CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2020

(Expressed in United States dollars)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in thousands of United States dollars
(Unaudited)

	Note		September 30, 2020		December 31, 2019
ASSETS					
Current					
Cash and cash equivalents		$	10,974	$	4,253
Receivables and refundable taxes	3		689		1,405
Inventories	4		1,794		1,136
Prepaid expenses, and other			188		279
Total current assets			13,645		7,073
Exploration and evaluation assets	5		765		765
Mineral property, plant and equipment	6		34,864		10,005
TOTAL ASSETS		**$**	**49,274**	**$**	**17,843**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	7	$	5,808	$	2,704
Mexico mining concession taxes	7		7,380		6,080
Provision for reclamation and rehabilitation	8		705		1,413
Total current liabilities			13,893		10,197
Accounts payable and accrued liabilities	7		923		870
Provision for reclamation and rehabilitation	8		811		722
Term loan	9		16,350		-
Total liabilities			31,977		11,789
Shareholders' equity (deficit)					
Share capital	10		87,139		70,295
Contributed surplus			11,528		7,673
Accumulated other comprehensive income (loss)			(292)		1,577
Deficit			(81,078)		(73,491)
Total shareholders' equity (deficit)			17,297		6,054
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**49,274**	**$**	**17,843**

Approved by the Audit Committee of the Board of Directors on November 27, 2020

"John Hick", Audit Committee Chair   *"Akiba Leisman"*, Director

Nature of operations and going concern (Note 1)

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in thousands of United States dollars, except per share amounts
(Unaudited)

	Note	For the three months ended September 30, 2020	For the three months ended October 31, 2019	For the nine months ended September 30, 2020	For the nine months ended October 31, 2019
			(Restated - Note 16)		*(Restated - Note 16)*
Revenue		$ 433	$ 1,855	$ 985	$ 12,045
Cost of sales					
Production costs		(2)	(376)	(23)	(10,104)
Change in inventories		-	(795)	(562)	430
Writedown of inventories		-	(1,293)	-	(1,293)
Depreciation, depletion and amortization		-	(20)	-	(62)
		(2)	(2,484)	(585)	(11,029)
Gross (loss) income		431	(629)	400	1,016
Exploration and evaluation expenses		(1,265)	(794)	(5,096)	(6,183)
General and administrative expenses		(1,497)	(1,478)	(4,283)	(3,083)
Other income (expense)					
Accretion and interest expense		(75)	(6)	(123)	(31)
Loss on change in provision for reclamation and rehabilitation		(984)	-	(1,453)	-
Extinguishment of gold stream arrangement		-	-	-	(11,755)
Gain on disposal of equipment		-	140	-	140
Loss on disposal of supplies and spare parts		(19)	-	(19)	-
Gain on settlement of accounts payable		-	4,754	-	4,754
Foreign exchange gain (loss)		(1,395)	(597)	2,921	2,098
Transaction cost		-	-	-	(23)
Interest income		13	166	66	1,154
(Loss) income before income taxes		(4,791)	1,556	(7,587)	(11,913)
Income tax expense		-	-	-	(75)
(Loss) income for the period		**$ (4,791)**	**$ 1,556**	**$ (7,587)**	**$ (11,988)**
Other comprehensive income (loss)					
Income (loss) for the period		(4,791)	1,556	(7,587)	(11,988)
Items subject to reclassification into statement of loss:					
Foreign currency translation adjustment		1,640	(113)	(1,869)	1,073
Other comprehensive income (loss) for the period		1,640	(113)	(1,869)	1,073
Comprehensive loss for the period		**$ (3,151)**	**$ 1,443**	**$ (9,456)**	**$ (10,915)**
Basic and diluted income (loss) per common share		$ (0.01)	$ -	$ (0.01)	$ (0.03)
Weighted average common shares outstanding (thousands)		643,368	583,701	603,817	415,282

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in thousands of United States dollars
(Unaudited)

	Number of shares (000s)	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
Balance at May 1, 2018	192,104	**$ 36,056**	**$ 6,560**	**$ 421**	**$ (38,988)**	**$ 4,049**
Shares issued on business combination	91,233	10,632	-	-	-	10,632
Shares issued on private placement	30,000	3,416	-	-	-	3,416
Share issue costs	-	(44)	-	-	-	(44)
Shares issued on exercise of warrants	67	11	-	-	-	11
Transfer of warrant value	-	7	(7)	-	-	-
Share-based compensation	-	-	395	-	-	395
Net loss	-	-	-	-	(25,229)	(25,229)
Other comprehensive loss	-	-	-	(1,054)	-	(1,054)
Balance at April 30, 2019 (restated)	313,404	**$ 50,078**	**$ 6,948**	**$ (633)**	**$ (64,217)**	**$ (7,824)**
Shares issued on rights offering	270,017	20,385	-	-	-	20,385
Share issue costs	-	(200)	-	-	-	(200)
Shares issued on exercise of options	280	21	-	-	-	21
Transfer of option value	-	11	(11)	-	-	-
Share-based compensation	-	-	736	-	-	736
Net loss	-	-	-	-	(9,274)	(9,274)
Other comprehensive income	-	-	-	2,210	-	2,210
Balance at December 31, 2019	583,701	**$ 70,295**	**$ 7,673**	**$ 1,577**	**$ (73,491)**	**$ 6,054**
Shares issued on private placement	71,000	16,514	-	-	-	16,514
Fair value of warrants	-	-	3,548	-	-	3,548
Shares issued on exercise of options	1,295	330	(124)	-	-	206
Share-based compensation	-	-	431	-	-	431
Net loss	-	-	-	-	(7,587)	(7,587)
Other comprehensive loss	-	-	-	(1,869)	-	(1,869)
Balance at September 30, 2020	655,996	**$ 87,139**	**$ 11,528**	**$ (292)**	**$ (81,078)**	**$ 17,297**

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

MAKO MINING CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in thousands of United States dollars
(Unaudited)

	Note	For the nine months ended September 30, 2020	October 31, 2019
			(Restated - Note 16)
Operating activities			
Net loss for the period		$ (7,587)	$ (11,988)
Interest received			
Non-cash items:			
Accretion expense		69	29
Depreciation, depletion and amortization		11	(65)
Change in provision for reclamation and rehabilitation		1,453	(1,685)
Gain on disposal of equipment		-	(140)
Gain on settlement of accounts payable		-	(4,754)
Writedown of inventory		-	1,293
Interest expense		1,231	-
Share-based payments		384	741
Extinguishment of gold stream arrangement		-	11,755
Unrealized foreign exchange loss		(1,994)	1,028
		(6,433)	(3,786)
Changes in non-cash working capital		(1,978)	(6,015)
Net cash used in operating activities		(8,411)	(9,801)
Investing activities			
Proceeds on sale of equipment		-	178
Purchase of exploration and evaluation asset		-	-
Expenditures on mineral property, plant and equipment		(20,387)	(4,202)
Net cash used in investing activities		(20,387)	(4,024)
Financing activities			
Proceeds on issue of units, net of share issuance costs		20,062	23,556
Drawdown on term loan		15,150	-
Proceeds on exercise of options		205	21
Interest paid		-	(45)
Net cash provided by financing activates		35,417	23,532
Effect of foreign exchange on cash and cash equivalents		102	64
Change in cash and cash equivalents		6,721	9,771
Cash and cash equivalents, beginning of period		4,253	1,481
Cash and cash equivalents, end of period		**$ 10,974**	**$ 11,252**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Mako Mining Corp. ("Mako" or the "Company") was incorporated on April 1, 2004 under the laws of the Yukon Territory and continued into British Columbia under the *British Columbia Corporations Act.* The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol MKO. The address of the Company's corporate office and principal place of business is Suite 2833 – 595 Burrard Street, Vancouver, BC, Canada.

Due to the Company's change in year-end from April 30 to December 31 in the 2019 calendar year, the comparative figures in these condensed interim consolidated financial statements are for the three and six months ended July 31, 2019.

The Company's primary asset is the San Albino-Murra Property in Nicaragua ("San Albino Property"), which is in the development stage.

Going concern

These consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations for the foreseeable future.

As at September 30, 2020, the Company had cash and cash equivalents of $10,974,498 (December 31, 2019 - $4,253,102), a working capital deficit of $246,109 (December 31, 2019 – $3,123,618) which includes the mining concession taxes payable of $7,379,758 related to the Mexican subsidiary for which the Company currently has a letter of intent with GR Silver Mining Ltd. (formerly Goldplay Exploration Ltd.), and an accumulated deficit of $81,077,543 (December 31, 2019 - $73,490,620). The Company recorded net losses of $4,791,416 and $7,586,923 for the three and nine months ended September 30, 2020, respectively (for the three and nine months ended October 31, 2019 – gain of $1,555,040 and loss of $11,988,649, respectively); and for the nine months ended September 30, 2020, had cash outflows from operating activities of $8,410,789 (for the nine months ended October 31, 2019 - $9,801,850) and investing outflows of $20,387,179 (for the nine months ended October 31, 2019 - $4,024,291).

The Company's working capital position and its reliance on additional funding to be able to meet its liabilities as they fall due constitute a material uncertainty that may give rise to significant doubt as to the Company's ability to continue as a going concern.

The Company has primarily raised funds through the sale of securities and more recently, through debt. The Company expects that it will continue to obtain funding through similar or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. These consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary should the going concern assumption prove to be inappropriate, and these adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS"). Accordingly, they do not include all the information and notes to the consolidated financial statements required by IFRS for complete financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements for the eight months ended December 31, 2019.

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on November 27, 2020.

(b) Basis of presentation

The accounting policies and methods used in the preparation of these condensed interim consolidated financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the eight months ended December 31, 2019 except for:

Borrowing costs
Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset. Capitalization of borrowing costs begin when there are borrowings and activities commence to prepare an asset for its intended use. Capitalization of borrowing costs ends when substantially all activity necessary to prepare a qualifying asset for its intended use are complete. Borrowing costs directly attributable to the construction of the San Albino Project have been capitalized within construction in progress costs.

New accounting standards not yet adopted
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16): The amendments prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. This amendment is effective for the Company's annual reporting period beginning January 1, 2022, with early adoption permitted. The Company is in the process of assessing the impact of the adoption of this amendment. None of the remaining standards and amendments to standards and interpretations which have been issued but are not yet effective are expected to have a significant effect on the consolidated financial statements of the Company.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value.

All tabular amounts are in thousands of United States dollars unless otherwise stated

(c) Use of judgements and estimates

The preparation of these condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the eight months ended December 31, 2019.

COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far reaching. To date there have been significant stock market declines, significant volatility in commodity and foreign exchange markets and the global movement of people and some goods has become restricted. On March 23, 2020, in response to the COVID-19 global pandemic, the Company announced some proactive changes to the San Albino gold project development schedule. Mako has reduced the employee and contractor workforce from 400 to slightly less than 250 people. While the Company continues to operate its business and move the development of the San Albino Project forward, there is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on future production, future cash flows in 2020 and on global financial markets. In August 2020, the operations team was able to travel back into Nicaragua. The Company is continuously monitoring the situation in Nicaragua, which could impact the timing of completion of the San Albino Mine.

3. RECEIVABLES AND REFUNDABLE TAXES

		September 30, 2020		December 31, 2019
Value added taxes (IVA)	$	410	$	1,329
Other		279		76
	$	689	$	1,405

Value added taxes (IVA) are refundable from the Government of Mexico and represent 16% of qualifying expenditures.

All tabular amounts are in thousands of United States dollars unless otherwise stated

4. INVENTORIES

	September 30, 2020	December 31, 2019
Finished metal	$ -	$ 558
Supplies and spare parts	1,794	578
	$ 1,794	$ 1,136

As at December 31, 2019, finished metal inventory was recorded at cost.

5. EXPLORATION AND EVALUATION ASSETS

The following exploration and evaluation assets are located in Nicaragua:

	Potrerillos	San Albino	El Jicaro	Total
Balance, May 1, 2019	$ -	$ 10	$ 120	$ 130
Transfer to mineral property, plant and equipment	-	(10)	-	(10)
Acquired during the period	645	-	-	645
Balance, December 31, 2019 and September 30, 2020	$ 645	$ -	$ 120	$ 765

All tabular amounts are in thousands of United States dollars unless otherwise stated

6. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Land	Building	Equipment	Total
Cost					
As at May 1, 2019	$ -	$ -	$ 124	$ 1,060	$ 1,184
Transfer from exploration and evaluation assets	10	-	-	-	10
Additions	8,253	-	-	1,310	9,563
Disposals	-	-	-	(63)	(63)
Foreign currency translation adjustment	-	-	-	1	1
As at December 31, 2019	$ 8,263	$ -	$ 124	$ 2,308	$ 10,695
Additions	24,368	1,881	-	-	26,249
Disposals	-	-	-	(1,278)	(1,278)
As at September 30, 2020	$ 32,631	$ 1,881	$ 124	$ 1,030	$ 35,666
Accumulated depreciation					
As at May 1, 2019	$ -	$ -	$ 94	$ 526	$ 620
Disposals	-	-	-	(58)	(58)
Depreciation	-	-	8	119	127
Foreign currency translation adjustment	-	-	-	1	1
As at December 31, 2019	$ -	$ -	$ 102	$ 588	$ 690
Disposals	-	-	-	(63)	(63)
Depreciation	-	-	9	166	175
As at September 30, 2020	$ -	$ -	$ 111	$ 691	$ 802
Net book value as at May 1, 2019	$ -	$ -	$ 30	$ 534	$ 564
Net book value as at December 31, 2019	$ 8,263	$ -	$ 22	$ 1,720	$ 10,005

San Albino Property, Nicaragua

During the eight months ended December 31, 2019, the Company's Board approved the development of the San Albino Property. The Company made the decision to develop the mine based on a preliminary economic assessment, combined with other factors. Effective the date of this decision, all capitalized exploration and evaluation costs associated with San Albino were transferred to construction in progress, a non-depreciable category of mineral property until it is ready for its intended use.

At September 30, 2020, construction in progress includes stockpile of an estimated 1,791 ounces of contained gold at the San Albino Project.

All tabular amounts are in thousands of United States dollars unless otherwise stated

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2020		December 31, 2019
Trade payables	$	5,708	$	1,506
Trade payables - mining contractor		-		1,000
Due to related parties		100		198
Mexico mining concession taxes		7,380		6,080
	$	13,188	$	8,784
Non-current liability				
Trade payables - mining contractor		923		870
	$	14,111	$	9,654

On October 7, 2019, the Company entered into a settlement agreement with the Company's mining contractor in Mexico. The Company had an outstanding liability of $11,343,338 with the two parties agreeing to settle the balance of the liability for $6,000,000, payable as follows:

- $4,000,000 (paid) on the date of signing the settlement agreement
- $1,000,000 on the first anniversary of the settlement agreement (paid)
- $1,000,000 on the second anniversary of the settlement agreement

Management has discounted the value of the long-term portion of the liability using a rate of 8%, which is management's estimate of the weighted average cost of capital for the Company.

8. RECLAMATION AND REHABILITATION OBLIGATIONS

		September 30, 2020		December 31, 2019
Opening balance	$	2,135	$	5,229
Cash outflows for reclamation and rehabilitation activities		(2,832)		(842)
Changes in estimate		2,200		(2,275)
Accretion expense		13		23
Closing balance	$	1,516	$	2,135
Current portion	$	705	$	1,413
Long-term portion		811		722
	$	1,516	$	2,135

The Company has recognized liabilities relating to La Trinidad mine and the San Albino Project and has determined that no significant closure and reclamation liabilities exist in connection with the activities on its other properties. The Company has calculated the present value of the closure and reclamation provision at September 30, 2020 using the undiscounted estimate of cash outflows associated with reclamation activities is $1,702,336 (December 31, 2019 - $2,160,963), with $765,518 associated to the La Trinidad mine and $936,818 associated with the San Albino Project. The provision was determined using a discount rate of 0.13% - 1.23% (December 31, 2019 – 1.59%) and an inflation rate of 1.90 - 1.93% (December 31, 2019 – 1.97%). The Company intends to complete the reclamation activities on La Trinidad by the end of 2021.

Reclamation activities at the La Trinidad mine commenced during the eight months ended December 31, 2019.

9. TERM LOAN

On February 20, 2020, the Company entered into a $15,150,000 unsecured term loan facility (the "Term Loan") from Wexford Catalyst Trading Limited, Wexford Spectrum Trading Limited and Debello Trading Limited (collectively, the "Lenders"), each private investment funds managed by the Company's controlling shareholder, Wexford Capital LP ("Term Loan Agreement"). The Term Loan matures in August 2022 and may be prepaid at any time, in whole or in part, at par plus accrued but unpaid interest, without penalty or premium. The Term Loan bears interest at the rate of 8.0% per annum until the first anniversary of the closing date, increasing to 10% per annum thereafter, which interest is payable semi-annually on June 30th and December 31st each year, with the first interest payment due on December 31, 2020. The Company paid a non-refundable up-front fee of $150,000 to the Lenders on the closing of the Term Loan.

The Company has made drawdowns of $5,150,000 on February 21, 2020, $5,000,000 on April 1, 2020 and $5,000,000 on May 15, 2020. As at September 30, 2020, the Term Loan was fully drawn.

If the Loan is not repaid in full on or prior to the first anniversary of the closing date, then the Company must pay to the Lenders cash bonus interest on the first anniversary of the closing date and on each successive anniversary in an amount equal to the cash equivalent of 500 ounces of gold calculated based on the average Gold Fixing Price in the London Bullion Market during the most recently completed calendar month at the time the payment is made, in accordance with the applicable formula set out in the Term Loan Agreement.
During the nine months ended September 30, 2020, the Company recorded accrued interest on the Term Loan of $600,754, which has been capitalized to construction in progress. Due to the uncertainty of COVID-19 management has assumed that the Term Loan will be outstanding on the first anniversary of the closing date. As such, the Company has accrued a cash bonus interest of $577,018 based on a gold futures price per ounce of $1,903.

10. SHARE CAPITAL

(a) Authorized - Unlimited number of common shares, without par value.

(b) Issued

(i) On July 16, 2020, the Company completed a private placement of 71,000,000 units for gross proceeds of $20,947,506 ($28,400,000). Of which, 41,000,000 units were issued to Wexford Spectrum Trading Limited and Wexford Catalyst Trading Limited, funds managed by Wexford Capital LP (collectively, "Wexford"); and the remaining 30,000,000 units was a bought deal private placement (the "Bought Deal"). Each unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant is exercisable by the holder thereof to purchase one common share of the Company at an exercise price of C$0.60 until January 16, 2022. The fair value of these Warrants was calculated as $3,403,970 (C$4,615,000) using the Black-Scholes model (note 10 (e)).

The Company paid the underwriters a cash fee equal to 6.0% of the gross proceeds of the Bought Deal and issued to the underwriters broker warrants the equivalent of 5.0% of the number of units sold pursuant to the Bought Deal (the "Broker Warrants"). The fair value of the Broker Warrants was calculated as $143,830 (C$195,000) using the Black-Scholes model (note 10 (e)). The Company also incurred share issuance costs of $885,639 (C$1,197,765).

(ii) In August 2020, the Company issued 470,000 common shares on the exercise of 470,000 stock options for gross proceeds of $117,353 (C$160,062). The fair value associated with these options was $55,391 which was transferred from contributed surplus to share capital.

(iii) On May 26, 2020, the Company issued 825,000 common shares on the exercise of 825,000 stock options for gross proceeds of $117,353 (C$160,062). The fair value associated with these options was $68,636 which was transferred from contributed surplus to share capital.

(iv) On July 23, 2019, the Company completed a rights offering whereby the Company issued 270,017,178 common shares of the Company for gross proceeds of C$27,017,178 and incurred share issuance costs of C$265,488.

(c) Warrants

As at September 30, 2020, the Company had 37,000,000 warrants issued and outstanding, exercisable at C$0.60 per warrant and expiring on January 16, 2022.

All tabular amounts are in thousands of United States dollars unless otherwise stated

(d) Share options

	For the nine months ended September 30, 2020		For the eight months ended December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening balance	50,160,000	C$0.25	10,660,000	C$0.22
Granted	1,300,000	-	42,500,000	0.26
Forfeited	(75,000)	0.1625	-	-
Exercised(1)	(1,295,000)	(0.1940)	(280,000)	0.10
Expired	-	-	(2,720,000)	0.15
Ending balance	**50,090,000**	**C$0.26**	**50,160,000**	**C$0.25**
Options exercisable	27,915,000	C$0.23	18,285,000	C$0.20

(1) The weighted average share price at the date of exercise for the eight months ended December 31, 2019 C$0.11

On July 21, 2020, the Company granted 1,300,000 stock options to its non-executive directors, each exercisable to acquire one common share of the Company at an exercise price of C$0.51 until July 21, 2025. The stock options vest as to 25% on the date of grant, and as to 25% on each of the first, second and third anniversary of the date of grant. The fair value of these options was calculated as $276,282 (C$374,620) using the Black-Scholes model. The Company recorded share-based payments of $93,702 and $93,702 for the three and nine months ended September 30, 2020, respectively, which is included in general and administrative expenses in net income (loss).

In August 2020, 470,000 stock options were exercised at C$0.25 for gross proceeds to the Company of $88,971 (C$117,500). The weighted average share price at the date of exercise was C$0.47.

On May 30, 2020, 800,000 stock options were exercised at C$0.195 and 25,000 stock options were exercised at C$0.1625 for gross proceeds to the Company of $114,451 (C$160,062). The weighted average share price at the date of exercise was C$0.46.

During the three and nine months ended September 30 2020, the Company recorded share-based payments relating to the vesting of previously granted options of $109,313 and $431,345, of which $96,726 and $384,095 is included in general and administrative expenses in net income (loss) and $12,587 and $47,250 is included in construction in progress, respectively.

All tabular amounts are in thousands of United States dollars unless otherwise stated

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

	For the nine months ended September 30, 2020		For the eight months ended December 31, 2019	
	Options	**Warrants**	**Options**	**Warrants**
Risk-free interest rate	0.35%	1.36%	1.51%	N/A
Expected dividend yield	-	-	-	N/A
Expected stock price volatility	69.25%	77.83%	66.02%	N/A
Expected life in years	5 years	1.5 years	5 years	N/A
Forfeiture rate	0.00%	0.00%	0.00%	N.A
Weighted average fair value	C$0.29	C$0.13	C$0.05	N/A

11. RELATED PARTY TRANSACTIONS

(a) Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprise the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, VP Corporate Development, VP Exploration and Directors.

	For the three months ended		For the nine months ended	
	September 30, 2020	**October 31, 2019**	**September 30, 2020**	**October 31, 2019**
Director fees	$ 39	$ 38	$ 115	$ 157
Salaries, consulting and management fees	256	558	775	$ 11,222
Share-based compensation	97	81	384	$ 81
Total	$ 392	$ 677	$ 1,274	$ 11,460

At September 30, 2020, $61,250 (December 31, 2019 - $5,356) is included in accounts payable.

(b) Tes-Oro Mining Group, LLC ("Tes-Oro")

Tes-Oro is a private company controlled by the Company's Chief Operating Officer. Tes-Oro is a full-service engineering, procurement and construction management firm working exclusively with the Company. During the three and nine months ended September 30, 2020, the Company expensed fees relating to consulting services of $2,141,832 and $379,586 (for the three and nine months ended October 31, 2019 - $918,644 and $1,707,417) in exploration expenses and $Nil and $112,671 in construction in progress. Amounts payable to Tes-Oro as at September 30, 2020 were $38,482 (December 31, 2019 were $134,077).

All tabular amounts are in thousands of United States dollars unless otherwise stated

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Carrying amount versus fair value

Financial Instruments measured at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).
The Company's financial instruments include cash and cash equivalents, receivables and accounts payable. The carrying values of cash, receivables and accounts payables approximate fair value because of the short-term nature of these instruments or capacity of prompt liquidation.

The Company does not have any financial instruments that are measured using level 3 inputs.

During the nine months ended September 30, 2020 there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

13. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended		For the nine months ended	
	September 30, 2020	**October 31, 2019**	**September 30, 2020**	**October 31, 2019**
Accounting and legal	$ 458	408	$ 1,041	640
Directors' fees	39	42	115	135
General office expenses	81	101	352	201
Insurance	64	(28)	314	-
Management and consulting fees	470	269	1,158	1,394
Rent	62	10	199	42
Salaries and benefits	129	79	346	(30)
Stock-based compensation	97	557	384	557
Telephone and IT services	39	-	216	37
Travel	58	40	158	107

All tabular amounts are in thousands of United States dollars unless otherwise stated

14. SEGMENTED INFORMATION

As at September 30, 2020, the Company has one business segment, the production of gold and exploration of resources. The Company's principal product is gold doré with the refined gold bullion sold in the London spot market by the subsidiary in Barbados. The gold doré is produced at the La Trinidad Mine in Mexico.

All of the Company's significant non-current assets are distributed by geographic locations as follows:

	Canada	Mexico	Nicaragua	Total
As at September 30, 2020				
Mineral property, plant and equipment	$ -	$ -	$ 34,864	**$ 34,864**
Exploration and evaluation assets	-	-	765	**765**
As at December 31, 2019				
Mineral property, plant and equipment	-	230	9,775	**10,005**
Exploration and evaluation assets	-	-	765	**765**

15. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in non-cash working capital comprise the following:

	For the nine months ended	
	September 30, 2020	**October 31, 2019**
		(Restated - Note 16)
Receivables and refundable taxes	$ 691	$ (1,225)
Inventories	(658)	(1,537)
Prepaid expenses, and other	86	(94)
Accounts payable and accrued liabilities	635	(3,308)
Due to related parties	100	-
Provision for reclamation and rehabilitation - current liability	(2,832)	149
	$ (1,978)	**$ (6,015)**

16. CORRECTION OF ERROR

During the preparation of the condensed interim consolidated financial statements for the nine months ended September 30, 2020, management noted that an accrual for mining concession taxes in Mexico should have been reversed in the year ended April 30, 2019 and that the Mexican value added tax ("IVA") receivable should have been adjusted, for recoverability, when calculating the gain on the settlement of the mining contractor accounts payable during the eight months ended December 31, 2019.

All tabular amounts are in thousands of United States dollars unless otherwise stated

These condensed interim consolidated financial statements now reflect the reversal of the accrual for mining concession taxes of $1,661,005 which was inaccurately recorded during the year ended April 30, 2019 and the corrected gain on the settlement of the mining contractor accounts payable, recognized during the eight-months ended December 31, 2019, which was adjusted after deducting the IVA of $737,012, which is no longer recoverable.

The correction of errors has been made retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Impact on consolidated statement of loss and comprehensive loss for the three months ended October 31, 2019, is as follows:

	As previously reported	Adjustment	Restated
Gain on settlement of accounts payable	5,490,742	(737,012)	4,753,730
Income for the period	2,292,052	(737,012)	1,555,040
Comprehensive gain for the period	2,178,984	(737,012)	1,441,972
Basic and diluted income per share	(0.00)	-	(0.00)

Impact on consolidated statement of loss and comprehensive loss for the nine months ended October 31, 2019, is as follows:

	As previously reported	Adjustment	Restated
Gain on settlement of accounts payable	5,490,742	(737,012)	4,753,730
Loss for the period	(11,251,637)	(737,012)	(11,988,649)
Comprehensive loss for the period	(10,178,559)	(737,012)	(10,915,571)
Basic and diluted loss per share	(0.03)	-	(0.03)

Impact on consolidated statement of cashflows for the nine months ended October 31, 2019, is as follows:

	As previously reported	Adjustment	Restated
Loss for the period	(11,251,637)	(737,012)	(11,988,649)
Non-cash items	(7,465,015)	(737,012)	(8,202,027)
Changes in non-cash working capital	(5,278,216)	(737,012)	(6,015,228)
Net cash used in operating activities	(0.03)	-	(0.03)