(Formerly Sonoro Metals Corp)

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited)

Suite 408 – 470 Granville Street, Vancouver, BC V6C 1V5

Notice to Reader

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 the condensed interim consolidated financial statements have not been reviewed by an auditor.

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 condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

SONORO GOLD CORP.
(Formerly Sonoro Metals Corp)
Condensed interim consolidated statements of financial position
(Expressed in Canadian Dollars)
(Unaudited)

As at	Note		September 30, 2020		December 31, 2019
Assets					
Current assets					
Cash and cash equivalents		$	4,529,701	$	1,074,652
Prepaid expenses			6,435		14,185
		$	4,536,136	$	1,088,837
Non-current assets					
VAT receivables		$	570,600	$	241,297
Exploration and evaluation assets	4		2,318,136		1,432,095
		$	7,424,872	$	2,762,229
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	5	$	598,420	$	1,369,664
Due to related parties	6		4,000		22,743
Loans payable to related parties	7		56,155		273,862
		$	658,575	$	1,666,269
Shareholders' equity					
Share capital	8	$	16,577,545	$	8,139,909
Share-based payment reserve	8		1,300,819		140,489
Deficit			(11,112,067)		(7,184,438)
		$	6,766,297	$	1,095,960
		$	7,424,872	$	2,762,229

Approved on behalf of the Board:

"Stephen Kenwood" (signed)
Stephen Kenwood, Director

"Ken MacLeod" (signed)
Ken MacLeod, Director

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

(Expressed in Canadian Dollars)

	Note	Three Months Ended September 30 2020	Three Months Ended September 30 2019	Nine Months Ended September 30 2020	Nine Months Ended September 30 2019
Expenses					
Consulting fees	6	$ 403,319	$ 153,500	$ 748,257	$ 430,006
Exploration expenditures	4	743,999	679,131	1,063,053	1,538,626
Legal and audit		36,421	47,580	126,865	139,893
Office and administration		25,614	43,778	78,340	108,552
Share-based payments	6,8	983,450	-	1,257,050	47,200
Transfer agent and filing fees		45,104	16,956	66,090	43,582
Travel and promotion		289,771	93,059	422,545	329,904
		$ (2,527,678)	$ (1,034,004)	$ (3,762,200)	$ (2,637,763)
Other income (expense)					
Interest income	12	$ -	$ 44	$ 128	$ 841
Foreign exchange gain (loss)		(75,535)	(41,039)	(76,301)	24
Interest expense		(66,451)	-	(89,256)	-
		$ (141,986)	$ (40,995)	$ (165,429)	$ 865
Loss and total comprehensive loss for the period		$ (2,669,664)	$ (1,074,999)	$ (3,927,629)	$ (2,636,896)
Basic and diluted loss and comprehensive loss per common share		$ (0.04)	$ (0.03)	$ (0.08)	$ (0.08)
Weighted average number of common shares outstanding, basic and diluted		63,410,695	39,794,117	49,500,729	34,628,724

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	Note	Share Capital		Share-Based Payment Reserve	Subscription Receivable	Deficit	Shareholders' Equity
		Shares	Amount				
Balance, December 31, 2018		31,130,086	$ 6,112,299	$ 214,112	$ (13,000)	$ (5,428,028)	$ 885,383
Private placement, net of issuance costs	8	7,964,031	1,398,947	-	-	-	1,398,947
Exercise of options	8	100,000	12,000	-	-	-	12,000
Shares issued for subscriptions received	8	-	-	-	13,000	-	13,000
Reallocation of reserve on exercise of options	8	-	9,810	(9,810)	-	-	-
Exercised warrants	8	600,000	90,000	-	-	-	90,000
Share-based payments	6, 8	-	-	47,200	-	-	47,200
Net loss for the period		-	-	-	-	(2,636,898)	(2,636,898)
Balance, September 30, 2019		39,794,117	$ 7,623,056	$ 251,502	$ -	$ (8,064,926)	$ (190,368)
Balance, December 31, 2019		42,469,317	$ 8,139,909	$ 140,489	$ -	$ (7,184,438)	$ 1,095,960
Private placement, net of issuance costs		37,407,440	7,933,773				7,933,773
Exercise of warrants		1,120,528	240,143				240,143
Exercise of options		1,100,000	167,000				167,000
Fair value of options			96,720	(96,720)			-
Share-based payments	6, 8	-	-	1,257,050	-	-	1,257,050
Net loss for the period		-	-	-	-	(3,927,629)	(3,927,629)
Balance, September 30, 2020		82,097,285	$ 16,577,545	$ 1,300,819	$ -	$ (11,112,067)	$ 6,766,297

SONORO GOLD CORP.
(Formerly Sonoro Metals Corp)
Condensed interim consolidated statements of financial position
(Expressed in Canadian Dollars)
(Unaudited)

For the nine months ended September 30		**2020**		**2019**
Operating Activities				
Net loss	$	(3,927,629)	$	(2,636,898)
Items not involving cash				
Share-based payments		1,257,050		47,200
Foreign exchange		23,852		-
Changes in non-cash working capital				
VAT receivables		(329,303)		(152,647)
Prepaid expenses		7,750		51,687
Accounts payable and accrued liabilities		(771,244)		730,553
Due to related parties		(18,743)		162,485
Cash Used in Operating Activities	$	(3,758,267)	$	(1,797,620)
Investing Activities				
Expenditures on exploration and evaluation assets	$	(886,041)	$	(416,372)
Cash Used in Investing Activities	$	(886,041)	$	(416,372)
Financing Activities				
Proceeds from share issuance	$	7,933,773	$	1,398,947
Exercise of options		167,000		12,000
Exercise of warrants		240,143		90,000
Proceeds received from subscriptions receivable		-		13,000
Loans repaid – related parties		(784,499)		-
Loans payable – related parties		542,940		-
Cash Provided by Financing Activities	$	8,099,357	$	1,513,947
Increase/(Decrease)Cash and Cash Equivalents		3,455,049		(700,045)
Cash and Cash Equivalents, Beginning of Year		1,074,652		732,636
Cash and Cash Equivalents, End of Year	$	4,529,701	$	32,591
Cash and Cash Equivalents Consists of				
Cash	$	4,529,701	$	7,177
Term deposit		-		25,414
	$	4,529,701	$	32,591
Supplemental Disclosure with Respect to Cash Flows				
Interest received	$	128	$	841
Interest paid/accrued	$	89,256	$	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Sonoro Gold Corp., formerly Sonoro Metals Corp. ("Sonoro" or the "Company") was incorporated in Ontario on November 30, 1944 under the Company Act of Ontario. On January 15, 2007, the Company was issued a Certificate of Continuation by the Province of British Columbia. The Company's principal business activity is the acquisition, exploration and development of exploration and evaluation assets. The Company is a publicly-traded Company listed on the TSX Venture Exchange ("TSX-V") under the symbol "SGO".

The head office, registered address and records office of the Company are located at suite 408 – 470 Granville Street, Vancouver, British Columbia, Canada, V6C 1V5.

The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and to finance mineral property acquisitions and future exploration. The Company does not generate cash flow from operations to adequately fund its activities and has therefore relied principally upon the issuance of securities for financing. The Company will be required to and intends to continue relying upon the issuance of securities to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company incurred a net loss of $3,927,629 during the nine months ended September 30, 2020 (2019 - $2,636,896) and has an accumulated deficit of $11,112,067 (December 31, 2019 - $7,184,438) as at September 30, 2020. As at September 30, 2020, the Company had a working capital of $3,877,561 (working capital deficit on December 31, 2019 - $577,432) available to meet its liabilities as they become due. Although these condensed interim consolidated financial statements do not include any adjustments that may result from the inability to secure future financing, or to the recoverability of assets and classification of assets and liabilities, such a situation would have a material adverse effect on the Company's business, results of operations and financial condition. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus, COVID-19, a global pandemic. This has impacted the global economy with restrictions on travel and mobility being imposed by numerous countries to help reduce new infections. These countries include locations where the Corporation operates. The Company is committed to providing safe and healthy work environments for its employees, contractors and the communities in which it operates. The Company initiated an exploration program in August 2020 on its Cerro Caliche project in Sonoro State, Mexico. The Company has developed a comprehensive mobilization protocol for the resumption of field activities and is observing social distancing and other protective measures in accordance with such protocols.

These condensed interim consolidated financial statements do not include any adjustments related to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Board of Directors approved these interim consolidated financial statements for issue on November 17, 2020.

2. BASIS OF PREPARATION AND CONSOLIDATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34 - Interim Financial Reporting. Therefore, these condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019 ("Annual Financial Statements"), which have been prepared in accordance with IFRS.

2. BASIS OF PREPARATION AND CONSOLIDATION (Continued)

The accounting policies applied in preparation of these condensed interim consolidated financial statements are the same as those applied in the most recent annual consolidated financial statements and were consistently applied to all the periods presented with the exception of IFRS 16 discussed below.

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars, the Company's functional currency, unless otherwise specified.

These consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Cap Capital Corp. ("Cap Capital"), Minera Mar de Plata S.A. de C.V ("MMP") and Minera Breco, S.A. de C.V. ("Breco"). A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All significant intercompany transactions and balances have been eliminated.

Accounting policies

These interim condensed consolidated financial statements follow the same accounting policies and methods of their application as the December 31, 2019 annual audited consolidated financial statements.

Key sources of estimation uncertainty and critical accounting judgement

In preparing these condensed interim consolidated financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred by the Company may differ from these values. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements.

3. CAPITAL MANAGEMENT

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to be able to identify and continue with the exploration activities on its exploration and evaluation assets. The Company defines capital that it manages as shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue shares from treasury, which is the Company's primary source of funds. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the nine months ended September 30, 2020.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Cerro Caliche	San Marcial	Total
December 31, 2018	518,373	0 353,649	$ 872,022
Acquisition costs	560,073	-	560,073
December 31, 2019	1,078,446	353,649	1,432,095
Acquisition costs	886,041	-	886,041
September 30, 2020	$ 1,964,487	$ 353,649	$ 2,318,136

During the nine months ended September 30, 2020, the Company incurred the following exploration expenditures:

	Cerro Caliche
Drilling	$ 301,559
Metallurgical testing	200,948
Geological fees	292,723
Field expenses	140,511
Administration	59,489
Assays	27,068
Laboratory	14,394
Concession taxes	10,766
Geological data	8,800
Travel expenses	6,795
September 30, 2020	$ 1,063,053

During the nine months ended September 30, 2019, the Company incurred the following exploration expenditures:

	Cerro Caliche	San Marcial	Total
Geological fees	$ 350,419	$ -	$ 350,419
Drilling	697,168	-	697,168
Assays	328,297	-	328,297
Field expenses	16,442	-	16,442
Travel expenses	14,356	-	14,356
Surface access	70,777	-	70,777
Concession taxes	52,498	8,669	61,167
September 30, 2019	$ 1,529,957	$ 8,669	$ 1,538,626

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

(a) Cerro Caliche Property

On January 23, 2018, the Company through its wholly owned Mexican subsidiary, MMP, entered into an option agreement with a resident of Sonora, Mexico (the "Cerro Caliche Vendor"), to acquire a 100% interest in the Cerro Caliche Group of Concessions ("Cerro Caliche") located in the municipality of Cucurpe, in northern Sonora state, Mexico.

To exercise the Company must make payments of US$2,982,000 payable in instalments as follows:

December 19, 2017 deposit	US$10,000 (paid)
January 23, 2018 (on signing)	US$117,000* (paid)
January 23, 2019	US$200,000 (paid)
December 13, 2019	US$30,000 (paid) (amended as per discussion below)
January 13, 2020	US$135,000 (paid) (amended as per discussion below)
April 3, 2020	US$20,000 (paid) (amended as per discussion below)
April 30, 2020	US$120,000 (paid) (amended as per discussion below)
July 23, 2020	US$200,000 (paid)
January 23, 2021	US$200,000
July 23, 2021	US$250,000
January 23, 2022	US$250,000
July 23, 2022	US$300,000
January 23, 2023	US$300,000
July 23, 2023	US$400,000
January 23, 2024	US$450,000

* Plus reimbursement of property taxes of US$17,487 (paid)

Following exercise of the option, the Cerro Caliche Vendor will be entitled to a 2% net smelter returns royalty ("NSR") ("Cerro Caliche NSR") from the proceeds of the sale of minerals from the Cerro Caliche project. The Company may purchase the Cerro Caliche NSR at any time for US$1,000,000 for each one percent. On December 10, 2019, MMP entered into an amendment agreement with the Cerro Caliche Vendor to pay the US$300,000 amount due on January 23, 2020 to be split such that MMP will pay US$30,000 by December 13, 2019 (paid) and US$270,000 by January 23, 2020.

On January 13, 2020, MMP entered into a second amendment agreement to split the balance of the January 23, 2020 payment such that MMP would pay US$135,000 by January 13, 2020 (paid), which included a US$5,000 incentive payment and an additional US$140,000 by March 31, 2020.

On April 3, 2020, MMP entered into a third amendment agreement with Cerro Caliche vendor to split the March 31, 2020 payment such that MMP would pay US$20,000 (paid) by April 3, 2020 and US$120,000 by April 30, 2020.

In May 2020, MMP entered into a fourth amendment agreement with Cerro Caliche vendor to split the April 30, 2020 payment such that MMP would pay US$50,000 by May 7, 2020 (paid) and US$70,000 (paid) by June 30, 2020.

On February 14, 2018, the Company through its wholly owned Mexican subsidiary, MMP, entered into a purchase agreement with a resident of Sonora, Mexico to acquire a 100% interest in the Abel concession adjacent to the eastern portion of Cerro Caliche in northern Sonora state, Mexico for a onetime payment of 300,000 pesos (paid - $21,215).

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

(a) Cerro Caliche Property (continued)

On March 14, 2018, the Company through its wholly owned Mexican subsidiary, MMP, entered into an option agreement with a resident of Tucson, Arizona (the “Rosario Vendor”) to acquire a 100% interest in the Rosario Group of Concessions (“Rosario”) located in the municipality of Cucurpe, in northern Sonora State, Mexico. The Rosario concessions are contiguous to the Company’s Cerro Caliche concessions.

To exercise the option the Company must make payments totaling US$1,600,000 payable in instalments as follows:

On signing	US$60,000 (paid)
March 14, 2019	US$75,000 (paid)
March 14, 2020	US$90,000 (paid)
March 14, 2021	US$150,000
March 14, 2022	US$300,000
March 14, 2023	US$375,000
March 14, 2024	US$550,000

Following exercise of the option, the Rosario Vendor will be entitled to a 2% NSR (“Rosario NSR”) from the proceeds of the sale of minerals from the Rosario project. The Company may purchase the Rosario NSR at any time for US$1,000,000 for each one percent.

In May 2020, MMP entered into an amendment agreement with the Rosario Vendor to pay the US$90,000 amount due on March 14, 2020 to be split such that MMP will pay US$35,000 by May 7, 2020 (paid) and US$55,000 by June 30, 2020.

In July 2020, MMP entered into a second amendment agreement with the Rosario Vendor to pay the US$55,000 amount due by June 30, 2020 to be split such that MMP will pay US$10,000 (paid) by July 10, 2020 and US$45,000 by August 31, 2020 (paid).

On May 29, 2018, the Company entered into an option agreement to acquire a 100% interest in the Tres Amigos concession in Sonoro, Mexico. The Tres Amigos concessions are contiguous to the Company’s Cerro Caliche concessions. To exercise the option the Company must make payments totaling US$130,000, which is payable in nine equal instalments over 48 months from the date of signing, as follows:

On signing	US$14,444 (paid)
November 2, 2018	US$14,444 (paid)
May 2, 2019	US$14,444 (paid)
November 2, 2019	US$14,444 (paid)
May 2, 2020	US$14,444 (paid)
November 2, 2020	US$14,444 (paid) (Note 13)
May 2, 2021	US$14,444
November 2, 2021	US$14,444
May 2, 2022	US$14,444

In May 2020, MMP entered into an amendment agreement with the Tres Amigos concession Vendors to pay the US$14,444 amount due on May 2, 2020 to be split such that MMP will pay US$7,222 by May 7, 2020 (paid) and US$7,222 by June 30, 2020 (paid in July 2020).

On August 10, 2018, the Company entered into an option agreement to acquire a 100% interest in the El Colorado concessions, which are located within the perimeter of the Cerro Caliche concessions. To exercise the option the Company must make payments totaling US$100,000, of which US$50,000 ($63,810) had been paid and the balance was due six months from the signing of the agreement.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

(a) Cerro Caliche Property (continued)

During the year ended December 31, 2019, the Company paid the remaining balance of US$50,000 ($66,094) and completed the acquisition of the El Colorado concessions.

On October 5, 2018, the Company entered into an option agreement to acquire a 100% interest in the Cabeza Blanca concession, located within the perimeter of the Cerro Caliche concessions. To exercise the option the Company must make payments totaling US$175,000 in staged payments over five years from the date of signing and by issuing 250,000 common shares (issued - $45,000).

The staged payments are due as follows:

On signing	US$ 5,000 (paid)
November 5, 2019	US$20,000 (paid)
January 5, 2019	US$10,000 (paid)
October 5, 2019	US$70,000 (paid)
October 5, 2020	US$70,000 (paid)

In September 2020, the Company acquired the 100% interest in Cabeza Blanca concession by making the US$70,000 payment due on October 5th, 2020 and secured 100% title to the concession through execution of an “Assignment of Title to Mining Concession Agreement.”

In June 2018, the Company entered into a surface access agreement with the owners of El Cerro Prieto Ranch, which has ownership of the surface rights to the Cerro Caliche concession. In Mexico, mineral concessions do not grant the rights over the surface where they are located, the concession holder must negotiate directly for the use of land with the owners of the surface rights.

Under the Sonoro agreement with El Cerro Prieto Ranch, the Company has access to the land for mineral exploration and development for an annual fee of US$48,000.

(b) San Marcial Property

On July 8, 2014, the Company completed the acquisition of Breco, a private Mexican company that holds the San Marcial project in Sonora, Mexico. The Company acquired all of the issued and outstanding shares of Breco by paying $40,000 cash and issuing 50,000 common shares with a market value of $16,000. The acquisition of Breco was deemed to be the acquisition of an asset.

As a result of the acquisition of Breco, Sonoro assumes the original option agreement obligation with the original optionors of the San Marcial property. Future-stage cash payments to an aggregate of $60,000 over two years and share issuances to an aggregate of 150,000 shares over three years to maintain interest in the underlying San Marcial property option agreement will be made at Sonoro’s discretion to the vendors of Breco as follows:

	Cash	Shares
First anniversary date	$30,000	50,000
Second anniversary date	30,000	50,000
Third anniversary date	nil	50,000
	$60,000	150,000

On September 29, 2017, the Company issued the final 50,000 shares due on the third anniversary with a fair value of $7,500.

4. EXPLORATION AND EVALUATION ASSETS (Continued)

(b) San Marcial (continued)

In September 2012, Breco entered into an option agreement with certain vendors (the "Vendors") whereby Breco acquired a 100% interest in an additional concession that is contiguous to the San Marcial project for cash payments of US $180,000 made between September 2012 to September 2017. The San Marcial concession is subject to a 2% NSR, which may be purchased for US$750,000 at the Company's election.

(c) Realization of assets

The Company's investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in the assets is dependent on establishing legal ownership of the property interest, on the attainment of successful commercial production or from the proceeds of its disposal. The recoverability of the amounts shown for the exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the exploration and evaluation assets, and upon future profitable production or proceeds from the disposition thereof.

(d) Title to mineral properties

Title to exploration and evaluation assets 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 of many exploration and evaluation assets. Although the Company has taken steps to ensure title to the exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such assets, these procedures may not guarantee the Company's title. Asset title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(e) Environmental matters

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its exploration and evaluation assets. The Company conducts its exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current assets that may result in a material liability to the Company.

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets, the potential for production on these assets may be diminished or negated.

(Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS

Accounts payable and accrued liabilities for the Company are broken down as follows:

		September 30, 2020		Dec. 31, 2019
Trade payables	$	569,700	$	1,197,917
Accrued liabilities		28,720		171,747
Total	$	598,420	$	1,369,664

All accounts payable and accrued liabilities for the Company are due within the next 12 months.

At September 30, 2020, $4,000 (December 31, 2019 - $22,743) is owing to a related party without interest and is payable on demand.

Compensation of key management

Key management comprises directors and executive officers. Compensation awarded to key management is as follows:

	For the three months ended September 30, 2020	2019	For the nine months ended September 30, 2020	2019
Consulting fees	$ 220,000	$ 105,000	$ 460,000	$ 325,000
Share-based payments	648,900	-	835,650	35,290
	$ 868,900	$ 105,000	$ 1,295,650	$ 360,290

The Company incurred no post-employment benefits and no long-term benefits.

In May 2020, the Board of Directors reapproved executive compensation plans ("ECPs") for the Chief Executive Officer ("CEO") and Executive Chairman ("EC") of the Company for a three year term starting from May 1, 2020. Pursuant to the ECPs the CEO and EC are entitled to additional bonuses at the discretion of the Board of Directors. In the event of termination without cause or under change of control provisions, the CEO and EC are entitled to a one-time lump sum payment equivalent to 24 months of the officer's then-current annual fees, or the remainder of the term, whichever is less, (less all required or permitted withholdings and remittances), within 5 business days from the date of the termination notice.

In May 2020, the Board of Directors reapproved compensation plan for an officer of the Company for a three-year term starting from May 1, 2020. Pursuant to the compensation plan, the officer is entitled to additional bonuses at the discretion of the Board of Directors. In the event of termination without cause or under change of control provisions, the officer is entitled to a one-time lump sum payment equivalent to 12 months of the officer's then-current annual fees, or the remainder of the term, whichever is less, (less all required or permitted withholdings and remittances), within 5 business days from the date of the termination notice.

6. LOANS - RELATED PARTIES

During the nine months ended September 30, 2020, the Company issued promissory notes to related parties in the amount of $542,940 (December 31, 2019 - $273,862) with an annual interest rate of 10%. The promissory notes of $784,499 and interest of $89,256 were repaid during the nine months ended September 30, 2020.

7. SHARE CAPITAL AND RESERVES

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

i. In September, 2020, 245,000 warrants with an exercise price of $0.15 were exercised for gross proceeds of $36,750.

ii. In August 2020, the Company closed a non-brokered private placement offering of 36,363,638 units at $0.22 per unit for proceeds of $8,000,000. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of three years from the closing date at an exercise price of $0.30 per share.

All securities issued and issuable in connection with the offering are subject to a 4-month hold period ending December 13, 2020. The offering received the final approval from the TSX Venture Exchange on August 24, 2020.

In connection with the offering, the Company entered into finder's fee agreements pursuant to which the Company paid to each arm's length finder: (i) at the election of the finder, either a cash finder's fee or units equal to 7% of the gross proceeds raised from subscribers introduced to the Company by the finder and (ii) such number of non-transferable finder's warrants (the "Finder's Warrants") equal to 7% of the gross proceeds raised from subscribers introduced to the Company by the finder. Each Finder's Warrant entitles the finder to purchase one common share in the capital of the Company at a price of $0.30 for a period of three years following the closing of the offering. One of the finders received only a cash finder's fee with respect to its portion of the finder's Fee.

iii. In August, 2020, warrant holders exercised 275,000 warrants with an exercise price of $0.15 per share for gross proceeds of $41,250.

iv. In August, 2020, warrant holders exercised 600,528 warrants with an exercise price of $0.27 per share for gross proceeds of $162,643.

v. In August 2020, 200,000 options with an exercise price of $0.16 were exercised for gross proceeds of $32,000. Upon exercise, $15,720 was allocated to share capital from share-based payment reserve.

vi. In August 2020, 900,000 options with an exercise price of $0.15 were exercised for gross proceeds of $135,000. Upon exercise, $81,000 was allocated to share capital from share-based payment reserve.

vii. In July, 2020, warrant holders exercised 600,528 warrants with an exercise price of $0.27 per share for gross proceeds of $162,643.

viii. On December 27, 2019, 100,000 options with an exercise price of $0.18 were exercised for gross proceeds of $18,000. Upon exercise, $11,700 was allocated to share capital from share-based payment reserve.

8. SHARE CAPITAL RESERVES (Continued)

ix. On December 27, 2019, 350,000 options with an exercise price of $0.17 were exercised for gross proceeds of $59,500. Upon exercise, $39,200 was allocated to share capital from share-based payment reserve.

x. On December 27, 2019, 150,000 options with an exercise price of $0.16 were exercised for gross proceeds of $24,000. Upon exercise, $11,790 was allocated to share capital from share-based payment reserve.

xi. On December 6, 2019, 350,000 options with an exercise price of $0.16 were exercised for gross proceeds of $24,000. Upon exercise, $27,510 was allocated to share capital from share-based payment reserve.

xii. On December 6, 2019, 625,000 options with an exercise price of $0.12 were exercised for gross proceeds of $75,000. Upon exercise, $61,313 was allocated to share capital from share-based payment reserve.

xiii. On October 31, 2019, 600,000 warrants with an exercise price of $0.15 were exercised for gross proceeds of $90,000.

xiv. On October 23, 2019, 200,000 stock options with an exercise price of $0.10 were exercised for gross proceeds of $20,000. Upon exercise, $18,800 was allocated to share capital from share-based payment reserve

xv. On October 10, 2019, 300,000 warrants with an exercise price of $0.15 were exercised for gross proceeds of $45,000.

xvi. On August 9, 2019, 600,000 warrants with an exercise price of $0.15 were exercised for gross proceeds of $90,000.

xvii. On August 2, 2019, the Company completed a non-brokered private placement of 4,167,000 units (the “Units”) at a price of $0.18 per Unit, for gross proceeds of $750,060. Each Unit consisted of one common share and one-half of a common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.27 for a period of one year. Finder’s fees of 114,437 Units and 114,437 non-transferable finder’s warrants (“Finder’s Warrants”) were issued to three arm’s length finders equaling 7% of the total unit subscriptions introduced by each respective finder. Each Finder’s Warrant entitles the finder to purchase one common share of the Company at a price of $0.27 and expires in one year.

xviii. On July 31, 2019, 100,000 stock options with an exercise price of $0.12 per share were exercised for gross proceeds of $12,000. Upon exercise, $9,810 was allocated to share capital from share-based payment reserve.

xix. On April 2, 2019, the Company completed a non-brokered private placement of 3,615,104 units (the “Units”) at a price of $0.18 per Unit, for gross proceeds of $650,718. Each Unit consists of one share and one-half of a common share purchase warrant (each warrant, a “Warrant”). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.27 for a period of one year. In connection with the private placement, the Company paid finder’s fees by way of issuing 67,690 Units and 67,690 non-transferrable finder’s warrants (“Finder’s Warrants”). Each Finder’s Warrant entitles the holder to purchase one common share of the Company at a price of $0.27 for a period of one year.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL RESERVES (Continued)

(c) Stock Options

Pursuant to the policies of the TSX-V, under the Company's stock option plan, options to purchase common shares are granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of grant for a maximum term of five years. The Board of Directors may grant options for the purchase of up to a total of 10% of the outstanding shares at the time of the option grant less the aggregate number of existing options and number of common shares subject to issuance under outstanding rights that have been issued under any other share compensation arrangement. Options granted under the plan may vest over a period of time at the discretion of the Board of Directors.

A summary of the Company's outstanding and exercisable stock options is as follows:

	September 30, 2020			**December 31, 2019**		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Balance, beginning of year	1,185,000	$	0.15	2,375,000	$	0.12
Granted	7,790,000		0.24	800,000		0.17
Exercised*	(1,100,000)		0.15	(1,875,000)		0.14
Cancelled	-		-	(115,000)		0.16
Balance, end of period	7,875,000	$	0.24	1,185,000	$	0.15

On January 10, 2020, the Company granted incentive stock options to directors, officers and consultants of the Company entitling them to purchase 3,040,000 common shares at a price of $0.15 per share for a period of three years vesting 100% on the date of grant and expiring January 10, 2023. The fair value of $273,600 is included in net loss for the nine months ended September 30, 2020.

On August 26, 2020, the Company granted incentive stock options to directors, officers and consultants of the Company entitling them to purchase 4,200,000 common shares at a price of $0.30 per share for a period of three years vesting 100% on the date of grant and expiring August 26, 2023. The fair value of $865,200 is included in net loss for the nine months ended September 30, 2020.

On September 4, 2020, the Company granted incentive stock options to directors, officers and consultants of the Company entitling them to purchase 550,000 common shares at a price of $0.30 per share for a period of three years vesting 100% on the date of grant and expiring September 4, 2023. The fair value of $118,250 is included in net loss for the nine months ended September 30, 2020.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL RESERVES (Continued)

The fair value of stock options and warrants are estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2020		September 30, 2019	
	Options	Warrants	Options	Warrants
Risk-free interest rate	0.28% -1.69%	n/a	1.77%	n/a
Expected dividend yield	0.00	n/a	0.00	n/a
Expected stock price volatility	121.84% - 131.18%	n/a	76.42%	n/a
Expected life in years	3.00	n/a	2.00	n/a
Weighted average fair value	$0.24	n/a	$0.07	n/a

The following summarizes information on the number of stock options outstanding:

Expiry Date	Exercis e Price	September 30, 2020	December 31, 2019
July 28, 2022	$ 0.12	200,000	200,000
May 31, 2023	$ 0.15	200,000	200,000
November 13, 2020	$ 0.16	235,000	435,000
February 11, 2021	$ 0.17	150,000	150,000
December 9, 2021	$ 0.16	200,000	200,000
January 10, 2023	$ 0.15	2,140,000	-
August 26, 2023	$ 0.30	4,200,000	-
September 4, 2023	$ 0.15	550,000	-
		7,875,000	1,185,000

The weighted average remaining contractual life for the outstanding options at September 30, 2020 is 2.53 (December 31, 2019 – 2.67) years.

(d) Warrants

As at September 30, 2020, the Company had share purchase warrants outstanding entitling the holders to acquire common shares as follows:

	Number of Financing Warrants	Number of Broker Warrants	Weighted Average Exercise Price $
December 31, 2018	5,000,000	-	0.15
Issued	3,891,054	273,191	0.27
Exercised	(1,500,000)	-	0.15
December 31, 2019	7,391,054	273,191	0.22
Issued	36,363,638	2,372,959	0.30
Exercised	(1,120,528)	-	0.21
Expired	(3,290,526)	(273,191)	0.27
September 30, 2020	39,343,638	2,372,959	0.29

(Expressed in Canadian Dollars)

9. SEGMENTED INFORMATION

The Company has one business segment, the exploration of mineral properties. The Company's significant assets are distributed by geographic locations as follows:

As at September 30, 2020

	Exploration and Evaluation Assets
Mexico	$ 2,318,136
Total	$ 2,318,136

As at December 31, 2019

	Exploration and Evaluation Assets
Mexico	$ 1,432,095
Total	$ 1,432,095

10. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

In June 2020, the Company entered into a commercial property lease commencing on July 1, 2020 and expiring on November 29, 2021.

The Company has entered into option agreements to acquire certain exploration properties in Mexico. For the option agreements to remain in good standing, the Company is committed to making periodic payments. (Note 4)

11. CAPITAL MANAGEMENT

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to be able to identify and continue with the exploration activities on its exploration and evaluation assets. The Company defines capital that it manages as shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue shares from treasury, which is the Company's primary source of funds. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the nine months ended September 30, 2020.

12. FINANCIAL INSTRUMENTS

The Company has classified its cash and cash equivalents as fair value through profit and loss; receivables (excluding input tax credits receivable) as loans and receivables, and accounts payable and accrued liabilities and due to related parties, as other financial liabilities.

Fair value

The carrying values of receivables, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short-term nature of these financial instruments. Cash and cash equivalents are measured at their market value in accordance with Level 1 of the fair value hierarchy.

12. FINANCIAL INSTRUMENTS (Continued)

Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents and receivables. The risk arises from the non-performance of counterparties of contracted financial obligations. Credit risk is mitigated as cash and cash equivalents have been placed on deposit with major Canadian and Mexican financial institutions.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents and maximum exposure thereto is as follows:

		September 30, 2020		December 31, 2019
Cash and cash equivalents held at major Canadian financial institutions	$	4,493,733	$	194,602
Cash held at major Mexican financial institutions		35,968		880,050
Total cash and cash equivalents	$	4,529,701	$	1,074,652

As at September 30, 2020, the Company held a cashable guaranteed investment certificate of $nil (December 31, 2019 - $25,526) earning nil% interest (December 31, 2019 - 0.50%).

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company has a working capital at September 30, 2020 in the amount of $3,877,561 (working capital deficit on December 31, 2019 - $577,432) and will need to access additional sources of capital in order to meet liabilities as they become due.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(a) Interest rate risk

The Company's cash and cash equivalents consist of cash held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2020 and December 31, 2019.

(b) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

The Company is exposed to foreign currency risk with respect to cash and cash equivalents and accounts payable and accrued liabilities as a portion of these amounts are denominated in US dollars and Mexican pesos. The Company has not entered into any foreign currency contracts to mitigate this risk.

As at September 30, 2020 and December 31, 2019, the Company's significant exposure to foreign currency risk, based on the consolidated statement of financial position carrying values, were to the Mexican peso and the US dollar, as follows:

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS (Continued)

	September 30, 2020	
	MXN	USD
Cash	$ 588,136	359,279
Accounts receivable	10,288,130	-
Prepaid expenses	17,660	-
Accounts payable and accrued liabilities	(13,891,966)	(407,221)
Loans	(405,118)	(23,440)
Total	(204,904)	(736,671)
Canadian dollar equivalent	$ 145,312	335,839

	December 31, 2019	
	MXN	USD
Cash	$ 153,297	$ 770,012
Accounts receivable	3,340,603	-
Prepaid expenses	17,660	-
Accounts payable and accrued liabilities	(14,343,056)	(15,945)
Total	(10,831,496)	754,067
Canadian dollar equivalent	$ (746,531)	$ 979,383

The sensitivity analysis of the Company's exposure to foreign currency risk suggests that a 10% change in foreign exchange rates between the Mexican peso, US dollar and Canadian dollar would impact net income (loss) for the nine months ended September 30, 2020 by $68,000 (December 31, 2019 - $145,000).

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

13. EVENTS AFTER THE REPORTING PERIOD

(a) In October 2020, warrant holders exercised the remaining balance of 2,980,000 warrants with an exercise price of $0.15 per share, which were to expire in October 2020, for gross proceeds of 447,000.

(b) In November 2020, the Company made the US$14,444 instalment payment for the Tres Amigos concession, which was due on November 2, 2020.