

KENORLAND MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)

TABLE OF CONTENTS

Financial Statements

Condensed Interim Consolidated Statements of Financial Position	2
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)	3
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity	5
Condensed Interim Consolidated Statements Cash Flows	6
Notes to Condensed Interim Consolidated Financial Statements	7

KENORLAND MINERALS LTD.Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	June 30, 2020	December 31, 2019
	\$	\$
ASSETS		
Current assets		
Cash	1,478,039	659,469
Receivables (Note 3)	637,184	390,165
Prepaid expenses (Note 4)	30,830	17,380
	2,146,053	1,067,014
Exploration advances	-	221,822
Investment in equity instruments (Note 5)	1,050,538	585,961
Exploration and evaluation assets (Notes 6 & 12)	1,116,936	1,067,685
Equipment (Note 7)	15,272	3,795
Right-of-use asset (Note 8)	52,822	47,665
	4,381,621	2,993,942
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	482,438	215,542
Advances received (Note 6)	513,052	588,015
Current portion of lease liability (Note 8)	13,521	19,127
RSU liability (Note 10)	69,503	23,837
	1,078,514	846,521
Lease liability (Note 8)	40,973	29,487
	1,119,487	876,008
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	3,089,770	2,058,329
Reserves (Note 10)	398,511	235,275
Accumulated other comprehensive income (loss)	(678)	306
Deficit	(225,469)	(175,976)
Equity attributable to shareholders of the Company	3,262,134	2,117,934
	4,381,621	2,993,942

Nature and continuance of operations (Note 1)
Subsequent events (Note 18)

Approved and authorized on behalf of the Board:

"Zachary Flood"
Director

"Alexander Ruggieri"
Director

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

KENORLAND MINERALS LTD.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue	109,640	243,411	345,437	340,597
Operating expenses				
Bank charges and interest	2,040	2,862	3,455	4,522
Conference and marketing	-	1,932	990	2,589
Consulting	14,788	3,546	25,814	8,819
Depreciation (Notes 7 & 8)	7,899	2,010	15,200	2,268
Foreign exchange loss (gain)	(83)	30,203	(251)	33,728
Geologists (Note 12)	66,823	42,863	137,352	73,334
Insurance	3,591	4,363	8,850	6,933
Interest on lease liability (Note 8)	1,030	345	2,175	345
Office expenses	9,894	11,938	22,815	17,760
Professional fees	50,097	9,499	110,123	32,576
Project generation	3,907	23,467	17,344	38,065
Rent	455	3,940	735	7,872
Salaries and benefits (Note 12)	25,576	34,387	58,800	65,507
Share-based compensation (Notes 10 & 12)	140,225	31,694	218,306	56,832
Travel and related	911	4,521	15,515	8,954
	(327,153)	(207,570)	(637,223)	(360,104)
Income (loss) from operations	(217,513)	35,841	(291,786)	(19,507)
Other income (expenses)				
Gain on sales of mineral claims (Note 5)	77,716	-	77,716	-
Gain on deconsolidation (Note 5)	-	-	-	282,944
Net change in fair value of investments (Note 5)	282,336	-	164,577	-
Loss on equity investment (Note 5)	-	(15,028)	-	(24,638)
Income (loss) and comprehensive income (loss) for the period	142,539	20,813	(49,493)	238,799
Income (loss) attributable to:				
Shareholders of the Company	142,539	20,813	(49,493)	239,160
Non-controlling interest (Note 13)	-	-	-	(361)
Income (loss) for the period	142,539	20,813	(49,493)	238,799

Earnings (loss) per share (Note 11)

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

KENORLAND MINERALS LTD.Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars - Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Income (loss) and comprehensive income (loss) for the period	142,539	20,813	(49,493)	238,799
Other comprehensive income				
Foreign currency translation adjustment	(984)	340	(984)	340
Comprehensive income (loss) for the period	141,555	21,153	(50,477)	239,139
Comprehensive income (loss) attributable to:				
Shareholders of the company	141,555	21,153	(50,477)	239,500
Non-controlling interest	-	-	-	(361)
Comprehensive income (loss) for the period	141,555	21,153	(50,477)	239,139

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

KENORLAND MINERALS LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars - Unaudited)

	Number of Shares Issued	Share Capital	Reserves - Share Options	Accumulated Other Comprehensive Income (Loss)	Deficit	Non- controlling interest	Total Shareholders' Equity
		\$	\$	\$	\$	\$	\$
Balance, December 31, 2018	12,000,001	1,530,000	125,521	-	(520,826)	64,978	1,199,673
Shares issued for cash	1,070,000	535,000	-	-	-	-	535,000
Share issuance costs	-	(4,828)	-	-	-	-	(4,828)
Share-based compensation	-	-	56,832	-	-	-	56,832
Foreign exchange on translation	-	-	-	340	-	-	340
Non-controlling interest	-	-	-	-	-	(64,617)	(64,617)
Net loss for the period	-	-	-	-	239,160	(361)	238,799
Balance, June 30, 2019	13,070,001	2,060,172	182,353	340	(281,666)	-	1,961,199
Share issuance costs	-	(1,843)	-	-	-	-	(1,843)
Share-based compensation	-	-	52,922	-	-	-	52,922
Foreign exchange on translation	-	-	-	(34)	-	-	(34)
Net income for the period	-	-	-	-	105,690	-	105,690
Balance, December 31, 2019	13,070,001	2,058,329	235,275	306	(175,759)	-	2,117,934
Shares issued for cash	2,039,000	1,019,500	-	-	-	-	1,019,500
Share issuance costs	-	(12,463)	-	-	-	-	(12,463)
Options exercised	100,000	24,404	(9,404)	-	-	-	15,000
Share-based compensation	-	-	172,640	-	-	-	172,640
Foreign exchange on translation	-	-	-	(984)	-	-	(984)
Net loss for the period	-	-	-	-	(49,493)	-	(49,493)
Balance, June 30, 2020	15,209,001	3,089,770	398,511	(678)	(225,469)	-	3,262,134

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

KENORLAND MINERALS LTD.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	For the six months ended June 30,	
	2020	2019
	\$	\$
Cash flows used in operating activities		
Net loss for the period	(49,493)	238,799
Adjustments for items not affecting cash:		
Depreciation	15,199	2,268
Gain on deconsolidation	-	(282,944)
Net change in fair value of investments	(164,577)	-
Gain on sale of mineral properties	(77,716)	-
Loss from investment in associate	-	24,638
Stock based-compensation	218,306	56,831
Change in non-cash working capital items		
Accounts receivable	(258,840)	(109,564)
Prepaid expenses	(13,934)	(7,770)
Accounts payable and accrued liabilities	24,809	193,027
	(306,246)	115,285
Cash flows used in investing activities		
Exploration advances	221,822	(587,845)
Exploration and evaluation assets expenditures	195,500	1,456,652
Advances received for exploration and evaluation assets expenditures	(130,570)	1,334,787
Purchase of equipment	(12,896)	(3,279)
Cash eliminated on deconsolidation of investment	-	(33,496)
Acquisition of investments in equity instruments	(150,000)	-
	123,856	2,166,819
Cash flows provided by financing activities		
Shares issued for cash	1,019,500	535,000
Share issuance costs	(12,463)	(4,828)
Stock options exercised	15,000	-
Advances to related parties	-	60,123
Repayment of lease liability	(13,057)	(1,482)
	1,008,980	588,813
Effect of foreign exchange on cash	(8,020)	(264,620)
Change in cash	826,590	2,870,917
Cash, beginning of the period	659,469	271,399
Cash, end of the period	1,478,039	2,877,696

Supplemental disclosure with respect to cash flows (Note 16)

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

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Kenorland Minerals Ltd. (the “Company”) was incorporated on July 13, 2016 under the Business Corporations Act of British Columbia. Its principal business activity is the exploration and evaluation of mineral properties.

The Company’s registered and records office is located at Suite 1700, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 2E9.

The Company’s exploration and evaluation assets are at the exploration stage and are without a known body of commercial ore. The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as exploration and evaluation assets costs represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation assets costs is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2020, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and raise equity capital or borrowings sufficient to meet current and future obligations. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management estimates its current working capital will be sufficient to fund its current level of activities for the next twelve months.

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, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for our product and harm our business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these condensed interim consolidated financial statements.

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”).

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of compliance (continued)

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 condensed interim consolidated financial statements for the year ended December 31, 2019 except for the following:

Government Assistance

The Company received certain government assistance in the form of forgivable loans from the Canadian government in connection with the COVID-19 pandemic. When there is reasonable assurance that the amounts will be forgiven, the Company reduces the loan and credits the forgiven amounts to the related expenses. The Company includes government assistance that has not been forgiven or is repayable in accounts payable and accrued liabilities.

Basis of presentation

These condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Name	Jurisdiction	Parent Company	Percentage owned	
			Jun 30, 2020	Dec 31, 2019
1118892 B.C. Ltd. ("1118892")	Canada	Kenorland Minerals Ltd.	100%	100%
Kenorland Minerals USA Inc. ("KUSA")	USA	1118892 B.C. Ltd.	100%	100%
Kenorland Minerals Africa Ltd.	Canada	Kenorland Minerals Ltd.	50%	-

These condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on October 30, 2020.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

During the year ended December 31, 2019, the changes in the Company's ownership of Northway Resources Corp. ("Northway") were as follows:

- On January 25, 2019, the ownership increased from 57% to 67% as a result of shares received from Northway for a settlement of receivables;
- On March 19, 2019, the ownership decreased from 67% to 38% as a result of Northway closing a non-brokered private placement for financing at which time the Company no longer controlled Northway and ceased to consolidate; and
- On August 22, 2019 the ownership decreased from 38% to 17% as a result of Northway completing an initial public offering.

All intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates and judgements as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, determination of functional currency, valuation of share-based compensation and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates (continued)

Level of control or influence over companies

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting.

Until March 19, 2019, the Company consolidated its investment in Northway as the Company had control over the key operating activities of Northway. Effective March 19, 2019, the Company accounted for its investment in Northway as an equity investment as it retained significant influence over the operations of Northway. On August 22, 2019, the Company no longer had the ability to influence the key operating activities of the entity; as such, the Company accounted for its investment under fair value through profit or loss (Note 5).

Going concern of operations

The financial statements have been prepared on a 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 for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

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 its subsidiaries is the Canadian dollar ("CAD"), with the exception of KUSA, which has a functional currency of the United States dollar ("USD"). 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 Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities 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.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's USD operations are translated into CAD at the exchange rate at the reporting date. The income and expenses are translated using the average rate for the period. Foreign currency differences that arise on translation for consolidation purposes are recognized in other comprehensive income (loss).

3. RECEIVABLES

	June 30, 2020	December 31, 2019
	\$	\$
Accounts receivable	4,691	9,197
Sales tax receivable	632,493	380,968
	637,184	390,165

4. PREPAID EXPENSES

	June 30, 2020	December 31, 2019
	\$	\$
Prepayments	26,880	14,508
Rent deposits	3,950	2,872
	30,830	17,380

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

5. INVESTMENTS

Northway Resources Corp. (“Northway”)

On July 31, 2018, the Company acquired 4,000,000 shares of Northway at a price of \$0.001 per share for a total subscription price of \$4,000 representing a 100% interest in Northway. As at December 31, 2018, the Company held a 57% interest in Northway and had control over Northway (Note 13).

On January 25, 2019, the Company settled an amount receivable of \$100,000 from Northway for 2,000,000 units at a price of \$0.05 per unit for a total settlement value of \$100,000. Each unit comprises of one (1) common share and one (1) warrant exercisable into one (1) common share at an exercise price of \$0.10 with an expiry of 5 years from the date of issue. The Company’s interest in Northway increased from 57% to 67% and the Company maintained control of Northway.

On March 19, 2019, Northway issued additional shares from a private placement that diluted the Company’s ownership of Northway from 67% to 38% which lead to a loss of control of Northway and deconsolidation of Northway from the Company’s financial statements. The Company recognized a gain of \$282,944 on the deconsolidation of Northway. The Company still retained significant influence over Northway, resulting in Northway being recorded on the Company’s financial statements as an investment in associate.

The initial recognition of the investment in associate was accounted for at fair value using the share price from Northway’s private placement in March 19, 2019, multiplied by the number of shares that the Company held of Northway at that time. The gain on deconsolidation was calculated as a result of recognizing the net assets of Northway, recognizing the non-controlling interest and recognizing the fair value of the investment in associate.

On August 22, 2019, Northway completed an initial public offering that further diluted the Company’s ownership in Northway to 17%. The Company determined they no longer had significant influence and classified the investment in Northway at FVTPL.

The calculation for the investment in associate is as follows:

	Amount
Share price of Northway as at March 19, 2019	\$ 0.05
Number of Northway shares owned by the Company as at March 19, 2019	6,000,000
	<u>\$ 300,000</u>
Fair value of Northway warrant as at March 19, 2019	\$ 0.03
Number of Northway warrants owned by the Company as at March 19, 2019	2,000,000
	<u>\$ 64,007</u>
Initial recognition of the investment in associate on March 19, 2019	\$ 364,007

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

5. INVESTMENTS (CONTINUED)

Northway Resources Corp. (“Northway”)

The following table illustrates the summarized financial information of the Company's investment in Northway, including the share of loss from an associate from March 20, 2019 to June 30, 2019.

	June 30, 2019
Current assets	\$ 285,867
Non-current assets	343,537
Current liabilities	(94,562)
Net assets	534,842
The Company's ownership %	37.50%
The Company's share of net assets	\$ 200,566

	March 19, 2019 to June 30, 2019
Loss for the period	\$ (65,701)
The Company's ownership %	37.50%
Total Company's share of net loss	\$ (24,638)

On August 22, 2019, the Company determined it no longer had significant influence over Northway and classified the investment at FVTPL.

	August 22, 2019
Net investment, opening	\$ 364,007
Equity loss from March 19, 2019 to August 22, 2019	(28,417)
De-recognition from investment in associate	(335,590)
Net investment, closing	\$ -

	Amount
Share price of Northway as at August 22, 2019	\$ 0.10
Number of Northway shares owned by the Company as at August 22, 2019	6,000,000
	\$ 600,000
Fair value of Northway warrant as at August 22, 2019	\$ 0.07
Number of Northway warrants owned by the Company as at August 22, 2019	2,000,000
	\$ 143,169
Initial recognition of the investment at fair value as at August 22, 2019	\$ 743,169

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

5. INVESTMENTS (CONTINUED)

Northway Resources Corp. (“Northway”)

The warrants were valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

	Six months ended, June 30, 2020	Six months ended, June 30, 2019
Risk-free interest rate	0.30%	-
Expected life of warrants	3.6 years	-
Annualized volatility	100%	-
Dividend rate	0.00%	-

The following table is a reconciliation of the investment in Northway:

	Amount
De-recognition from investment in associate	\$ 335,590
Change in fair value on initial recognition of investment at fair value	407,579
Initial recognition of investment at fair market value as at August 22, 2019	743,169
Change in fair value as at December 31, 2019	(157,208)
Investment in Northway as at December 31, 2019	585,961
Change in fair value in shares as at June 30, 2020	30,000
Change in fair value in warrants as at June 30, 2020	904
Investment in Northway as at June 30, 2020	\$ 616,865

As at December 31, 2019, the Company held 6,000,000 shares and 2,000,000 warrants of Northway with a fair market value of \$480,000 and 105,961, respectively. From August 22, 2019 December 31, 2019, the Company recorded a net change in fair value of investments of \$250,371 in relation to these shares.

As at June 30, 2020, the Company held 6,000,000 shares and 2,000,000 warrants of Northway with a fair market value of \$510,000 and \$106,865, respectively. During the six month period ended June 30, 2020, the Company recorded a net change in fair value of investments of \$30,000 and \$904 in relation to these shares and warrants respectively.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

5. INVESTMENTS (CONTINUED)

Urbangold Minerals Inc. ("Urbangold")

In June 2020, the Company acquired 1,200,000 units of Urbangold at a price of \$0.125 per share for a total price of \$150,000. Each unit consisted of one (1) share and one (1) warrant with each warrant exercisable into one (1) common share at an exercise price of \$0.20 per share for 3 years.

The warrants were valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

	Six months ended, June 30, 2020	Six months ended, June 30, 2019
Risk-free interest rate	0.30%	-
Expected life of warrants	2.9 years	-
Annualized volatility	130%	-
Dividend rate	0.00%	-

As at June 30, 2020, the Company recorded a net change in fair value of investments of \$133,673 for a total fair market value of \$168,000 and \$115,673 in relation to these shares and warrants, respectively.

Kingfisher Resources Ltd. ("Kingfisher")

In April 2020, the Company acquired 500,000 shares of Kingfisher at a price of \$0.10 per share in exchange for certain mineral claims owned by the Company.

In June 2020, the Company acquired 1,000,000 shares of Kingfisher at a price of \$0.10 per share in exchange for certain mineral claims owned by the Company. Per the agreement, the Company will received an additional shares with a value of \$100,000 upon the date of the first anniversary date Kingfisher commences trading on the TSX Venture exchange (Note 6).

As at June 30, 2020, the Company recorded a value of \$150,000 (December 31, 2019 - \$Nil).

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS

The Company's costs and expenditures for the periods related to exploration and evaluation of mineral properties are as follows:

	Quebec										Total Quebec
	Chicobi	Frotet	James Bay	Lac Fagnant	Fox River	Kukames	Road King	Chebistuan	Beniost	Miniac	
	\$	\$	\$	\$	\$	\$	\$	\$			\$
Balance, December 31, 2018	85,998	196,014	83,516	11,828	-	-	-	-	-	-	377,356
Exploration expenditures:											-
Assays	104,877	295,025	-	-	-	5,493	4,136	-	-	-	409,531
Staking and claim maintenance	5,220	12,920	-	-	5,877	12,684	14,068	145,622	-	-	196,391
Consulting	463,894	765,254	-	-	-	2,753	-	-	-	-	1,231,901
Drilling	733,267	-	-	-	-	-	-	-	-	-	733,267
Geological	8,800	368,820	-	1,328	-	-	-	-	-	-	378,948
Site development	6,284	-	-	-	-	-	-	-	-	-	6,284
Supplies	88,784	50,263	-	-	-	-	-	-	-	-	139,047
Travel and accommodations	92,148	149,724	-	-	-	-	-	-	-	-	241,872
	1,503,274	1,642,006	-	1,328	5,877	20,930	18,204	145,622	-	-	3,337,241
Contribution received from optionees	(1,494,975)	(1,642,006)	-	-	-	-	-	-	-	-	(3,136,981)
Option payment received	-	-	-	-	-	-	-	-	-	-	-
Elimination of subsidiary Impairment	-	-	(83,516)	-	(5,877)	(20,930)	(18,204)	-	-	-	(128,527)
Balance, December 31, 2019	94,297	196,014	-	13,156	-	-	-	145,622	-	-	449,089

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	Total Quebec	British Columbia Thibert	Total Canada	Alaska		Total USA	Total
				Tanacross	Healy		
				\$	\$		
Balance, December 31, 2018	377,356	-	377,356	612,348	178,906	791,254	1,168,610
Exploration expenses							
Assays	409,531	703	410,234	425,638	-	425,638	835,872
Staking and claim maintenance	196,391	21,856	218,247	161,618	-	161,618	379,865
Consulting	1,231,901	16,263	1,248,164	671,734	-	671,734	1,919,898
Drilling	733,267	-	733,267	1,942,257	-	1,942,257	2,675,524
Geological	378,948	33,441	412,389	559,497	-	559,497	971,886
Site development	6,284	-	6,284	14,082	-	14,082	20,366
Supplies	139,047	-	139,047	848,280	-	848,280	987,327
Travel and accommodation	241,872	-	241,872	1,327,160	-	1,327,160	1,569,032
	3,337,241	72,263	3,409,504	5,950,266	-	5,950,266	9,359,770
Contribution received from optionees	(3,136,981)	-	(3,136,981)	(5,950,266)	-	(5,950,266)	(9,087,247)
Option payment received	-	-	-	(66,015)	-	(66,015)	(66,015)
Elimination of subsidiary Impairment	-	-	-	-	(178,906)	(178,906)	(178,906)
	(128,527)	-	(128,527)	-	-	-	(128,527)
Balance, December 31, 2019	449,089	72,263	521,352	546,333	-	546,333	1,067,685

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	Quebec										Total Quebec \$
	Chicobi \$	Frotet \$	James Bay \$	Lac Fagnant \$	Fox River \$	Kukames \$	Road King \$	Chebistuan \$	Beniost \$	Miniac \$	
Balance, December 31, 2019	94,297	196,014	-	13,156	-	-	-	145,622	-	-	449,089
Acquisition fee	-	224,060	-	-	-	-	-	30,800	-	-	254,860
Exploration expenditures:											
Assays	153,574	217,161	-	410	-	-	-	-	-	-	371,145
Staking and claim maintenance	3,656	1,288	-	3,411	-	-	-	6,744	54,574	-	69,673
Consulting	498,971	579,851	-	227	-	-	-	19,629	-	9,250	1,107,928
Drilling	658,914	985,548	-	-	-	-	-	5,572	-	-	1,650,034
Geological	-	111,454	-	720	-	-	-	45,784	-	-	157,958
Site development	14,751	2,969	-	-	-	-	-	-	-	-	17,720
Supplies	130,733	36,166	-	-	-	-	-	-	-	-	166,899
Travel and accommodations	45,941	161,527	-	-	-	-	-	-	-	-	207,468
	1,506,540	2,320,024	-	4,768	-	-	-	108,529	54,574	9,250	4,003,685
Contribution received from optionees	(1,506,540)	(2,320,024)	-	-	-	-	-	-	-	-	(3,826,564)
Disposition of mineral property	-	-	-	-	-	-	-	-	-	-	-
Reallocation of excess funding on termination of agreement	-	-	-	-	-	-	-	-	-	-	-
Balance, June 30, 2020	94,297	196,014	-	17,924	-	-	-	254,151	54,574	9,250	626,210

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	Total Quebec	British Columbia Thibert	Total Canada	Alaska		Total USA	Total
				Tanacross	Healy		
				\$	\$		
Balance, December 31, 2019	449,089	72,263	521,352	546,333	-	546,333	1,067,685
Acquisition fee	254,860	-	254,860	-	-	-	254,860
Exploration expenses							
Assays	371,145	22	371,167	43,772	-	43,772	414,939
Staking and claim maintenance	69,673	-	69,673	15,813	-	15,813	85,486
Consulting	1,107,928	-	1,107,928	161,787	-	161,787	1,269,715
Drilling	1,650,034	-	1,650,034	274,354	-	274,354	1,924,388
Geological	157,958	-	157,958	41,401	-	41,401	199,359
Site development	17,720	-	17,720	3,192	-	3,192	20,912
Supplies	166,899	-	166,899	195,679	-	195,679	362,578
Travel and accommodation	207,468	-	207,468	68,469	-	68,469	275,937
Contribution received from optionees	4,003,685	22	4,003,707	804,467	-	804,467	4,808,174
Disposition of mineral property	(3,826,564)	-	(3,826,564)	(804,467)	-	(804,467)	(4,631,031)
Reallocation of excess funding on termination of agreement	-	(72,285)	(72,285)	-	-	-	(72,285)
	-	-	-	(55,607)	-	(55,607)	(55,607)
Balance, June 30, 2020	626,210	-	626,210	490,726	-	490,726	1,116,936

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Chicobi Property – Quebec, Canada

In February 2019, the Company entered into an earn in and joint venture exploration agreement with Sumitomo Metal Mining Canada Limited (“SMCL”). Under the agreement, SMCL can earn up to a 70% interest in the Chicobi Property by making exploration expenditures as follows:

- a) to acquire an undivided 51% interest, SMCL must fund an aggregate of \$4.9 million in expenditures on the Chicobi Property on or before May 31, 2022. During such period, SMCL irrevocably commits to fund \$1.2 million of expenditures (funded).
- b) to acquire an additional undivided 19% interest (for a total undivided interest of 70%), SMCL must, within 90 days following the completion of acquiring 51% interest, notify the Company that they will fund an aggregate of an additional \$10 million in expenditures on the property within the three year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees of 10% on costs incurred in account of exploration on the Chicobi property until SMCL acquires the first 51% interest in the property.

During the year ended December 31, 2019, SMCL funded \$1,693,554 in exploration expenditures of which \$1,494,975 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$198,579 has been allocated to advances received.

During the six months ended June 30, 2020, SMCL funded \$1,471,082 in exploration expenditures of which \$1,506,540 was spent on exploration and evaluation assets. The excess funding received at June 30, 2020 of \$163,121 has been allocated to advances received.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Frotet Property – Quebec, Canada

The property is located north of Chibougamau, Quebec and was acquired by nominal staking costs and a payment of \$6,000 to an arm's length vendor.

On April 17, 2018, the Company entered in an earn in and joint venture exploration agreement with SMCL. Under the agreement, SMCL can earn up to an 80% interest in the Fortet Property by making exploration expenditures as follows:

- a) to acquire an undivided 65% interest, SMCL must fund an aggregate of \$4.3 million in expenditures on the Fortet Property on or before April 17, 2021. During such period, SMCL irrevocably commits to fund \$500,000 of expenditures (funded).
- b) to acquire an additional undivided 15% interest (for a total undivided interest of 80%), SMCL must, within 90 days following the completion of acquiring 65% interest, notify the Company that they will fund an aggregate of an additional \$4 million in expenditures on the property within the one year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees of 10% on costs incurred in account of exploration on the Frotet Property until SMCL acquires the first 65% interest in the property.

During the year ended December 31, 2019, SMCL funded \$1,892,954 in exploration expenditures of which \$1,642,006 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$307,947 has been allocated to advances received.

In April 2020, the Company entered into a purchase agreement with O3 Mining Inc. ("O3") to purchase mineral claims in Quebec for a total purchase price of \$900,000. Under the agreement, the payment terms are as follows:

- a) \$100,000 upon execution of agreement (paid); \$150,000 on the first year anniversary; \$250,000 on the second year anniversary; and \$400,000 on the third year anniversary.
- b) When the Company acquires 100% interest in the property and it goes into commercial production, O3 will be entitled to receive a 2.0% net smelter return royalty with the right to purchase one half of royalty upon the payment of \$1,000,000.

In April 2020, SCML and the Company signed a side agreement that the purchase and any legal costs associated with the acquisition of the mineral claims from O3 would be included in their earn in agreement.

During the six months ended June 30, 2020, SMCL funded \$2,362,008 in exploration expenditures of which \$2,320,024 was spent on exploration and evaluation assets. The excess funding received at June 30, 2020 of \$349,931 has been allocated to advances received.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

James Bay Property – Quebec, Canada

In 2017, the Company staked claims covering multiple project areas within the James Bay Region of Quebec. This project represents early stage exploration opportunities.

During the year ended December 31, 2019, the Company impaired the James Bay project by \$83,516 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

Lac Fagnant Property – Quebec, Canada

On January 16, 2018, and subsequently amended in July 2018, the Company entered into an agreement with Harfang Exploration Inc. (“Harfang”) and Urbangold for exploration on certain mineral rights comprising certain mining claims on the property located in the Nunavik territory, east of Kuujjuarapik on the east coast of Hudson Bay, Quebec.

Under the agreement, the participating interest is as follows: the Company – 40%, Harfang – 40%, and UrbanGold – 20%. Harfang is the operator, which can charge operator fees of 5% on costs incurred in account for exploration expenditures on the Lac Fagnant Property, as long as its participating interest is equal to or greater than the other participants’ participating interest.

Fox River Property, Quebec, Canada

In 2019, the Company staked claims within the Fox River Region of Quebec. During the year ended December 31, 2019, the Company impaired the Fox River project by \$5,877 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

Kukames Property, Quebec, Canada

In 2019, the Company staked claims within the Kukames Region of Quebec. During the year ended December 31, 2019, the Company impaired the Kukames project by \$20,930 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

Road King Property, Quebec, Canada

In 2019, the Company staked claims within the Road King Region of Quebec. During the year ended December 31, 2019, the Company impaired the Road King project by \$18,204 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

Chebistuan Property, Quebec, Canada

In 2019, the Company staked claims within the Treve Region of Quebec.

During the six months period ended June 30, 2020, the following transactions occurred:

- a) the Company acquired mineral claims for a total price of \$10,800 from three individuals; and
- b) the Company acquired mineral claims for a total price of \$20,000 from Vanstar Mining Resources Inc.

Benoist Property, Quebec, Canada

During the six months period ended June 30, 2020, the Company staked claims within the Miquelon Region of Quebec.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six months period June 30, 2020
(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Miniac Property, British Columbia, Canada

During the six months ended June 30, 2020 the Company staked claims within the Miniac Region of Quebec.

Thibert Property, British Columbia, Canada

In 2019, the Company staked claims within the Thibert Region of British Columbia.

During the six months period ended June 30, 2020, the Company sold the mineral claims to Kingfisher Resources Ltd. ("Kingfisher") in exchange the Company received:

- a) 1,000,000 shares of Kingfisher with at \$0.10 per share for a total value of \$100,000; and
- b) an additional shares with a value of \$100,000 upon the date of the first anniversary date Kingfisher commences trading on the TSX Venture exchange.

Tanacross Property – Alaska, USA

The property is located northeast of Tok, Alaska and was acquired by staking and a payment of \$20,000 to an arm's length vendor.

On August 1, 2018, the Company with its wholly owned subsidiaries, 1118892 and KUSA, signed a farm-out agreement with Freeport-McMoRan Mineral Properties Inc. ("FMMP"). Under the agreement FMMP can earn up to an 80% interest in the Tanacross Property by making payments and exploration expenditures as follows:

- a) to acquire an undivided 51% interest, FMMP must:
 - i. pay the Company US\$100,000 (paid (CAD\$128,631)) within 60 days of the agreement;
 - ii. pay the Company US\$50,000 (paid (CAD\$66,015)) and incur US\$500,000 (incurred) in exploration expenditures by September 30, 2019;
 - iii. pay the Company US\$50,000 and incur a further US\$1,000,000 (incurred) in exploration expenditures by September 30, 2020;
 - iv. pay the Company US\$50,000 and incur a further US\$3,500,000 in exploration expenditures by September 30, 2021.

Upon FMMP acquiring the 51% interest, a joint venture will be formed. FMMP may, in its sole discretion, accelerate the schedule for making the payment and incurring exploration expenditures.

- b) to acquire an additional undivided 29% interest (for a total undivided interest of 80%), FMMP must, within 60 days following the completion of acquiring the 51% interest, notify the Company that they will fund an aggregate of an additional \$40 million in expenditures on the property within a six year time period.

In accordance with the agreement, KUSA is the operator and is entitled to charge FMMP operator fees of 5% on exploration expenditure contracts that require payment over US\$500,000 and 10% on all other costs incurred in account for exploration expenditures on the Tanacross Property until FMMP acquires the first 51% interest in the property.

During the year ended December 31, 2019, FMMP funded \$5,842,914 in exploration expenditures of which \$5,950,266 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$81,489 has been allocated to advances received.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tanacross Property – Alaska, USA

During the six months period ended June 30, 2020, FMMP funded \$778,585 in exploration expenditures of which \$804,467 was spent on exploration and evaluation assets.

In June 2020, FMMP has also given notice to terminate the farm-out agreement. Due to the advanced stage of the earn in, the Company and FMMP amended the farm-out agreement for FMMP to receive a 1% net smelter royalty in the property and in exchange the Company will receive a payment of US\$50,260 in November 2020. The excess funding received at June 30, 2020 of \$55,607 has been allocated to the Company.

Healy Property – Alaska, USA

On July 31, 2018, the Company's then 100% owned subsidiary Northway, entered into an agreement (later amended in May 2019) with Newmont North America Exploration Limited ("Newmont") to acquire, by way of contribution (the "Contribution"), up to 70% of the property located in Fairbanks Recording District, Alaska (the "Healy Property").

In March 2019, the Company no longer held a controlling interest in Northway; as such, the Healy Property was no longer consolidated into the accounts of the Company.

7. EQUIPMENT

	Computer equipment	Furniture & equipment	Total
	\$	\$	\$
Cost:			
At December 31, 2018	2,586	-	2,586
Additions	-	3,279	3,279
At December 31, 2019	2,586	3,279	5,865
Additions	7,027	5,870	12,897
At June 30, 2020	9,613	9,149	18,762
Depreciation:			
At December 31, 2018	711	-	711
Charge for the year	1,031	328	1,359
At December 31, 2019	1,742	328	2,070
Charge for the period	699	721	1,420
At June 30, 2020	2,441	1,049	3,490
Net book value:			
At December 31, 2019	844	2,951	3,795
At June 30, 2020	7,172	8,100	15,272

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Commencing June 2019, the Company entered into a three-year term lease agreement for office space in Vancouver, British Columbia. In January 2020, The Company entered into a two year and six month lease agreement for office space in Vancouver, British Columbia.

Right-of-Use Asset

	Office lease \$
Cost:	
Balance, December 31, 2018	-
Additions	59,170
Balance, December 31, 2019	59,170
Additions	18,937
Balance, June 30, 2020	78,107
Depreciation:	
Balance, December 31, 2018	-
Charge for the year	11,505
Balance, December 31, 2019	11,505
Charge for the period	13,780
Balance, June 30, 2020	25,285
Net book value:	
Balance, December 31, 2019	47,665
Balance, June 30, 2020	58,822

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

Lease Liability

	\$
Lease liability recognized as of June 1, 2019	59,170
Lease payments made	(12,789)
Interest expense on lease liability	2,233
	48,614
Lease liability recognition as of January 1, 2020	18,937
Lease payments made	(15,232)
Interest expense on lease liabilities	2,175
	54,494
Less: current portion	(13,521)
At June 30, 2020	40,973

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease is as follows:

July 1, 2020 to December 31, 2020	\$ 15,232
January 1, 2021 to December 31, 2021	\$ 30,464
January 1, 2022 to May 31, 2022	\$ 12,693

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six months period June 30, 2020
(Expressed in Canadian Dollars - Unaudited)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020	December 31, 2019
Accounts payable	\$ 83,471	\$ 167,047
Accrued liabilities	348,162	41,210
Payroll taxes payable	10,805	7,285
Government assistance	40,000	-
	482,438	215,542

10. SHARE CAPITAL AND RESERVES

Authorized share capital

Authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value, non-voting, participating and redeemable at an amount set by the directors.

Issued share capital

During the year ended December 31, 2019:

- The Company closed a private placement by issuing 1,070,000 common shares at a price of \$0.50 per share for gross proceeds of \$535,000. In connection with this private placement the Company incurred share issue costs of \$6,671.

During the six months ended June 30, 2020:

- The Company closed a non-brokered private placement financing of 1,259,000 common shares at a price of \$0.50 per share for gross proceeds of \$629,500. The Company paid finders' fees of \$4,515 in connection with the private placement.
- The Company closed a non-brokered private placement financing of 780,000 common shares at a price of \$0.50 per share for gross proceeds of \$390,000. The Company incurred expenses of \$7,948 related to the financing.
- The Company issued 100,000 common shares in connection with the exercise of 100,000 stock options with an exercise price of \$0.15 for a total proceeds of \$15,000.

Share options

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant.

In February 2019, the exercise period of 1,600,000 previously granted options was extended by two years.

In September 2019, the Company granted 100,000 stock options with a total fair value of \$37,310 to a consultant of the Company and 150,000 stock options with a total fair value of \$55,912 to an employee of the Company. All options granted are exercisable at a price of \$0.50 per share for a period of five years, vesting as follows: 1/3 on the first anniversary, 1/3 on the second anniversary and 1/3 on the third anniversary.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

10. SHARE CAPITAL AND RESERVES (CONTINUED)

Share options (continued)

During the year ended December 31, 2019, the Company recognized share-based compensation of \$109,754.

In March 2020, the Company granted 1,650,000 stock options with a total value of \$613,327 to directors, employees and consultants of the Company. All options granted are exercisable at a price of \$0.50 per share for a period of five years, vesting as follows: 1/3 on the first anniversary, 1/3 on the second anniversary and 1/3 on the third anniversary.

During the six months ended June 30, 2020, the Company recognized share-based compensation of \$172,640 (June 30, 2019 - \$56,832).

The following weighted average assumptions were used in the Black-Scholes option-pricing model for the valuation of the share options granted:

	Six months ended June 30, 2020	Six months ended June 30, 2019
Risk-free interest rate	1.07%	-
Dividend yield	Nil	-
Expected life	5 years	-
Volatility	100%	-
Weighted average fair value per option granted	\$0.35	-

Share option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price \$
Balance, December 31, 2018	1,600,000	0.23
Granted	250,000	0.50
Balance, December 31, 2019	1,850,000	0.26
Granted	1,650,000	0.50
Exercised	(100,000)	0.15
Balance, June 30, 2020	3,400,000	0.37

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six months period June 30, 2020
(Expressed in Canadian Dollars - Unaudited)

10. SHARE CAPITAL AND RESERVES (CONTINUED)

Share options (continued)

A summary of the share options outstanding and exercisable at June 30, 2020 is as follows:

Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price	Expiry Date
		\$	
600,000	600,000	0.15	October 19, 2023
100,000	66,666	0.15	October 2, 2024
400,000	266,665	0.30	December 1, 2024
400,000	133,332	0.30	July 1, 2025
100,000	-	0.50	September 15, 2024
150,000	-	0.50	September 27, 2024
1,650,000	-	0.50	March 2, 2025
3,400,000	1,066,663		

The weighted average life of share options outstanding at June 30, 2020 was 4.4 years.

Restricted Share Units

The Company adopted a Restricted Share Unit ("RSU") plan in August 2019 for its directors, officers, employees, and consultants, under which it is authorized to grant:

- If a public company, the maximum number of common shares reserved for issuance under the plan, together with any other share compensation arrangements, shall not exceed 10% of the Company's issued and outstanding common shares; and
- If a private company, no maximum.

Upon vesting, the holder of an RSU award can elect to receive one common share or the equivalent cash payment based on the market price of the common share on settlement.

In September 2019, the Company issued 550,000 RSUs to various employees and directors of the Company all which vest on September 27, 2022. The RSUs were accounted for as cash-settled awards. For the year ended December 31, 2019, the Company recorded share-based compensation expense of \$23,837. The fair value of the RSUs of \$275,000 was measured using the value on grant date. During the six months ended June 30, 2020, the Company recorded share-based compensation expense of \$45,666. As at June 30, 2020, the fair value of the RSUs was \$275,000 and December 31, 2019 was also \$275,000.

During the six months period, June 30, 2020, there were no restricted share units transactions.

RSU transactions are summarized as follows:

	Number of RSUs	Weighted average fair value at time of grant
Balance, December 31, 2018	-	\$ -
Granted	550,000	0.50
Balance, December 31, 2019 and June 30, 2020	550,000	\$ 0.50

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six months period June 30, 2020
(Expressed in Canadian Dollars - Unaudited)

11. EARNINGS (LOSS) PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Numerator				
Net income (loss) attributable to shareholders	\$ 142,539	\$ 20,813	\$ (49,493)	\$ 239,160
Denominator				
For basic-weighted average number of common shares outstanding	15,209,001	12,482,089	14,485,908	12,241,045
Effect of dilutive stock options	880,000	600,000	-	420,633
For diluted weighted average number of common shares outstanding	16,089,001	13,082,089	14,485,908	12,661,678
Earnings (loss) per common share				
Basic and diluted	\$ 0.01	\$ 0.00	\$ (0.00)	\$ 0.02

12. RELATED PARTY TRANSACTIONS

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers and related companies.

	June 30, 2020	June 30, 2019
	\$	\$
Exploration and evaluation assets	40,426	8,300
Geologists	121,278	73,334
Salaries and benefits	51,033	65,507
Share-based compensation	176,937	42,450
	389,674	189,591

During the six months ended June 30, 2020, the Company entered into the following transactions with related parties, not disclosed elsewhere in these financial statements:

- Paid wages to key management personnel of \$212,737 (June 30, 2019 - \$147,141) of which \$121,278 (June 30, 2019 - \$73,334) was included in geologists, \$51,033 (June 30, 2019 - \$65,507) was included in salaries and benefits and \$40,426 (June 30, 2019 - \$8,300) was capitalized to exploration and evaluation assets.
- Paid consulting fees of \$7,150 (June 30, 2019 - \$21,450) to a corporate officer and their related company which was capitalized to exploration and evaluation assets.
- As at June 30, 2020 \$2,284 (June 30, 2019 - \$25,993) was included in accounts payable and accrued liabilities owing to a corporate officer.
- Received rent recoveries of \$7,500 (June 30, 2019 - \$Nil) from a company related by way of common directors and officers.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

13. NON-CONTROLLING INTEREST

As at December 31, 2018, the Company held a 57% ownership interest in Northway. On January 25, 2019, the Company's interest in Northway was increased to 67%. On March 18, 2019, the Company's interest in Northway was decreased to 38%, as such, the non-controlling interest was subsequently eliminated.

The following table presents the changes in equity attributable to the non-controlling interest in Northway:

	June 30, 2020	December 31, 2019
	\$	\$
Balance, beginning of period	-	64,978
Changes in non-controlling interest of Northway (Note 5)	-	-
Share of comprehensive loss for the period	-	(361)
Elimination of non-controlling interest	-	(64,617)
Balance, end of period	-	-

14. FINANCIAL INSTRUMENTS

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 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The fair value of the Company's receivables, accounts payable and accrued liabilities and advances received approximates their carrying values. The Company's cash and investments in common shares are measured at fair value using Level 1 inputs. The Company's investments in warrants are measured at fair value using Level 3 inputs while investments in private company common shares are measured at fair value using Level 2 inputs. The carrying value of the Company's lease liability is measured at the present value of the discounted future cash flows.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

14. FINANCIAL INSTRUMENTS (CONTINUED)

a) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As at June 30, 2020, the Company had current assets totaling US\$5,153 and current liabilities totalling US\$Nil. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. A 1% change in the exchange rate would change other comprehensive income/loss by approximately CAD\$70. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk, however it may do so in the future

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is held in a large Canadian financial institution. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's sales tax receivable is due from the Government of Canada and Revenu Quebec therefore, the credit risk exposure is low.

The maximum exposure to credit risk as at June 30, 2020 is the carrying value of the trade accounts receivable. The Company has not provided for an expected credit loss as management believes the funds are fully collectible.

c) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks or credit unions.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at June 30, 2020, the Company had a cash balance of \$1,478,039 to settle current liabilities of \$1,078,514.

e) Commodity Price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold. The Company monitors metals prices to determine the appropriate course of action to be taken.

f) Market price risk

Market price risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

15. CAPITAL MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the period.

16. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the six months ended June 30,	
	2020	2019
	\$	\$
Supplemental non-cash disclosures		
Exploration and evaluation assets in accounts payable	411,628	1,461,010
Exploration and evaluation assets in receivables	4,691	7,417
Accounts receivable settlement	-	100,000
Recognition of right-of-use asset and lease liabilities	18,937	59,170
Reallocation of excess funding from the Tanacross project	55,607	
Share options exercised	9,404	-
Acquisition of investment in equity instrument	150,000	-
Value of shares received on sale of mineral properties	150,000	-

17. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of mineral properties. Geographic information is as follows:

	As at June 30, 2020		
	Canada	USA	Total
	\$	\$	\$
Exploration and evaluation assets	626,210	490,726	1,116,936
Equipment	15,272	-	15,272
Right-of-use asset	52,822	-	52,822
	694,304	490,726	1,185,030

	As at December 31, 2019		
	Canada	USA	Total
	\$	\$	\$
Exploration and evaluation assets	521,352	546,333	1,067,685
Equipment	3,795	-	3,795
Right-of-use asset	47,665	-	47,665
	572,812	546,333	1,119,145

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

18. SUBSEQUENT EVENTS

- a) In July 2020, the Company entered into an Option Agreement with G.L. Geoservice Inc. and another individual ("Optionors") for a property located in Quebec. Under the agreement, the Company will be the operator and has the option to acquire 100% interest in the property by making payments and exploration expenditures as follows:
- i. The Company must pay the following cash payments of \$50,000 upon signing of the Agreement (paid); \$75,000 on or before the 1st anniversary, \$100,000 on or before the 2nd anniversary, \$125,000 on or before the 3rd anniversary and \$250,000 on or before the 4th anniversary; and
 - ii. The Company must carry out mining work on the property incurring aggregate expenditures of \$1,000,000 on or before the 4th anniversary.

If and when the option is exercised, the Company will acquire 100% interest in the property and will grant the Optionors a 1.0% net smelter return royalty with the right to purchase one half of royalty upon the payment of \$1,000,000.

- b) In July 2020, the Company entered into a purchase and royalty agreement with Vanstar Mining Resources Inc. ("Vanstar"). Under the agreement, the Company agreed to purchase mineral claims located in Quebec from Vanstar in exchange the Company agreed to :
- i. Payment of \$20,000 immediately upon signing the agreement to Vanstar (paid); and
 - ii. In the event of commercial production with respect to these mineral claims, Vanstar is entitled to a 2.0% on net smelter return royalty. Half of the royalty (1.0% of net smelter income) can be redeemed at the Company's discretion for consideration of \$1,000,000 payable in cash in lump sum. The Company holds the right of first refusal over this same 1.0% of royalty owned by Vanstar.
- c) In July 2020, the Company entered into exploration with venture option agreement with Newmont Corporation ("Newmont"). Under the agreement, the Company is the operator, which can charge operator fees of 10% on costs incurred in account for exploration expenditures, except for invoices equaling or exceeding \$200,000 individually, which in case the fee would be 5%, until the completion of Newmont acquiring 51% interest in the Chebistuan property. In order to acquire 51% interest, Newmont must:
- i. advance the Company a minimum of \$700,000 in qualifying expenditures to complete the geochemical sampling work;
 - ii. pay the Company an annual cash payment of \$50,000 on the first and second anniversary of completion and approval of the geochemical sampling work; and
 - iii. advance the Company an additional \$2,000,000 in qualifying expenditures.
- d) In August 2020, the Company entered into a sale agreement with 1247667 BC Ltd. ("1247667 BC") to sell mineral claims in Quebec in exchange for a 15% interest of 1247667 BC and a net smelter return royalty of 2%.
- e) In August 2020, the Company entered into a sale and transfer agreement to purchase mineral titles from two individuals for a total purchase price of \$10,000 and a net smelter return royalty of 1.5%.

KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

18. SUBSEQUENT EVENTS (CONTINUED)

- f) In September 2020, the Company entered into a definitive amalgamation agreement with Northway (the "Amalgamation Agreement"). The transaction contemplated by the Amalgamation Agreement (the "Transaction") will result in a reverse takeover of Northway by the Company in accordance with the policies of the TSX Ventures Exchange ("TSXV").

Prior to the closing of the Transaction, the outstanding common shares of Northway ("NTW Shares") will be consolidated on the basis of one (1) new NTW Share for every seven (7) existing NTW Shares (the "Consolidation").

Under the terms of the Amalgamation Agreement, the Transaction will be completed by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia), whereby:

- a) 1265114 B.C. Ltd. ("Subco"), a subsidiary created for the purposes of completing the Transaction, will amalgamate with and into the Company, with the amalgamated entity ("Amalco") becoming a wholly owned subsidiary of Northway;
- b) each outstanding share of the Company shall be converted into the right to receive two (2) post-Consolidation NTW Shares;
- c) all NTW Shares held by the Company will be canceled without any repayment of capital; and
- d) Amalco will become a wholly-owned subsidiary of Northway.

Concurrently with closing of the Transaction, Northway is expected to change its name to "Kenorland Minerals Ltd." or such other name as the parties may determine.

In connection with the Transaction, the Company plans to complete a concurrent financing of 10,000,000 subscription receipts to raise aggregate gross proceeds of \$10,000,000 (the "Private Placement"), with each subscription receipt converted into shares of the Company immediately prior to the completion of the Transaction.

Pursuant to the terms of the Amalgamation Agreement, completion of the Transaction will be subject to a number of conditions, including but not limited to, closing conditions customary to transactions of the nature of the Transaction, including the completion of the Consolidation, the completion of the Private Placement, approval of the shareholders of the Company and Northway, approvals of all regulatory bodies having jurisdiction in connection with the Transaction and approval of the TSXV including the satisfaction of its initial listing requirements.