

Bluestone **RESOURCES INC.**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2020 and 2019

(Unaudited)

Bluestone Resources Inc.**Consolidated Statements of Financial Position**

(Expressed in United States dollars - Unaudited)

	Notes	September 30, 2020	December 31, 2019
Current assets			
Cash and cash equivalents		\$55,346,895	\$3,030,330
Accounts receivable		305,398	77,812
Equity securities		552,672	85,052
Prepaid expenses and other current assets		648,271	216,612
Inventory		75,975	89,514
		56,929,211	3,499,320
Non-current assets			
Restricted cash		1,744,294	1,763,494
Property, plant and equipment		5,016,920	5,210,243
Exploration and evaluation asset		30,126,433	30,126,433
Total assets		\$93,816,858	\$40,599,490
Current liabilities			
Trade and other payables	3	\$3,035,421	\$3,621,810
		3,035,421	3,621,810
Non-current liabilities			
Lease liabilities		7,930	34,885
Rehabilitation provisions		8,364,517	7,952,768
Deferred income tax liabilities		2,149,767	1,665,314
Total liabilities		13,557,635	13,274,777
Shareholders' equity			
Share capital	5	168,662,895	96,107,883
Reserves		10,495,019	12,502,950
Accumulated other comprehensive income		8,071,441	4,561,233
Deficit		(106,970,132)	(85,847,353)
Total shareholders' equity		80,259,223	27,324,713
Total liabilities and shareholders' equity		\$93,816,858	\$40,599,490

Approved on November 17, 2020 on behalf of the Board of Directors:

"Zara Boldt"

Zara Boldt, Director

"Jack Lundin"

Jack Lundin, Director

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

Bluestone Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss

(Expressed in United States dollars - Unaudited)

	Notes	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Expenses					
Accounting and legal		\$74,787	\$49,839	\$225,595	\$213,406
Advertising and promotion		114,612	465,170	322,576	1,103,462
Corporate listing and filing fees		3,362	6,637	51,465	45,525
Exploration and evaluation expenses	6	5,672,863	3,446,377	13,704,579	9,798,914
Office and administration		188,728	184,041	540,974	533,800
Salaries and wages		903,252	705,032	2,742,272	2,114,252
Share-based compensation	5	206,123	155,139	975,326	749,282
		(7,163,727)	(5,012,235)	(18,562,787)	(14,558,641)
Interest income		155,350	73,982	310,403	224,142
Finance expenses		(422,239)	(787,688)	(1,654,530)	(849,687)
Accretion expense		(139,566)	(49,790)	(411,749)	(148,350)
Other (loss) income		(11,189)	—	43,412	93,003
Foreign exchange (loss) gain		(512,988)	37,484	(358,282)	(167,042)
Loss before income tax		(8,094,359)	(5,738,247)	(20,633,533)	(15,406,575)
Income tax (expense) recovery		(544,939)	(114,657)	(489,246)	122,754
Net loss		(8,639,298)	(5,852,904)	(21,122,779)	(15,283,821)
Other comprehensive income (loss) items that will not be reclassified to net loss:					
Gain (loss) on equity securities		450,140	(8,765)	462,917	(13,998)
Translation adjustment		1,324,510	(128,116)	3,047,291	137,426
Comprehensive loss		(\$6,864,648)	(\$5,989,785)	(\$17,612,571)	(\$15,160,393)
Weighted average number of common shares outstanding – basic and diluted		143,231,017	81,898,123	115,536,297	76,719,540
Basic and diluted loss per common share		(\$0.06)	(\$0.07)	(\$0.18)	(\$0.20)

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

Bluestone Resources Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in United States dollars - Unaudited)

	Notes	Share capital		Reserves	Accumulated other comprehensive income	Deficit	Total shareholders' equity
		Shares	Amount				
Balance, January 1, 2019		63,840,560	\$81,396,001	\$10,404,099	\$4,234,556	(\$63,551,119)	\$32,483,537
Private placements, net of fees	5	17,941,321	14,480,290	1,402,473	—	—	15,882,763
Share-based compensation	5	—	141,081	608,201	—	—	749,282
Exercise of warrants		116,242	43,163	(12,900)	—	—	30,263
Comprehensive income (loss) for the period		—	—	—	123,428	(15,283,821)	(15,160,393)
Balance, September 30, 2019		81,898,123	\$96,060,535	\$12,401,873	\$4,357,984	(\$78,834,940)	\$33,985,452
Balance, January 1, 2020		81,898,123	\$96,107,883	\$12,502,950	\$4,561,233	(\$85,847,353)	\$27,324,713
Bought deal financing, net of fees	5	52,578,000	62,706,915	—	—	—	62,706,915
Credit Facility consideration	4	85,000	98,012	—	—	—	98,012
Share-based compensation	5	—	83,951	891,375	—	—	975,326
Exercise of options		5,198,333	8,027,654	(2,469,185)	—	—	5,558,469
Exercise of warrants		3,777,920	1,638,480	(430,121)	—	—	1,208,359
Comprehensive income (loss) for the period		—	—	—	3,510,208	(21,122,779)	(17,612,571)
Balance, September 30, 2020		143,537,376	\$168,662,895	\$10,495,019	\$8,071,441	(\$106,970,132)	\$80,259,223

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

Bluestone Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in United States dollars - Unaudited)

	Notes	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash flows from operating activities			
Net loss for the period		(\$21,122,779)	(\$15,283,821)
Adjustments for:			
Accretion expense		411,749	148,350
Depreciation		347,015	323,546
Share-based compensation	5	975,326	749,282
Interest income		(130,701)	(216,254)
Finance expenses		114,929	72,148
Other loss (income)		11,189	(93,003)
Income tax recovery		488,892	(110,235)
Non-cash foreign exchange loss		523,926	70,763
Changes in non-cash working capital:			
Accounts receivable		(226,342)	41,436
Prepaid expenses and other current assets		97,412	(44,624)
Inventory		13,540	46,931
Trade and other payables		(452,211)	(447,297)
Cash used in operating activities before income taxes paid		(18,948,055)	(14,742,778)
Income taxes paid		(5,168)	(15,235)
Cash used in operating activities		(18,953,223)	(14,758,013)
Cash flows from investing activities			
Purchase of plant and equipment		(158,588)	(231,740)
Proceeds from sale of exploration and evaluation asset		—	18,432
Interest received		130,701	216,254
Cash (used in) generated by investing activities		(27,887)	2,946
Cash flows from financing activities			
Proceeds from equity financings	5	65,414,119	16,872,293
Equity financing fees	5	(2,707,204)	(989,530)
Funds received from Loans	4	10,000,000	—
Repayment of Loans	4	(10,000,000)	—
Credit Facility fees	4	(467,897)	—
Lease principal repayments		(77,624)	(47,516)
Interest paid		(78,679)	(72,148)
Proceeds from exercise of options		5,558,469	—
Proceeds from exercise of warrants		1,208,359	30,263
Cash generated by financing activities		68,849,543	15,793,362
Effects of foreign exchange rate changes on cash and cash equivalents		2,448,132	9,701
Increase in cash and cash equivalents		52,316,565	1,047,996
Cash and cash equivalents, beginning of the period		3,030,330	6,672,318
Cash and cash equivalents, end of the period		\$55,346,895	\$7,720,314

Supplemental cash flow information (note 10)

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

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in United States dollars - Unaudited)

1. Nature of Operations

Bluestone Resources Inc. ("Bluestone" or the "Company"), incorporated on November 7, 2000 under the Business Corporations Act (Alberta) and continued into British Columbia on June 13, 2005, is a natural resource company focused on the exploration and development of its 100% owned Cerro Blanco Gold project ("Cerro Blanco") and Mita Geothermal project ("Mita Geothermal"), both located in Guatemala. The Company's head and registered office is located at Suite 2000, 885 West Georgia Street, Vancouver, BC, V6C 3E8. The Company is listed on the TSX Venture Exchange, trading under the symbol 'BSR', and on the OTCQB, trading under the symbol 'BBSRF'.

2. Significant Accounting Policies, Estimates and Judgments

a) Basis of presentation, principles of consolidation and statement of compliance

These condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, *Interim financial reporting*. The comparative information has also been prepared on this basis.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 17, 2020.

For all periods presented, these condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, which are wholly owned. All intercompany balances and transactions have been eliminated upon consolidation. A wholly owned subsidiary is an entity in which the Company has 100% control, directly or indirectly. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company continues to closely monitor developments in the novel coronavirus ("COVID-19") pandemic, including the potential impact on the Company's operations. The impact of COVID-19 is uncertain and COVID-19 could have a significant impact on the Company if the Company or its suppliers are not able to maintain operations.

b) Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2020 are consistent with those applied and disclosed in note 2(q) to the Company's audited consolidated financial statements for the year ended December 31, 2019.

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in United States dollars - Unaudited)

2. Significant Accounting Policies, Estimates and Judgments (Cont'd)

c) New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board. The following has not yet been adopted by the Company and is being evaluated to determine its impact:

- IAS 16, *Property, plant and equipment* ("IAS 16"): Amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022, with early adoption permitted.

3. Trade and Other Payables

	September 30, 2020	December 31, 2019
Trade payables	\$584,870	\$1,893,613
Accrued liabilities	1,196,993	421,496
Lease liability	59,558	115,419
Payroll liabilities	1,194,001	1,191,282
	3,035,422	3,621,810

4. Loans

On January 27, 2020, the Company entered into a \$30,000,000 credit facility (the "Credit Facility"). Loans under the Credit Facility (the "Loans") are made available through multiple borrowings. The annual interest rates on the Loans are set based on US LIBOR plus a margin equal to 0.45%. A commitment fee equal to 0.20% per annum on the unused portion of the Credit Facility is payable quarterly in arrears during the availability period. The Loans can be repaid at any time in whole or in part subject to a minimum notice period without penalty. The maturity date for the Loans and the end of the availability period for the Credit Facility is the earlier of (i) the one-year anniversary of the Credit Facility and (ii) the occurrence of certain events, including funding pursuant to a potential senior debt project financing.

The Loans are supported by a guarantee from Nemesia S.à.r.l. ("Nemesia"). In consideration for the guarantee from Nemesia, the Company issued 85,000 common shares to Nemesia with a fair value of \$98,012. Nemesia is an affiliate of Zebra Holdings and Investment S.à.r.l. and Lorito Holdings S.à.r.l. (collectively with Nemesia, the "Lundin Entities"), both of which are companies controlled by a trust settled by the late Adolf H. Lundin. The Lundin Entities are shareholders of the Company, making them a related party.

The Company entered into a debenture (the "Debenture") with Nemesia which provides a repayment mechanism in the event of default on Loans. The Debenture may be increased up to \$32,000,000 (an amount equivalent to the Credit Facility plus potential interest) at the request of Nemesia but subject to approval of shareholders of the Company. If the Debenture is increased to \$32,000,000, an additional 100,000 common shares of the Company will be issued to Nemesia. An additional 3,500 common shares of the Company will be issued to Nemesia for each \$500,000 draw down per month on the guarantee from Nemesia, until repayment under the terms of the Debenture.

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in United States dollars - Unaudited)

4. Loans (cont'd)

As of September 30, 2020, the Company had no Loans payable as the \$10,000,000 drawn during the three months ended March 31, 2020 was repaid during the three months ended June 30, 2020. During the nine months ended September 30, 2020, the Company recognized the following as finance expenses in the consolidated statement of loss relating to the Credit Facility:

Interest on Loans	\$36,465
Commitment fees	36,250
Amortization of transaction costs ⁽¹⁾	344,776
	\$417,491

⁽¹⁾ The Company incurred transaction costs of \$529,659 in connection with the Credit Facility. These transaction costs are recognized as prepaid expenses and other current assets in the consolidated statement of financial position and amortized using the straight-line method to January 27, 2021. In the event of the availability period for the Credit Facility ending prior to January 27, 2021, the remaining unamortized amount will be immediately expensed.

5. Share Capital

As at September 30, 2020, the Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

a) Equity financings

On May 1, 2020, the Company completed a bought deal financing (the "Financing") pursuant to which the Company issued 52,578,000 common shares of the Company at C\$1.75 per common share and received gross proceeds of \$65,414,119 (C\$92,011,500). The Company incurred \$2,707,204 in fees in connection with the Financing during the nine months ended September 30, 2020.

On March 19, 2019, the Company completed a bought deal private placement (the "Private Placement") pursuant to which the Company issued 17,941,321 units at C\$1.25 per unit, with each unit consisting of one common share of the Company and one-half of one common share purchase warrant, and received gross proceeds of \$16,872,293 (C\$22,426,651). Each whole warrant is exercisable at C\$1.65 for a period of two years. The value attributed to the common shares was \$15,382,442 based on the fair value allocation between the common shares and warrants (note 5(b)). The Company incurred \$989,530 in fees in connection with the Private Placement during the nine months ended September 30, 2019.

b) Warrants

The changes in warrants outstanding during the nine months ended September 30, 2020 and year ended December 31, 2019 are as follows:

	September 30, 2020		December 31, 2019	
	Number of warrants	Weighted avg. exercise price (C\$/warrant)	Number of warrants	Weighted avg. exercise price (C\$/warrant)
Outstanding, beginning of period	12,508,572	\$1.28	5,189,309	\$0.84
Issued	—	—	8,970,652	1.65
Exercised	(3,777,920)	(0.43)	(116,242)	(0.35)
Expired	—	—	(1,535,147)	2.00
Outstanding, end of period	8,730,652	\$1.65	12,508,572	\$1.28

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in United States dollars - Unaudited)

5. Share Capital (cont'd)

As at September 30, 2020, 8,730,652 outstanding warrants had an expiry date of March 19, 2021, remaining contractual lives of 0.47 years and exercise prices of C\$1.65 per warrant.

The relative fair value of \$1,489,850 allocated to the warrants issued for the gross proceeds from the Private Placement was estimated using the Black-Scholes option pricing model with the following assumptions: Risk-free rate - 1.64%, volatility - 50%, dividend yield - 0%, expected life - 2 years.

c) Stock options

The changes in stock options outstanding during the nine months ended September 30, 2020 and year ended December 31, 2019 are as follows:

	September 30, 2020		December 31, 2019	
	Number of options	Weighted avg. exercise price (C\$/option)	Number of options	Weighted avg. exercise price (C\$/option)
Outstanding, beginning of period	7,735,000	\$1.43	5,930,000	\$1.50
Granted	3,169,000	1.78	2,305,000	1.27
Exercised	(5,198,333)	(1.49)	—	—
Forfeited	(10,000)	(1.50)	(500,000)	(1.50)
Outstanding, end of period	5,695,667	\$1.57	7,735,000	\$1.43

2,949,665 of the stock options outstanding as at September 30, 2020 are exercisable at a weighted average exercise price of C\$1.50 per option.

The weighted average fair value of the stock options granted during the nine months ended September 30, 2020 (year ended December 31, 2019) was estimated to be C\$0.60 (C\$0.43) per stock option using the Black-Scholes option pricing model with the following weighted average assumptions: Risk-free rate - 0.49% (1.68%), volatility - 50.00% (50.00%), dividend yield - 0% (0%), expected life - 3.00 years (2.90 years). The stock options granted during the nine months ended September 30, 2020 have expiry dates from January 24, 2025 to May 22, 2025.

During the three and nine months ended September 30, 2020, the Company recognized share-based compensation expense of \$206,123 and \$891,375 (three and nine months ended September 30, 2019 - \$107,812 and \$608,201), respectively, in the consolidated statement of loss relating to the stock options.

6. Exploration and Evaluation Expenses

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cerro Blanco operating expenditures	\$2,837,579	\$2,666,474	\$7,630,457	\$7,955,557
Cerro Blanco pre-development	2,634,591	249,388	5,255,790	723,578
Corporate social responsibility and community relations	111,122	344,778	553,448	689,896
Mita Geothermal evaluation	—	2,364	—	61,463
Depreciation	89,571	82,050	264,884	240,926
Other projects	—	101,323	—	127,494
	\$5,672,863	\$3,446,377	\$13,704,579	\$9,798,914

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in United States dollars - Unaudited)

7. Related Party Transactions - Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of certain executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of key management personnel included in the consolidated statements of loss was as follows:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Salaries	\$456,841	\$493,345	\$1,568,065	\$1,461,396
Share-based compensation	174,631	128,675	816,692	606,383
	\$631,472	\$622,020	\$2,384,757	\$2,067,779

Accrued compensation due to key management as at September 30, 2020 was \$509,369 (December 31, 2019 - \$721,435).

8. 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: Inputs that are not based on observable market data.

The Company's cash and cash equivalents, equity securities and trade and other payables approximate their carrying values, which are the amounts recorded on the consolidated statement of financial position due to their short-term nature.

9. Financial Risk Management

a) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, restricted cash and certain accounts receivable. Management believes that the credit risk concentration with respect to these financial instruments is remote as the balances primarily consist of amounts on deposit with a major financial institution. The maximum exposure to credit risk as at September 30, 2020 was \$57,247,055 (December 31, 2019 - \$4,793,824).

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in United States dollars - Unaudited)

9. Financial Risk Management (cont'd)

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020, the Company had a cash balance of \$55,346,895 (December 31, 2019 - \$3,030,330) to settle current liabilities of \$3,035,421 (December 31, 2019 - \$3,621,810). All of the Company's financial liabilities are subject to normal trade terms. Within the next twelve months, the Company's objectives center on the advancement of Cerro Blanco. There can be no assurances that the Company will be able to obtain additional financing on satisfactory terms and/or achieve profitability or positive cash flows from its future operations. Management estimates that the Company has sufficient working capital to maintain its planned operations and its activities for the foreseeable future.

As a part of the terms of the Company's acquisition of Cerro Blanco in 2017, the Company was required to make a contingent payment of \$15,000,000 within six months of the commencement of commercial production at Cerro Blanco and pay a 1% net smelter returns royalty on the sale of gold and silver produced from Cerro Blanco. In August 2020, the terms of the \$15,000,000 contingent payment were amended so that the Company is required make payments totaling approximately \$16,000,000 staggered over 12 to 27 months following the commencement of commercial production at Cerro Blanco. These contingent payments are not recognized as liabilities in the consolidated statement of financial position as at September 30, 2020.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and prices.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash and cash equivalents because these are the financial instruments held by the Company that are impacted by interest based on variable market interest rates. 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 banking institutions. The Company monitors its exposure to interest rates closely and has not entered into any derivative contracts to manage its risk. As at September 30, 2020, the weighted average interest rate earned on the Company's cash and cash equivalents was 0.89%. With other variables unchanged, a change in the annualized interest rate of a hundred basis points at September 30, 2020 would impact after-tax net loss by approximately \$550,000.

Foreign currency risk

The Company is exposed to foreign currency risk in connection with its Canadian dollar and Guatemala quetzal denominated financial instruments. A 10% fluctuation in the C\$/US\$ rate as at September 30, 2020 would result in an approximate \$2,910,000 decrease/increase in net loss and an approximate \$4,880,000 increase/decrease in other comprehensive loss. A 10% fluctuation in the US\$/Guatemala quetzal rate as at September 30, 2020 would result in an approximate \$70,000 increase/decrease in net loss.

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in United States dollars - Unaudited)

9. Financial Risk Management (cont'd)

Price risk

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

d) Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its shareholders and other stakeholders. The Company considers the components of shareholders' equity as capital. The Company manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares through private placements in order to maintain or adjust the capital structure.

There were no changes to the Company's approach to capital management during the nine months ended September 30, 2020. The Company does not have any financial covenants in relation to the Credit Facility.

10. Supplemental Cash Flow Information

Cash and cash equivalents included short-term investments of \$40,242,035 as at September 30, 2020 (December 31, 2019 - \$nil).

Non-cash financing transactions during the nine months ended September 30, 2020 and 2019 were as follows:

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Fair value of common shares issued for the Credit Facility (note 4)	\$98,012	\$—
Transfer of reserves on exercise of options	(2,469,185)	—
Transfer of reserves on exercise of warrants	(430,121)	(12,900)
Fair value of warrants issued from the Private Placement, net of fees	—	1,402,473