



Interim Condensed Consolidated Financial Statements  
Nine Months Ended September 30, 2020  
(Unaudited – Expressed in Canadian dollars)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED 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 interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed 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 interim condensed 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.

**VANGOLD MINING CORP.**Interim condensed consolidated statements of financial position  
(Expressed in Canadian dollars)

	September 30, 2020	December 31, 2019
	(unaudited)	
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 4,899,644	\$ 544,279
Amounts receivable	31,301	28,294
Prepaid expenses and deposits	56,482	3,045
<b>Total current assets</b>	<b>4,987,427</b>	<b>575,618</b>
<b>Non-current assets</b>		
Equipment (Note 3)	14,902	3,182
Advances receivable (Note 5)	251,408	251,408
Exploration and evaluation assets (Note 4)	1,531,207	1,539,490
<b>Total assets</b>	<b>\$ 6,784,944</b>	<b>\$ 2,369,698</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 6 and 13)	\$ 248,111	\$ 330,931
<b>Total liabilities</b>	<b>248,111</b>	<b>330,931</b>
<b>Shareholders' Equity</b>		
Share capital (Note 7)	42,702,977	38,468,898
Contributed surplus	12,552,358	10,977,644
Deficit	(48,718,502)	(47,407,775)
<b>Total shareholders' equity</b>	<b>6,536,833</b>	<b>2,038,767</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,784,944</b>	<b>\$ 2,369,698</b>

Nature of operations and going concern (Note 1)  
Commitments and contingent liabilities (Note 13)  
Subsequent events (Note 14)

Approved and authorized for issuance on behalf of the Board of Directors on November 27, 2020:

"James Anderson"

James Anderson, Chairman, CEO and Director

"Richard Silas"

Richard Silas, Director

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

**VANGOLD MINING CORP.**

Interim condensed consolidated statements of operations and comprehensive loss  
(Unaudited – Expressed in Canadian dollars)

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
<b>Expenses</b>				
Advertising and promotion	\$ 128,735	\$ 14,000	\$ 163,341	\$ 19,229
Depreciation (Note 3)	8,278	615	11,505	2,782
Foreign exchange loss (gain)	3,925	(4,948)	6,979	(1,067)
Management and consulting fees (Note 6)	82,992	48,593	222,047	188,449
Mineral exploration costs (Note 4)	326,405	5,259	370,327	27,167
Office and miscellaneous	76,548	14,352	110,680	42,536
Professional fees	39,740	52,699	156,740	109,863
Rent	2,267	1,074	14,775	4,044
Share-based compensation (Notes 6 and 9)	98,064	–	182,716	13,038
Transfer agent and regulatory fees	9,340	1,485	33,873	26,345
Travel and meals	11,727	15,159	26,624	48,328
<b>Total expenses</b>	<b>788,021</b>	<b>148,288</b>	<b>1,299,607</b>	<b>480,714</b>
<b>Loss before other income</b>	<b>(788,021)</b>	<b>(148,288)</b>	<b>(1,299,607)</b>	<b>(480,714)</b>
<b>Other income</b>				
Gain on settlement of debt	–	6,500	14,793	36,414
Interest income	2,356	–	4,087	–
Settlement of claim (note 13)	(30,000)	–	(30,000)	–
<b>Loss and comprehensive loss for the period</b>	<b>\$ (815,665)</b>	<b>\$ (141,788)</b>	<b>\$ (1,310,727)</b>	<b>\$ (444,300)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>94,367,037</b>	<b>41,514,159</b>	<b>72,347,454</b>	<b>41,061,894</b>

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

**VANGOLD MINING CORP.**

Interim condensed consolidated statements of changes in shareholders' equity  
(Unaudited – Expressed in Canadian dollars)

	Share capital		Contributed Surplus	Deficit	Total
	Number of Shares	Amount			
Balance, December 31, 2018	33,854,659	\$ 37,561,359	\$ 10,613,659	\$ (46,897,999)	\$ 1,277,019
Shares issued for cash	11,659,500	459,740	123,236	–	582,976
Share issuance costs	–	(36,723)	5,275	–	(31,448)
Fair value of stock options granted	–	–	13,038	–	13,038
Net loss for the period	–	–	–	(444,300)	(444,300)
Balance, September 30, 2019	45,514,159	37,984,376	10,755,208	(47,342,299)	1,397,285
Shares issued for cash	14,149,930	484,522	222,977	–	707,499
Share issuance costs	–	–	–	–	–
Fair value of stock options granted	–	–	(541)	–	(541)
Net loss for the period	–	–	–	(65,476)	(65,476)
Balance, December 31, 2019	59,664,089	38,468,898	10,977,644	(47,407,775)	2,038,767
Shares issued for cash	25,641,902	2,702,039	1,272,455	–	3,974,494
Share issuance costs	214,665	(233,843)	119,543	–	(114,300)
Shares issued on settlement of debt	403,640	20,183	–	–	20,183
Shares issued on exercise of warrants	18,723,055	1,745,700	–	–	1,745,700
Fair value of stock options granted	–	–	182,716	–	182,716
Net loss for the period	–	–	–	(1,310,727)	(1,310,727)
Balance, September 30, 2020	104,647,351	\$ 42,702,977	\$ 12,552,358	\$ (48,718,502)	\$ 6,536,833

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

**VANGOLD MINING CORP.**Interim condensed consolidated statements of cash flows  
(Unaudited – Expressed in Canadian dollars)

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Operating activities		
Loss for the period	\$ (1,310,727)	\$ (444,300)
Items not involving cash:		
Depreciation	11,505	2,782
Share-based compensation	182,716	13,038
Gain on settlement of debt	(14,793)	(36,414)
Foreign exchange gain (loss)	3,384	(3,785)
Changes in non-cash operating working capital:		
Amounts receivable	(3,007)	5,440
Prepaid expenses and deposits	(53,437)	(11,324)
Accounts payable and accrued liabilities	(47,844)	42,060
Net cash used in operating activities	(1,232,203)	(432,503)
Investing activities		
Purchase of equipment	(23,225)	–
Deposit for the acquisition of mineral property	–	(154,048)
Proceeds on sale of stockpile material	8,283	–
Net cash used in investing activities	(14,942)	(154,048)
Financing activities		
Proceeds from issuance of shares	3,974,494	582,976
Share issuance costs	(114,300)	(31,448)
Shares issued on exercise of warrants	1,745,700	–
Amount due from related party	–	33,000
Net cash provided by investing activities	5,605,894	584,528
Effect of foreign exchange rate changes on cash	(3,384)	3,784
Change in cash	4,355,365	1,761
Cash, beginning of period	544,279	41,022
Cash, end of period	\$ 4,899,644	\$ 42,783
Non-cash investing and financing activities:		
Shares issued on settlement of debt	\$ 20,183	\$ –
Finders' warrants issued as share issuance costs	\$ 119,542	\$ 5,275
Finders' shares issued as share issuance costs	\$ 33,273	\$ –
Supplemental disclosures:		
Interest paid	\$ –	\$ –
Income taxes paid	\$ –	\$ –

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

# VANGOLD MINING CORP.

Notes to the interim condensed consolidated financial statements

For the nine months ended September 30, 2020

(Unaudited – Expressed in Canadian dollars)

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## 1. Nature of Operations and Going Concern

Vangold Mining Corp. (the “Company” or “Vangold”) is in the business of the acquisition, exploration and evaluation of mining assets. The Company currently holds exploration and evaluation asset interests located in Canada and Mexico.

The head office and registered records of the Company is located at 2820 – 200 Granville Street, Vancouver, British Columbia, V6C 1S4. Vangold is a publicly listed company incorporated under the *Business Corporations Act* of British Columbia and is listed on the TSX Venture Exchange (“TSX.V”) under the symbol “VGLD”.

These interim condensed consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2020, the Company has no source of recurring revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$48,718,502 (December 31, 2019 - \$47,407,775). These factors raise significant doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

The recent outbreak of the coronavirus, also known as COVID-19, continues to impact worldwide economic activity. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and, as such, the Company cannot determine their long-term financial impact at this time. Federal, provincial and local governments have issued public health orders in response to COVID-19, which has caused some delay in the Company’s 2020 drilling program.

## 2. Significant Accounting Policies

### (a) Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to interim financial information, as outlined in International Accounting Standard 34 *Interim Financial Reporting* and using the accounting policies consistent with those in the audited consolidated financial statements as at December 31, 2019 and for the year then ended.

These interim condensed consolidated financial statements do not include all disclosures normally provided in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements as at December 31, 2019 and for the year then ended. Interim results are not necessarily indicative of the results expected for the fiscal year.

### (b) Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements of the Company for the nine months ended September 30, 2020 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 27, 2020.

## VANGOLD MINING CORP.

Notes to the interim condensed consolidated financial statements

For the nine months ended September 30, 2020

(Unaudited – Expressed in Canadian dollars)

### 2. Significant Accounting Policies (continued)

#### (c) Basis of Measurement and Principles of Consolidation

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

These interim condensed consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiary	Location	Ownership Interest	Status
CanMex Silver S.A. de C.V. (“CanMex”)	Mexico	100%	Consolidated
Obras Mineras El Pinguico S.A. de C.V. (“Obras”)	Mexico	100%	Consolidated

Subsidiaries are those entities that Vangold controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Vangold controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by Vangold and are deconsolidated from the date that control ceases.

All intercompany transactions, balances, and unrealized gains and losses are eliminated on consolidation.

#### (d) New Standards and Interpretations not yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early-adopted. These standards are not expected to have a material impact to the Company in the current or future reporting periods and have not been discussed or presented.

### 3. Equipment

	Vehicles \$	Computer Equipment \$	Field Equipment \$	Office Equipment \$	Total \$
<i>Cost:</i>					
Balance, December 31, 2018 and 2019	–	3,765	1,775	5,100	10,640
Additions	17,890	4,040	–	1,295	23,225
Balance, September 30, 2020	17,890	7,805	1,775	6,395	33,865
<i>Accumulated depreciation:</i>					
Balance, December 31, 2018	–	1,290	628	1,901	3,819
Additions	–	1,255	623	1,761	3,639
Balance, December 31, 2019	–	2,545	1,251	3,662	7,458
Additions	6,703	2,458	475	1,869	11,505
Balance, September 30, 2020	6,703	5,003	1,726	5,531	18,963
<i>Carrying amounts:</i>					
As at December 31, 2019	–	1,220	524	1,438	3,182
As at September 30, 2020	11,187	2,802	49	864	14,902



## VANGOLD MINING CORP.

Notes to the interim condensed consolidated financial statements

For the nine months ended September 30, 2020

(Unaudited – Expressed in Canadian dollars)

### 4. Exploration and Evaluation Assets

Exploration and evaluation assets consist of:

	Mexican Silver Belt \$	El Pinguico \$	Total \$
<i>Acquisition costs:</i>			
Balance, December 31, 2018 and 2019	360,000	1,179,490	1,539,490
Proceeds from sale of stockpile	–	(8,283)	(8,283)
<b>Balance September 30, 2020</b>	<b>360,000</b>	<b>1,171,207</b>	<b>1,531,207</b>

Mineral exploration costs consist of:

	Three months ended		Nine months ended	
	September 30, 2020 \$	September 30, 2019 \$	September 30, 2020 \$	September 30, 2019 \$
General exploration	193,523	5,259	231,086	25,621
Geological	72,427	–	72,427	1,076
Field expenditures	60,455	–	66,814	470
	<b>326,405</b>	<b>5,259</b>	<b>370,327</b>	<b>27,167</b>

#### **Mexican Silver Belt Property, Mexico**

On April 28, 2017, the Company entered into asset acquisition agreements for seven mining claims strategically situated within the high-grade Mexican Silver Belt and all within close proximity to the Company's operations office in Guanajuato, Mexico. Under the terms of the agreements, the Company paid \$10,000 and issued 3,125,000 common shares with a fair value of \$343,750. The Company also recognized additional acquisition costs of \$6,250. The vendors retain a 2.5% net smelter return ("NSR") royalty, of which 1.25% (one-half) may be repurchased for \$500,000.

#### **El Pinguico Properties, Guanajuato State, Mexico**

On April 27, 2017, the Company completed an acquisition of a 100% interest in the El Pinguico property, located in Guanajuato State, Mexico. Under the terms of the agreement, the Company paid consideration of \$136,240 (US\$100,000) and issued 5,000,000 common shares with a fair value of \$900,000. The Company also issued 662,500 common shares with a fair value of \$119,250 as a finder's fee. The Company also recognized additional acquisition costs of \$24,000. The vendors retain a 4% NSR royalty and a 15% net profits interest royalty ("NPI") on minerals recovered from an existing surface and underground stockpile of mineralized rock and a 3% NSR royalty and 5% NPI on all newly mined mineralization. The Company may repurchase 1% (one-third) of the NSR royalty on all newly mined mineralization for US\$1,000,000 (Note 14).

In October 2017, the Company and Obras executed a Surface Land Purchase Agreement with two private landowners for 302 hectares. The surface land includes the Company's El Pinguico property and provides significant land area for mining infrastructure, development and construction. Under the terms of the agreement, the Company has the option to purchase the property in two years and is committed to pay two annual instalments of \$4,500 with a final payment of \$65,000 on the third anniversary.

## VANGOLD MINING CORP.

Notes to the interim condensed consolidated financial statements

For the nine months ended September 30, 2020

(Unaudited – Expressed in Canadian dollars)

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### 4. Exploration and Evaluation Assets (continued)

#### **El Pinguico Properties, Guanajuato State, Mexico (continued)**

In February 2020, the Company signed a Surface Land Use Agreement with a local landowner and a Surface Land Access Agreement for the mine with the Ejido Calderones, which allows for unrestricted road access for exploration and mining equipment and personnel to El Pinguico through the community of Calderones. The land access agreement is for a period of 15 years. Under the terms of the agreement, the Company made an initial payment of the equivalent of \$7,100 and will make annual payments of the equivalent of approximately \$2,100. The land use agreement is a two-year term with option to purchase the land. Under the terms of the agreement, the Company made an initial payment of the equivalent of \$1,700 and will make annual payments of the equivalent of approximately \$140.

#### **Rossland Properties, British Columbia, Canada**

##### South Belt

At September 30, 2020, the Company holds a 25% interest in certain mineral claims within the historic Rossland gold camp in southeastern British Columbia.

The Company entered into an Option and Joint Venture Agreement with a private company, Rossland Resources Inc. ("RRI"), that entitled RRI to earn up to a 100% interest in the property. RRI has fulfilled its commitments to earn a 75% interest, and its option to earn a final 25% interest expired on June 1, 2013. In addition, RRI granted the Company a 1.5% NSR royalty on the claims. RRI can purchase the NSR royalty granted to the Company for a total of \$1,500,000 at any time. RRI is operator of the project. Through the option period, the Company received a total of 1,300,000 shares of RRI, which were impaired to a carrying value of \$nil in prior years.

##### Evening Star Property

The Company owns a 100% interest in the surface rights and a 50% interest in the mineral rights comprising the Evening Star Property. On July 1, 2014, the Company issued a mortgage on the Evening Star Property in the amount of \$50,000. The mortgage was discharged when the short-term debt was repaid in January 2018. During the year ended December 31, 2018, the Company began the process to relinquish the interests in the Rossland properties, as the Company intends to focus operations on the Mexican Silver Belt and El Pinguico properties. As a result, the Company recognized an impairment of \$9,001 during the year ended December 31, 2018.

### 5. Advances Receivable

During the year ended December 31, 2018, the Company entered into a Letter of Intent ("LOI") whereby the Company agreed to acquire all of the issued and outstanding shares of Aventura Gold Ltd. ("Aventura"), a private company that holds an option to acquire 100% of the rights, title and interest to a gold property in Guyana ("Tassawini"). As consideration for all of the issued and outstanding shares of Aventura, the Company agreed to make cash payments totaling US\$6,000,000. During the year ended December 31, 2019, the Company elected not to pursue the acquisition of Aventura and terminated its LOI.

As at December 31, 2019, the Company had made refundable advances totaling \$238,048 and incurred expenditures totaling approximately \$12,000 in connection with the acquisition of Aventura. Subsequent to December 31, 2019, the Company reached an agreement with Astor Holdings Inc. ("Astor"), a Guyana corporation, and Shooting Star Acquisition Corp. ("Star"), a capital pool company listed for trading on the TSX.V, whereby the Company has assigned all rights, title and interest in the draft National Instrument 43-101 *Standards for Disclosure of Mineral Projects* technical report commissioned by the Company on the Tassawini gold project in Guyana, in consideration for Astor and Star agreeing to pay the Company a total of \$250,000, consisting of the refundable advances owed to the Company and expenditures incurred by the Company.

## VANGOLD MINING CORP.

Notes to the interim condensed consolidated financial statements

For the nine months ended September 30, 2020

(Unaudited – Expressed in Canadian dollars)

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### 5. Advances Receivable (continued)

The \$250,000 consideration will be paid as follows:

- (i) An initial payment of \$25,000 cash and 400,000 common shares of Star at a deemed price of \$0.25 per share upon closing of the Star's Qualifying Transaction; and
- (ii) A second payment of \$50,000 cash and \$75,000 in Star shares (based on Star's ten-day volume weighted average price) anticipated to occur upon Star's receipt of an environmental impact statement on the Tassawini project.

### 6. Related Party Transactions

- (a) For the nine months ended September 30, 2020, the Company incurred management and consulting fees of \$103,500 (2019 - \$87,500) to a company controlled by the Chief Executive Officer ("CEO") of the Company. As at September 30, 2020, the amount of \$nil (December 31, 2019 - \$10,000) was owed to a company controlled by the CEO of the Company, which is included in accounts payable and accrued liabilities. The amount owed is non-interest-bearing, unsecured and due on demand.
- (b) For the nine months ended September 30, 2020, the Company incurred management and consulting fees of \$nil (2019 - \$45,000) to the former CEO and a company controlled by the former CEO of the Company. As at September 30, 2020, the amount of \$nil (December 31, 2019 - \$nil) was owed to the former CEO and his company.
- (c) For the nine months ended September 30, 2020, the Company incurred share-based compensation of \$42,637 (2019 - \$6,238) to directors and officers of the Company.

### 7. Share Capital

The authorized share capital of the Company consists of the following:

- Common shares: unlimited number of common shares without par value;
- Class A common shares: unlimited number of common shares without par value;
- Class B common shares: unlimited number of common shares without par value;
- Class A preferred shares: unlimited number of preferred shares with a par value of \$0.2947; and
- Class B preferred shares: unlimited number of preferred shares without par value.

Issued:

- (a) On March 18, 2020, the Company issued 403,640 common shares with a fair value of \$20,182 to settle accounts payable; \$10,000 was owed to a company controlled by the CEO of the Company.
- (b) During the nine months ended September 30, 2020, the Company adopted a warrant acceleration bonus program for its outstanding share purchase warrants granted in connection with the Company's 2019 non-brokered private placement financing. Under the program, holders will receive one bonus share for every 10 warrants exercised if exercised on or before June 26, 2020. Under TSX.V policies, insiders are only eligible to 10% of eligible warrants.

In total, 17,159,500 shares and 1,266,055 bonus shares were issued on exercise of warrants under the acceleration bonus program for total proceeds of \$1,715,950.

- (c) On August 14, 2020, the Company completed a non-brokered private placement for gross proceeds of \$3,974,495, consisting of 25,641,902 units at a price of \$0.155 per unit. Each unit consists of one common share and one-half of one share purchase warrant where each whole warrant is exercisable at a price of \$0.25 for a period of two years. In connection with the private placement, the Company paid cash of \$86,777, issued 214,665 shares and issued 818,861 warrants as finders' fees.

## VANGOLD MINING CORP.

Notes to the interim condensed consolidated financial statements

For the nine months ended September 30, 2020

(Unaudited – Expressed in Canadian dollars)

### 7. Share Capital (continued)

- (d) During the nine months ended September 30, 2020, the Company issued 297,500 shares on exercise of warrants for total proceeds of \$29,750. These exercises were outside the bonus program mentioned above.

### 8. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, December 31, 2018	21,105,462	0.50
Issued	26,094,450	0.10
Balance, December 31, 2019	47,199,912	0.36
Issued	13,669,812	0.25
Exercised	(17,397,000)	0.10
Expired	(11,601,862)	0.50
Balance, September 30, 2020	31,870,862	0.28

The following table summarizes the share purchase warrants outstanding:

Expiry Date	Exercise Price \$	September 30, 2020	December 31, 2019
January 13, 2020	0.50	–	951,960
March 13, 2020	0.50	–	6,063,790
April 24, 2020	0.50	–	4,586,112
March 25, 2021	0.10	3,500,000	6,700,000
May 8, 2021	0.10	2,097,450	5,244,450
November 9, 2021	0.50	4,075,000	4,075,000
November 27, 2021	0.10	3,100,000	14,150,000
January 18, 2022	0.50	5,428,600	5,428,600
August 18, 2022	0.25	13,669,812	–
		31,870,862	47,199,912

### 9. Stock Options

The Company's Board of Directors approved a 20% fixed stock incentive plan in accordance with the policies of the TSX.V. Subject to TSX.V and shareholder approvals, the aggregate number of common shares that may be reserved, allotted and issued pursuant to the plan shall not exceed 3,392,307 common shares, less the aggregate number of common shares then reserved for issuance pursuant to any other share compensation arrangement. At its annual general meeting held April 17, 2018, the Company's shareholders approved an increase to the maximum amount of options that can be granted pursuant to this stock option plan to 6,175,673 common shares, being 20% of the Company's issued and outstanding shares at the time of the meeting. The Board of Directors is authorized to grant options under this plan to directors, officers, consultants or employees.

## VANGOLD MINING CORP.

Notes to the interim condensed consolidated financial statements

For the nine months ended September 30, 2020

(Unaudited – Expressed in Canadian dollars)

### 9. Stock Options (continued)

The maximum number of options that may be granted to any one person in any 12-month period must not exceed 5% of the common shares outstanding at the time of the grant or 2% if the optionee is a consultant or employed in an investor relations capacity. The plan states that the Board of Directors shall determine the manner in which the options shall vest and become exercisable. However, options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than one-quarter of such options vesting in any three-month period. The plan requires that the stock options may have a term not exceeding ten years. In the event of any option forfeiture, any expense recognized to date on unvested options is reversed in the period in which the forfeiture occurs.

On December 6, 2019, the shareholders of the Company approved at its annual general meeting a new 10% rolling stock option plan in accordance with the policies of the TSX.V pursuant to which the number of shares issuable under the plan shall not exceed, on a rolling basis, 10% of the Company's issued and outstanding shares at the time of grant.

The number of shares subject to each option is determined by the Board of Directors or, if appointed, by a special committee of directors appointed from time to time by the Board of Directors provided, at the time the options are granted, that:

- (a) The number of shares subject to option, in the aggregate, shall not exceed 10% of the Company's then issued shares;
- (b) No more than 5% of the issued shares of the Company may be granted to any one optionee in any 12-month period (unless the Company has obtained disinterested shareholder approval);
- (c) No more than 2% of the issued shares of the Company may be granted to any one consultant in any 12-month period;
- (d) No more than an aggregate 2% of the issued shares of the Company may be granted to persons employed to provide investor relations activities in any 12-month period; and
- (e) The options shall be subject to such vesting requirements, as determined by the Board of Directors provided that options granted to consultants performing investor relations activities must vest in stages over at least 12 months with no more than one-quarter of the options vesting in any three-month period.

The exercise price of the options cannot be set at less than the last closing price of the Company's shares on the stock exchange on which the shares of the Company are then listed before the date on which the options are granted by the Company, less the maximum allowable discount from market as may be permitted under the policies of such exchange, if any, or such other minimum exercise price as may be required by such exchange. The options may be exercisable for a period of up to 10 years.

A continuity schedule of the incentive stock options is as follows:

	Number of Options	Weighted Average Exercise Price \$
Outstanding, December 31, 2018 and 2019	3,462,500	0.26
Granted	2,850,000	0.076
Cancelled	(2,125,000)	0.275
Outstanding, September 30, 2020	4,187,500	0.13

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(Unaudited – Expressed in Canadian dollars)

### 9. Stock Options (continued)

Additional information regarding stock options outstanding as at September 30, 2020 is as follows:

	Range of Exercise Prices \$	September 30, 2020	December 31, 2019
August 18, 2022	0.40	262,500	1,062,500
March 31, 2023	0.075	2,700,000	–
May 31, 2023	0.10	150,000	–
June 8, 2023	0.20	–	75,000
June 28, 2023	0.20	1,075,000	2,075,000
July 25, 2023	0.20	–	250,000
Outstanding	0.26	4,187,500	3,462,500
Exercisable		2,627,500	3,462,500

During the nine months ended September 30, 2020, the Company recorded share-based compensation expense of \$84,652 (2019 - \$12,599) related to 2,850,000 (2019 - nil) options issued.

The fair values of options granted during the nine months ended September 30, 2020 was estimated on the date of grant using the Black-Scholes option pricing model assuming no expected dividends and with the following weighted-average assumptions:

	2020	2019
Risk-free interest rate	0.45%	N/A
Estimated annualized volatility based on comparable companies	175%	N/A
Expected life	2.8	N/A
Expected dividend yield	nil	N/A

There were no options granted during the nine months ended September 30, 2019.

### 10. Segmented Information

The Company is primarily engaged in mineral exploration in British Columbia, Canada, and Guanajuato, Mexico. The Company operates the mineral exploration of its properties in Mexico through its 100% owned subsidiaries, Obras and CanMex.

	September 30, 2020		
	Canada \$	Mexico \$	Total \$
Equipment	2,807	12,095	14,902
Advances receivable	251,408	–	251,408
Exploration and evaluation assets	–	1,531,207	1,531,207
Total non-current assets	254,215	1,543,302	1,797,517
	December 31, 2019		
	Canada \$	Mexico \$	Total \$
Equipment	1,220	1,962	3,182
Advances receivable	251,408	–	251,408
Exploration and evaluation assets	–	1,539,490	1,539,490
Total non-current assets	252,628	1,541,452	1,794,080

## **VANGOLD MINING CORP.**

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### **11. Fair Value Measurement**

#### **Fair Value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on Level 1 inputs of the fair value hierarchy.

#### **Financial Risk Management**

The Company's activities expose it to a variety of financial risks, including credit risk, currency risk, liquidity risk and market price risk.

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The financial instrument that potentially subjects the Company to credit risk consists of cash. The Company deposits its cash with high credit quality major Canadian financial institutions, as determined by ratings agencies. The carrying amount of financial assets recorded in the interim condensed consolidated financial statements, net of any allowances for losses, represents the maximum exposure to credit risk. Amounts receivable comprises Goods & Services Tax from the Government of Canada.

#### **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As of September 30, 2020, the Company had cash of \$4,899,644 to settle current liabilities of \$248,111. Further information relating to liquidity risk is disclosed in Note 1 of these interim condensed consolidated financial statements.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash is held mainly in a bank account at a Canadian bank. Fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2020.

The Company's interest rate risk principally arises from the interest rate impact on interest charged on its short-term debt. The Company's short-term debt is subject to fixed interest rates, thus any change in interest rates would not affect its short-term debt balances.

#### **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. As at September 30, 2020, the Company is exposed to currency risk, as some transactions and balances are denominated in Mexican pesos and United States dollars.

## VANGOLD MINING CORP.

Notes to the interim condensed consolidated financial statements

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### 11. Fair Value Measurement (continued)

#### 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 commodity prices of gold, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

### 12. Management of Capital

The Company considers its capital to consist of its share capital, equity reserves and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support exploration and development of exploration and evaluation assets. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore and develop other precious and base metal deposits;
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

The properties in which the Company currently holds an interest are in the exploration stage and the Company is dependent on external financing to fund its activities in order to carry out planned exploration and pay for administrative costs. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In addition, the Company may issue new equity, incur additional debt, option its exploration and evaluation assets for cash and/or expenditure commitments from optionees, enter into joint venture arrangements or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest-bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2020 compared to the year ended December 31, 2019. The Company is not subject to externally imposed capital requirements.



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### 13. Commitments and Contingent Liabilities

- (a) During the year ended December 31, 2014, the Company negotiated debt settlements with two creditors. An agreement was reached to settle payables of \$282,007 with the two creditors for a total of \$70,501, resulting in a gain on settlement of payables of \$211,506. The Company must pay the \$70,501 upon completion of a financing of at least \$2,500,000. Once a financing of at least \$2,500,000 is completed, the Company must pay \$49,867 of the negotiated amount within five days to one creditor and \$20,634 within 45 days to the other creditor. If either payment is not completed by the deadline, the debt settlement agreements are nullified and the Company must pay the initial payable amounts to each of the creditors. The Company must also comply with reasonable information requests from the creditors on a timely basis, otherwise the debt settlement agreements are nullified. During the year ended December 31, 2019, the Company negotiated to settle the above \$49,867 with the first lender for a total payment of \$20,000 resulting in a gain on settlement of \$29,867. During the nine months ended September 30, 2020, the Company completed a private placement of more than \$2,500,000 and made the required payment of \$20,634 owed under the agreement to the second vendors. As a result, at September 30, 2020, the Company has fulfilled all obligations under the debt settlement agreements.
- (b) During the year ended December 31, 2019, the Company received a letter of claim whereby an investor who took part in a private placement of the Company claims the right of restitution of up to \$119,000 claiming that he had entered into an agreement with the Company whereby if the Company issued a private placement at a lower price he would have a right of restitution. During the nine months ended September 30, 2020, the Company reached an agreement and paid a total of \$30,000 as settlement of the claim. Upon payment, the Company was released of all and any claims by the investor.

### 14. Subsequent Events

- (a) Subsequent to September 30, 2020, the Company issued 2,540,000 shares on exercise of warrants for total proceeds of \$254,000.
- (b) On August 20, 2020, the Company signed an option agreement with Exploraciones Mineras Del Bajio S.A. de C.V. ("EMBSA") to re-purchase three underlying royalties on its El Pinguico silver and gold project. Under the terms of the agreement, the Company would pay \$1,680,000 (\$5,000 paid) and issue 3,750,000 units. Each unit will comprise one common share and one non-transferable share purchase warrant exercisable at a price of \$0.175 for a five-year period.

Subsequent to September 30, 2020, the Company amended the option agreement. Under the new terms, the option shall be exercisable by Vangold making cash and share option payments to EMBSA as follows:

- (i) \$200,000 cash and 3,750,000 units on or before November 20, 2020;
- (ii) \$325,000 cash on or before February 22, 2021;
- (iii) \$525,000 cash on or before February 22, 2022; and
- (iv) \$625,000 cash on or before February 22, 2023.

Upon exercise of the option, the Company will own its undivided 100% interest in the El Pinguico silver and gold project free from royalties, except for a 15% net profit royalty on the existing above ground and underground stockpiles in mineralized material. Under the Agreement, Vangold has the option to repurchase the following royalties from EMBSA:

- (i) 4% NSR on all "broken material" within the above ground and underground stockpiles;
- (ii) 3% (NSR) on newly established in-situ material discovered on the El Pinguico property; and
- (iii) 5% NPI Royalty (NPI) on newly established in-situ material discovered on the El Pinguico property.

On November 20, 2020, the TSX.V approved the agreement and the Company made the payment for \$200,000.

**VANGOLD MINING CORP.**

Notes to the interim condensed consolidated financial statements

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**14. Subsequent Events** (continued)

- (c) Subsequent to September 30, 2020, the Company granted incentive stock options to directors, consultants and an officer of the Company entitling them to purchase 2,225,000 common shares at a price of \$0.30 per share for a period of three years.