Gold Holdings Corp. | British Virgin Islands | Holding company | 100% |

Significant accounting judgments and estimates

The preparation of these condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the calculation of share-based payments, valuation of marketable securities, valuation of deferred income tax amounts, and applicable discount rates used. Share-based payments, as measured with respect to stock options granted, are estimated by reference to the Black-Scholes option pricing model; a detailed discussion of management's estimates with respect to the pricing model is found in Note 9. The value of marketable securities is based on the closing share price on the date of the condensed interim consolidated statement of financial position and may be influenced by trading volume activities. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred tax assets. Management also uses estimates to determine an appropriate discount rate used to calculate the present value of future cash flows associated with long-term liabilities and the lease liability.

The most significant judgments relate to the determination of functional currency of the Company and its subsidiaries, the determination of whether an amendment to the terms of an existing loan is a substantial modification, and the use of the going concern assumption.

TNR GOLD CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – Unaudited)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)**Significant accounting judgments and estimates (cont'd)****Foreign exchange**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Financial Instruments**Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (FVTOCI), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company’s accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the consolidated statement of comprehensive loss in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset’s contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

TNR GOLD CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – Unaudited)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)**Financial Instruments (cont'd)****Financial assets (cont'd)**

The following table shows the classification of the Company's financial assets:

| Financial asset | Classification |
|-----------------------------------|-----------------------------------|
| Cash | Fair value through profit or loss |
| Receivables | Amortized cost |
| Marketable securities | Fair value through profit or loss |
| Convertible debentures receivable | Fair value through profit or loss |

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of comprehensive loss.

Other financial liabilities: This category includes accounts payable, lease liability and loan payable which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the consolidated statement of comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

Borrowing costs

Interest and other financing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs not directly attributable to a qualifying asset are expensed in the period incurred.

New accounting standards adopted

In October 2018, the IASB issued amendments to IFRS 3, Definition of a Business that narrowed and clarified the definition of a business. The amendments permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments are effective January 1, 2020 with earlier adoption permitted. The amendments apply to business combinations after the date of adoption. At January 1, 2020, the Company adopted this standard and there was no material impact on the Company's condensed interim consolidated financial statements.

In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments make minor changes to the definition of the term "material" and align the definition across all IFRS Standards. Materiality is used in making judgments related to the preparation of condensed interim consolidated financial statements. The amendments are effective January 1, 2020 with earlier adoption permitted. At January 1, 2020, the Company adopted this standard and there was no material impact on the Company's condensed interim consolidated financial statements.

TNR GOLD CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – Unaudited)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**3. RESTATEMENT OF COMPARATIVE FIGURES**

The Company has restated the statements of comprehensive (loss) and income and statements of equity to reflect year ended December 31, 2019 adjusting journal entry which are applicable to the nine months ended September 30, 2019. All information with respect to adjusted comparative figures were restated to reflect the year end journal entries.

There is no net impact on the financial position, net loss, cash flows or loss per share in the audited financial statements for the year ended December 31, 2019 as a result of a restatement.

The restatement of the comparative figures is based on an adjustment to amend the fair value of the reissuance of loan payable from \$4,178,985 to \$4,516,113. As a result of the increase of the loan payable by \$337,128, the gain on extinguishment of debt decreased by \$337,128, resulting in net income for the period of \$25,596. This decreased accumulated deficit to \$45,868,926 from \$45,531,798.

4. MARKETABLE SECURITIES

| | Number of Common Shares Held | | Fair Value | |
|-------------------------------------|-------------------------------------|-------------------|--------------------|-------------------|
| | September 30, 2020 | December 31, 2019 | September 30, 2020 | December 31, 2019 |
| Eastern Zinc Corp. | 39,000 | 39,000 | \$ 18,798 | \$ 585 |
| International Lithium Corp. (“ILC”) | 5,290 | 205,290 | 212 | 6,159 |
| Total | | | \$ 19,010 | \$ 6,744 |

For the period ended September 30, 2020, the Company sold 200,000 (2019 – 1,135,000) ILC common shares for proceeds of \$8,795 (2019 - \$66,619) resulting in a realized gain of \$2,795 (2019 – loss of \$141,048). The adjustment to fair value as at September 30, 2020 resulted in an unrealized gain of \$18,266 (2019 - \$148,586).

For the year ended December 31, 2019, the Company sold 2,035,000 ILC common shares for proceeds of \$98,529 resulting in a realized gain of \$16,267. The adjustment to fair value as at December 31, 2019 resulted in an unrealized loss of \$4,404.

5. CONVERTIBLE DEBENTURE RECEIVABLE**Convertible Debentures Receivable**

During the year ended December 31, 2017, the Company invested \$700,000 in the convertible securities of ILC. The convertible securities bore interest at 15% per annum, receivable January 31 of each year, and had a maturity date of January 31, 2019. The Company could convert at any time, all or a portion of the principal into common shares of ILC at a price of \$0.14 per common share. ILC had the right to repay the convertible loan, at any time on the last business day of the month, upon 10 days’ notice to the lender.

The Company’s convertible debenture receivable matured on January 31, 2019. The Company served ILC with a notice of default on February 1, 2019, following which the Company received \$807,273, representing principal and interest due up to the date of repayment on February 7, 2019. During the year ended December 31, 2019, the Company earned interest income of \$11,189 (2018 - \$104,424). As at December 31, 2019, the Company accrued interest receivable of \$Nil (December 31, 2018 - \$96,082), recorded within receivables on the consolidated statement of financial position.

On January 1, 2018, the Company adopted IFRS 9, Financial Instruments (“IFRS 9”) which replaced IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 resulted in the Company no longer separating the embedded derivative from its host contract and the entire asset is measured at fair value through profit or loss. The adoption of IFRS 9 resulted in balances shown as convertible debenture receivable and derivative asset as at December 31, 2017 to be combined into a single figure and shown as convertible debenture receivable as at December 31, 2018.

TNR GOLD CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – Unaudited)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**5. CONVERTIBLE DEBENTURE RECEIVABLE (cont'd)**

| | Year ended December 31, 2019 |
|--|------------------------------------|
| Convertible debenture receivable, beginning of year | \$ 700,001 |
| Change in fair value of convertible debenture receivable | (1) |
| Settlement of convertible debenture receivable | (700,000) |
| Convertible debenture receivable, end of year | \$ - |

The fair value of the equity conversion option component was estimated on transition date to be \$380,360.

As at December 31, 2018, the fair value of the equity conversion option was \$1. As a result, an unrealized loss of \$385,349 was recorded. The fair value of the conversion feature was estimated using the Black-Scholes option pricing model assuming a life expectancy of 1.08 years, a risk-free rate of 1.66%, a forfeiture rate of 0%, and volatility of 83.6% on transition date. The fair value of the conversion feature was estimated using the Black-Scholes option pricing model assuming a life expectancy of 0.08 year, a risk-free rate of 1.85%, a forfeiture rate of 0%, and volatility of 108.22% as at December 31, 2018.

6. EXPLORATION AND EVALUATION ASSETS**Title to Mineral Property Interests**

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company relies on the confirmation of its ownership for mining claims from the appropriate government agencies when paying rental payments for such mining claims requested by these agencies. There could be a risk in the future of the changing internal policies of such government agencies or risk related to third parties challenging in the future the ownership of such mining claims. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Shotgun Gold Project (Alaska)

The Company, through its 90% controlled subsidiary Bristol Exploration Co. Inc., owns 100% of certain unpatented mineral claims located in the Kuskokwim and Bristol Bay district, Alaska. NovaGold Resources Alaska, Inc. retains a 2% net smelter returns royalty (“NSR Royalty”) which can be purchased by the Company for US\$5,000,000 any time prior to a production decision being made. A portion of the claims are subject to a 5% net proceeds royalty.

Solitario Properties (Argentina)*Los Azules (Argentina)*

The Company has an NSR Royalty on the Los Azules Project of 0.36%. The porphyry copper project is owned and operated by McEwen Mining Inc.

Mariana Property (Argentina)

TNR retains a 1.8% NSR Royalty on the Mariana Lithium property in Argentina. ILC has a right to repurchase 1.0% of the NSR Royalty on the Mariana Lithium property of which 0.9% relates to the Company’s NSR Royalty interest. The Company would receive \$900,000 on the execution of the repurchase. The project is currently being advanced in a joint venture between ILC and Ganfeng Lithium International Co. Ltd.

TNR GOLD CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – Unaudited)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**7. RIGHT-OF-USE ASSET AND LEASE LIABILITY****Right-of-use Asset**

| | Office Lease |
|---|--------------|
| Net book value, December 31, 2018 | \$ - |
| Adjustment on initial adoption of IFRS 16 | 21,650 |
| Depreciation | (12,996) |
| Net book value, December 31, 2019 | 8,654 |
| Depreciation | (8,654) |
| Net book value, September 30, 2020 | - |

Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

Lease liability

| | Office Lease |
|--|--------------|
| Lease liability recognized as at January 1, 2019 | \$ 21,650 |
| Lease payments made | (13,800) |
| Interest exchange adjustment | 1,113 |
| At December 31, 2019 | 8,963 |
| Lease payments made | (9,200) |
| Interest exchange adjustment | 237 |
| At September 30, 2020 | - |

8. LOAN PAYABLE

During the year ended December 31, 2012, the company entered into a loan agreement with an unrelated party for a principal amount of \$3,500,000. The loan agreement was amended during the year ended December 31, 2015. Pursuant to the amended terms, the maturity date of the loan was deferred from May 31, 2015 to January 31, 2019 and the Company granted the following financing benefits to the lender:

- a) A 0.04% NSR Royalty on the Los Azules copper project in Argentina (Note 6).
- b) A 0.2% NSR Royalty on the Mariana property in Argentina (Note 6).
- c) 10% equity interest in the shares of Bristol Exploration Co., Inc. that holds the Shotgun property (Note 6).

During the year ended December 31, 2019, the Company entered into an amending agreement with the lender (the “2019 Amendment”). The terms of the 2019 Amendment deferred the maturity date to January 31, 2022 and the Company committed to make a partial payment of \$300,000 (paid) by March 15, 2019. The loan balance as at the date of restructuring totalled \$5,640,193 representing the loan principal and accrued and unpaid interest. No other terms were revised.

The loan accrues interest at a rate of 10% per annum.

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The loan and accrued interest are secured by a promissory note and general security agreement. The Company is permitted to, without the Lender's consent, sell assets having a value up to \$500,000 per calendar year, to enable the Company to maintain its operations and keep its mineral exploration assets in good standing. Any sale of assets having a value in excess of \$500,000 of combined value within one calendar year requires the Lender's consent. Any sale, in whole or in part, of the Company's NSR Royalty on the Los Azules Project, NSR Royalty on the Mariana Property and/or the Shotgun Property requires the Lender's consent.

For accounting purposes, the restructuring was treated as a loan extinguishment and re-issuance as there were deemed to be substantial modifications to the existing terms under the 2019 Amendment. The financing benefit, resulting from the recognition of a discount on the inception of the new loan, has been valued at \$1,124,080 and recorded through the consolidated statement of comprehensive loss as a gain on extinguishment of debt. In order to calculate the present value of the loan as at the modification date, the Company applied a discount rate of 20% which is similar to comparable borrowing arrangements in the marketplace and arrangements previously achieved by the Company.

Management has performed a sensitivity analysis and determined that a difference of 3% in the discount rate applied would result in a difference of \$298,500 in the fair value of the loan and gain on extinguishment of debt on the date of modification.

Balance of carrying value for the loan payable is as follows:

| | Loan Payable |
|-----------------------------|---------------------|
| Balance, December 31, 2018 | \$ 5,603,584 |
| Retirement of loan payable | (5,640,193) |
| Reissuance of loan payable | 4,516,113 |
| Interest expense | 732,754 |
| Loan and interest repayment | <u>(300,000)</u> |
| Balance, December 31, 2019 | 4,912,258 |
| Interest expense | <u>652,903</u> |
| Balance, September 30, 2020 | <u>\$ 5,565,161</u> |

9. SHARE CAPITAL**Authorized:**

Unlimited common shares without par value

Unlimited class "A" non-voting convertible redeemable shares without par value.

Issued

On May 21, 2020, May 29, 2020, and June 22, 2020, the Company completed tranches of a non-brokered private placement consisting of 13,133,333 units (the "Units") at \$0.03 per Unit for gross proceeds of \$394,000. Each Unit consists of one common share of the Company and one non-transferable common share purchase warrant exercisable into one common share of the Company at an exercise price of \$0.05 per share for five years from the date of issue. The Executive Chairman of the Company participated in the private placement. The Company paid a cash finder's fee of \$12,300 to an arm's length finder.

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Warrant transactions are summarized as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|-----------------------|---------------------------------------|
| Balance outstanding, December 31, 2019 and 2018 | 7,200,000 | \$ 0.05 |
| Issued | <u>13,133,333</u> | <u>\$ 0.05</u> |
| Balance outstanding, September 30, 2020 | <u>20,333,333</u> | <u>\$ 0.05</u> |

At September 30, 2020, warrants were outstanding enabling holders to acquire common shares as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|-----------------------|-------------------|----------------------|
| 7,200,000 | \$ 0.05 | November 16, 2022 |
| 5,933,333 | \$ 0.05 | May 21, 2025 |
| 3,800,000 | \$ 0.05 | May 29, 2025 |
| <u>3,400,000</u> | <u>\$ 0.05</u> | <u>June 22, 2025</u> |
| <u>20,333,333</u> | | |

The weighted average outstanding life of warrants outstanding at September 30, 2020 is 3.78 years.

Stock options

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each stock option is based on the market price of the Company's stock on the closing trading price preceding the date of grant. The stock options can be granted for a maximum term of 10 years and vest as determined by the Board of Directors.

Stock option transactions are summarized as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|----------------------|---------------------------------------|
| Balance outstanding, December 31, 2018 | 15,300,000 | \$ 0.05 |
| Granted | 2,400,000 | 0.05 |
| Cancelled | <u>(4,300,000)</u> | <u>0.05</u> |
| Balance outstanding, December 31, 2019 | 13,400,000 | \$ 0.05 |
| Granted | <u>3,500,000</u> | <u>0.05</u> |
| Balance exercisable, September 30, 2020 | 16,900,000 | \$ 0.05 |
| Balance outstanding, September 30, 2020 | <u>16,733,333</u> | <u>\$ 0.05</u> |

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As at September 30, 2020, the following stock options are outstanding:

| Number of Options | Exercise Price | Expiry Date |
|----------------------|-------------------|--------------------|
| 2,050,000 | \$ 0.06 | July 20, 2021 |
| 900,000 | 0.05 | October 12, 2021 |
| 4,500,000 | 0.05 | August 11, 2022 |
| 1,450,000 | 0.055 | December 7, 2022 |
| 2,000,000 | 0.05 | September 26, 2023 |
| 100,000 | 0.05 | December 18, 2023 |
| 2,400,000 | 0.05 | November 7, 2024 |
| 500,000 | 0.05 | June 23, 2025 |
| <u>3,000,000</u> | 0.05 | September 1, 2025 |
| <u>16,900,000</u> | | |

The weighted average outstanding life of stock options outstanding at September 30, 2020 is 2.81 years.

Share-based payments

Total share-based payment expense recognized in profit or loss for the period ended September 30, 2020 was \$124,941 (2019 - \$1,603) relating to vesting of stock options granted in the current and previous years.

On September 1, 2020, the Company granted 3,000,000 stock options to directors, officers and consultants of the Company at exercise prices of \$0.05, per common share with a fair value of \$105,767. The options fully vested on the date of grant and are exercisable for a period of 5 years. The fair value per option calculated using the Black-Scholes option pricing model was \$0.035. The fair value of the option is estimated using the Black-Scholes option pricing model assuming a life expectancy of 5 years, a risk-free rate of 0.38%, a forfeiture rate of 0%, and volatility of 144.07%.

On June 23, 2020, the Company granted 500,000 stock options to a director and officer of the Company at exercise prices of \$0.05, per common share with a fair value of \$10,584. The options fully vested on the date of grant and are exercisable for a period of 5 years. The fair value per option calculated using the Black-Scholes option pricing model was \$0.02. The fair value of the option is estimated using the Black-Scholes option pricing model assuming a life expectancy of 5 years, a risk-free rate of 0.38%, a forfeiture rate of 0%, and volatility of 142.51%.

On November 7, 2019, the Company granted 2,400,000 stock options to directors, officers and consultants of the Company at exercise prices of \$0.05, per common share with a fair value of \$82,617. The options are exercisable for a period of 5 years. 1,900,000 of the stock options vested and were exercisable on the date of grant and 500,000 will vest and be exercisable one year from the date of grant. The fair value per option calculated using the Black-Scholes option pricing model was \$0.03. The fair value of the option is estimated using the Black-Scholes option pricing model assuming a life expectancy of 5 years, a risk-free rate of 1.59%, a forfeiture rate of 0%, and volatility of 218.98%.

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Key management personnel consist of directors, officers and companies controlled by them.

Management Compensation and other related party transactions

During the period ended September 30, 2020 and 2019, the Company entered into transactions with key management personnel as follows:

| Transaction | Relationship | 2020 | 2019 |
|---------------------|--|------------|------------|
| Administration fees | Officer of a subsidiary | \$ 18,328 | \$ 18,032 |
| Consulting fees | A company controlled by a former officer | - | 43,900 |
| Consulting fees | Officer | 27,000 | 9,000 |
| Consulting fees | Director and officer | 6,000 | - |
| Consulting fees | Former director | 6,000 | 27,000 |
| Directors' fees | Directors and former director of the Company | 113,133 | 126,000 |
| Management fees | Director and executive officer | 90,000 | 90,000 |
| | | \$ 260,461 | \$ 313,932 |

Accounts payable and accrued liabilities include amounts due to directors, officers and former directors and officers and a company related by common directors and officer of the Company at September 30, 2020 of \$198,358 (December 31, 2019 - \$150,748). With the exception of the short-term promissory note described below, all amounts are non-interest bearing and have no formal terms of repayment.

Included in accounts payable and accrued liabilities as at September 30, 2020 and December 31, 2019 is a short-term promissory note payable to a director of the Company's subsidiary. The promissory note has a principal balance of US\$25,000 which accrues interest at a rate of 12% per annum. The promissory note was granted with respect to the termination of a formal compensation arrangement with the Director. At September 30, 2020, the carrying amount of the principal and accrued interest is \$66,238 (USD 49,658).

Commitments - Bonus

In the event the Company completes the sale of its subsidiary, Compania Minera Solitario de Argentina S.A. ("Solitario"), or its NSR Royalty on the Los Azules Project, a bonus of up to US\$200,000 is payable to a Director of Solitario. The bonus is calculated as 0.5% of net proceeds received by the Company in the aforementioned transaction.

Commitments - Consulting agreements

The Company entered into consulting agreements with two officers of the Company for the provision of consulting services at a current cost of \$72,000 and \$180,000 per annum respectively. The agreements renew annually at the discretion of the Company's compensation committee. If either of the agreements are terminated without cause, the Company is required to pay a lump sum equal to the greater of (a) the equivalent of one month of fees for each year the consultant has acted on behalf of the Company and (b) the equivalent of 12 months of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to three times the prior 12 months of gross pay.

During the year ended December 31, 2019, the Company's consulting agreement with an officer, at a current cost of \$72,000, was terminated due to their resignation and included in their consulting fees paid was a settlement fee of \$36,000.

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11. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' deficiency. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements other than as disclosed in Note 8. The Company does not have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business over the long term and will need to raise adequate capital by obtaining equity financing, selling assets and/or incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial instruments

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash, receivables, and accounts payable approximates fair value due to the short-term nature of the financial instruments. Cash and marketable securities are classified as fair value through profit or loss and measured at fair value using level 1 inputs.

Lease liability is measured at amortized cost. Fair value of long-term debt is estimated using discounted cash flow analysis based on the borrowing rate for similar borrowing arrangements.

Risk management

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include, credit risk, currency risk, interest rate risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables mainly consist of interest receivable.

Currency risk

The Company's operations are in Argentina, Canada and the United States. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

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12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Risk management (cont'd)

Currency risk (cont'd)

The Company's operating expenses are incurred primarily in Canadian dollars, and its liabilities are denominated primarily in Canadian dollars, or US dollars. Consequently, the Company's exploration programs in the US are subject to currency fluctuations. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk.

The Company has debt instruments and is therefore exposed to risk in the event of interest rate fluctuations. The Company has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings, short-term debt and the optioning of its mineral properties to other mining entities to satisfy its capital requirements and will continue to depend heavily upon these financing activities. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The loan matures January 31, 2022. The Company is exposed to risk that it will encounter difficulty in satisfying liabilities on maturity. The loan is secured by a promissory note and general security agreement.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, the completion of other equity financings and or optioning its mineral property to other mining entities. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions, its success in bringing royalty agreements to fruition, and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings. See Note 1.

The Company may benefit from royalty arrangements once certain major copper and lithium projects come to production. These projects have not yet reached development. There is a risk that planned projects could be delayed or not yield as much as expected, and if so this will affect the Company's anticipated cash flows, requiring the shortfall to be financed. In addition, the Company has the ability to sell assets of up to \$500,000 without consultation with its lender of the loan payable.

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12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Risk management (cont'd)

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The Company's marketable securities amounting to \$19,010 are subject to fair value fluctuations. As at September 30, 2020, if the fair value of the Company's marketable securities had decreased/increased by 10% with all other variables held constant, loss and comprehensive loss for the period would have been approximately \$1,900 higher/lower.