

St. Augustine Gold and Copper Limited

Condensed Interim Consolidated Financial Statements

As at and for the three and nine months ended September 30, 2020
and 2019

Presented in U.S. dollars

Dated as of November 5, 2020

ST. AUGUSTINE GOLD AND COPPER LIMITED

**No. 21, Greenwood Lane
Singapore, 286949**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying condensed interim consolidated financial statements for St. Augustine Gold and Copper Limited (the "Company") as at and for the three and nine months ended September 30, 2020, have been prepared by management in accordance with the International Accounting Standards, which include International Financial Reporting Standards ("IFRS"). These financial statements are the responsibility of management and have not been reviewed by the auditors. The most significant accounting principles have been set out in the December 31, 2019 audited consolidated financial statements. There have been no changes in accounting policies from the latest completed financial year end. These financial statements have been prepared on a historical cost basis of accounting. A precise determination of many assets and liabilities is dependent on future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Table of contents to the consolidated financial statements

| | |
|---------------------------------------|---|
| Financial position | 1 |
| Loss and comprehensive loss | 2 |
| Cash flows | 3 |
| Changes in shareholders' equity | 4 |

Notes to the consolidated financial statements

| | |
|---|----|
| 1. Organization & description of business and continuance of operations | 5 |
| 2. Significant accounting policies | 6 |
| 3. Investment in mineral property | 7 |
| 4. Transactions with Nationwide Development Corporation | 9 |
| 5. Investments in joint ventures | 11 |
| 6. Property and equipment | 12 |
| 7. Related party transactions | 13 |
| 8. Shareholders' equity | 14 |
| 9. Earnings (loss) per share ("EPS") | 15 |
| 10. Capital management | 15 |
| 11. Commitments and contingencies | 15 |

St. Augustine Gold and Copper Limited

Unaudited interim consolidated statements of financial position

As at September 30, 2020 and December 31, 2019

(Presented in U.S. dollars)

| | Notes | September 30, 2020 | December 31, 2019 |
|---|-------|-----------------------|-----------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | \$ 201,872 | \$ 129,439 |
| Prepays and other current assets | | 105,550 | 91,567 |
| Total current assets | | 307,422 | 221,006 |
| Non-current assets | | | |
| Investment in mineral property | 3 | 61,160,987 | 60,724,066 |
| Investment in NADECOR | 4.C | 36,459,692 | 34,861,330 |
| Note receivable from NADECOR | 4.B | 5,612,861 | 5,366,900 |
| Investments in joint ventures | 5.A | 4,060 | 187,217 |
| Advances to joint ventures | 5.B | 2,919,215 | 2,715,714 |
| Note receivable from joint venture | 5.B | 8,324,853 | 8,289,165 |
| Property and equipment | 6 | 30,161 | 60,142 |
| Other non-current assets | | 946,280 | 946,280 |
| Total non-current assets | | 115,458,109 | 113,150,814 |
| Total assets | | \$ 115,765,531 | \$ 113,371,820 |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued wages | 7.A | \$ 2,796,529 | \$ 2,525,338 |
| Due to related parties | 7.B | 4,827,441 | 4,264,409 |
| Total current liabilities | | 7,623,970 | 6,789,747 |
| Shareholders' equity | | | |
| Share capital | 8.A | 129,272,617 | 129,272,617 |
| Share option reserves | 8.B | 12,033,926 | 12,033,926 |
| Warrant reserves | | 1,215,488 | 1,215,488 |
| Accumulated deficit | | (26,793,159) | (26,588,718) |
| Accumulated other comprehensive loss | | (7,587,311) | (9,351,240) |
| Total equity | | 108,141,561 | 106,582,073 |
| Total liabilities and shareholders' equity | | \$ 115,765,531 | \$ 113,371,820 |

Commitments and contingencies

11

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

Approved on behalf of the Board of Directors:

*"SIGNED"***Yolanda L. Coronel-Armenta**

Director

*"SIGNED"***Johnny C. Felizardo**

Director

St. Augustine Gold and Copper Limited

Unaudited interim consolidated statements of comprehensive income (loss)

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

(Presented in U.S. dollars)

| | Notes | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------|----------------------------------|---------------------|---------------------------------|-------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Operating expenses | | | | | |
| Wages expenses | 7.A | \$ 50,000 | \$ 50,000 | \$ 150,000 | \$ 150,000 |
| General and administrative costs | | 36,519 | 22,938 | 128,873 | 121,921 |
| Total operating expenses | | (86,519) | (72,938) | (278,873) | (271,921) |
| Interest income | | 11,802 | 66,711 | 62,200 | 229,361 |
| Interest expense | | - | - | (84) | - |
| Foreign exchange gain (loss) | | 12,995 | (20,804) | 29,646 | 38,326 |
| Other income | 7.B | 25,449 | 48,240 | 75,599 | 108,031 |
| Total other income | | 50,246 | 94,147 | 167,361 | 375,718 |
| Loss from investment in NADECOR | 4.C | (7,445) | (12,872) | (17,817) | (40,452) |
| Income (Loss) from investments in joint ventures | 5.B | 98,103 | (81,852) | (75,112) | (75,640) |
| Net income (loss) before income tax expense | | 54,385 | (73,515) | (204,441) | (12,295) |
| Income tax expense | 9 | - | (297) | - | (297) |
| Net income (loss) | | 54,385 | (73,812) | (204,441) | (12,592) |
| Foreign exchange translation gain (loss) | | 1,069,455 | (376,144) | 1,763,929 | 509,024 |
| Total comprehensive income (loss) | | \$ 1,123,840 | \$ (449,956) | \$ 1,559,488 | \$ 496,432 |
| Net loss per common share, basic and diluted | 9 | \$ (0.00) | \$ (0.00) | \$ (0.00) | \$ (0.00) |
| Weighted average common shares outstanding, basic and diluted | | 726,758,334 | 726,758,334 | 726,758,334 | 726,758,334 |

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

St. Augustine Gold and Copper Limited

Unaudited interim consolidated statements of cash flows
For the three and nine months ended September 30, 2020 and 2019
(Presented in U.S. dollars)

| | Notes | Nine months ended September 30, | |
|---|-------|---------------------------------|-------------------|
| | | 2020 | 2019 |
| Cash flows from operating activities | | | |
| Net loss | | \$ (204,441) | \$ (12,592) |
| Effects of foreign currency changes | | (85,456) | (41,764) |
| Interest income | | (62,200) | (229,361) |
| Loss from investment in NADECOR | 4.C | 17,817 | 40,452 |
| Loss from investments in joint ventures | 5.B | 75,112 | 75,640 |
| Changes in non-cash operating working capital | | (13,983) | 13,110 |
| Net cash used by operating activities | | (273,151) | (154,515) |
| Cash flows from investing activities | | | |
| Increase in investment in mineral property | 3 | (408,388) | (639,989) |
| Advances from related party | 7.C | 533,654 | 962,159 |
| Advances to joint ventures | 5.B | (122,362) | (397,381) |
| Note receivable from NADECOR | 4.B | (12,238) | (83,340) |
| Changes in non-cash investing working capital | | 303,636 | 431,929 |
| Interest income | | 118 | 139 |
| Net cash provided by investing activities | | 294,420 | 273,517 |
| Net increase in cash | | 21,269 | 119,002 |
| Effect of exchange rate changes on cash | | 51,165 | (13,519) |
| Cash, beginning of period | | 129,439 | 70,480 |
| Cash, end of period | | \$ 201,872 | \$ 175,963 |

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

St. Augustine Gold and Copper Limited

Unaudited interim consolidated statements of changes in shareholders' equity

For the nine months ended September 30, 2020 and 2019

(Presented in U.S. dollars)

| | Shares | Share capital | Share option reserves | Warrant reserves | Accumulated deficit | Accumulated other comprehensive income (loss) | Total |
|-----------------------------------|---------------|----------------------|------------------------------|-------------------------|----------------------------|--|----------------|
| Balance, January 1, 2019 | 726,758,334 | \$ 129,272,617 | \$ 12,033,926 | \$ 1,215,488 | \$ (26,472,326) | \$ (10,713,656) | \$ 105,336,049 |
| Foreign exchange translation gain | - | - | - | - | - | 509,024 | 509,024 |
| Net loss | - | - | - | - | (12,592) | - | (12,592) |
| Balance, September 30, 2019 | 726,758,334 | 129,272,617 | 12,033,926 | 1,215,488 | (26,484,918) | (10,204,632) | 105,832,481 |
| Balance, January 1, 2020 | 726,758,334 | 129,272,617 | 12,033,926 | 1,215,488 | (26,588,718) | (9,351,240) | 106,582,073 |
| Foreign exchange translation gain | - | - | - | - | - | 1,763,929 | 1,763,929 |
| Net loss | - | - | - | - | (204,441) | - | (204,441) |
| Balance, September 30, 2020 | 726,758,334 | \$ 129,272,617 | \$ 12,033,926 | \$ 1,215,488 | \$ (26,793,159) | \$ (7,587,311) | \$ 108,141,561 |

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

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

1. Organization & description of business and continuance of operations

St. Augustine Gold and Copper Limited (the “Company” or “SAGC”) was incorporated on January 27, 2010, in the British Virgin Islands. The address of the Company’s corporate office is No. 21, Greenwood Lane, Singapore, 286949. The registered address of the Company is Jayla Place, Wickham’s Cay 1, Road Town, Tortola VG 1110, British Virgin Islands.

The Company has earned no revenues since its recapitalization in 2011 and is focused on the exploration and evaluation of its mineral property. The Company (through a related party company, prior to the Company’s incorporation) and Nationwide Development Corporation (“NADECOR”), a Philippine corporation, entered into a Letter of Intent dated November 10, 2009, and executed a Memorandum of Understanding (“MOU”) on April 27, 2010. Under these agreements, subsequent amendments and related agreements, the Company became responsible for providing technical assistance for operations and acquired the right to earn-in an aggregate 60% equity position, through direct and indirect investments, in the King-king Joint Venture envisioned in the MOU. The earn-in is based on expenditures made to benefit the King-king copper gold project (the “Project”) as well as direct payments to NADECOR. The MOU will be superseded following fulfillment of the terms of an amended agreement executed in 2013 and amended in August 2014 (Note 4.A).

The Project is a copper-gold mineral reserve located at Sitio Gumayan, Barangay King-king, Municipality of Pantukan, Province of Compostela Valley, on Mindanao Island, Philippines. Several years of exploration, including drilling and baseline studies have been completed by various parties. A National Instrument 43-101-compliant Preliminary Feasibility Technical Report had been completed and published on SEDAR on November 1, 2013.

The Philippine Environmental Management Bureau approved the Project Environmental Impact Study and issued the Environmental Compliance Certificate (“ECC”) to NADECOR for the Kingking Project on February 26, 2015.

On January 4, 2016, Mines and Geosciences Bureau (“MGB”) approved the Declaration of Mine Project Feasibility (“DMPF”) therefore authorizing NADECOR and the Company to proceed in the development, construction and operation of the King-king Project per approved plans and strategies.

In June 2016, MGB issued an order approving the assignment of the Mineral Production Sharing Agreement (“MPSA”) to Kingking Mining Corporation (“KMC”) pursuant to the deeds of assignment dated October 22, 2010 and November 25, 2013.

On August 8, 2016, the Company announced that the Department of Environment and Natural Resources (“DENR”) through MGB has approved the renewal of the amended MPSA for another 25-year term.

The Company is dependent upon its ability to obtain additional financing to complete a Bankable Feasibility Study (“BFS”), develop the mine site, and fund operations.

These unaudited interim consolidated financial statements, prepared as at and for nine months ended September 30, 2020 and 2019 (the “Financial Statements”) have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. The Company earns no operating revenues and has incurred an accumulated deficit of \$26,793,159 through September 30, 2020 (December 31, 2019 - \$26,588,718). The Company had a working capital deficit of \$7,316,548 at September 30, 2020 (December 31, 2019 – \$6,568,741); however, the Company has \$3,500,000 in commitments remaining to a joint venture investee (Note 13.B). Further, additional funds must be raised in order to further develop and construct the Project and ultimately realize a positive economic return. This represents a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon obtaining necessary financing to complete permitting activities, engineering design, construction and placement of the mineral property into commercial production. The Financial Statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

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, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

These Financial Statements were authorized for issue by the Board of Directors on November 5, 2020.

2. Significant accounting policies

A. Statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") effective for the Company's reporting period ending December 31, 2019. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2019. Accounting policies applied are the same as those applied in the Company's annual financial statements which are filed under the Company's profile on SEDAR at www.sedar.com, with the exception of new and revised accounting standards outlined in Note 2.F. The Financial Statements are prepared as at and for the three and nine months ended September 30, 2020, which is part of the period to be covered by the Company's annual financial statements for the year ending December 31, 2020.

B. Basis of preparation

The Financial Statements have been prepared using historical costs and fair values of certain items. Items initially measured at fair value include cash held in foreign currencies, warrant valuations, share-based payments and investments. Also, the Financial Statements have been prepared using the accrual method of accounting, except for cash flow information. The use of "₱" refers to Philippine pesos and "CDN\$" refers to Canadian dollars.

C. Basis of consolidation

The Financial Statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions are eliminated on consolidation.

D. Segment reporting

The Company operates in a single reportable operating segment, which is the exploration and evaluation of its mineral property. The Company's sole mineral property interest, the Kingking Project, is located in the Philippines.

E. Significant accounting estimates, judgments and assumptions

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of income and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. There were no changes in key estimates, judgments or assumptions since the year ended December 31, 2019.

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

F. Application of new and revised accounting standards

The Company has adopted the IFRS standard described below as at January 1, 2020:

- i. IAS 1 (Amendments), Presentation of Financial Statements and IAS 8 (Amendments), Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency.

The Company believes that the amendments to IAS 1 and IAS 8 won't have a material effect on the Company's consolidated financial statements.

- ii. Revised Conceptual Framework for Financial Reporting

The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

The Company believes that the amendments to Revised Conceptual Framework for Financial Reporting won't have a material effect on the Company's consolidated financial statements.

3. Investment in mineral property

The following table summarizes changes to the investment in mineral property as at September 30, 2020 and December 31, 2019:

| | September 30, 2020 | December 31, 2019 |
|-----------------------|----------------------|----------------------|
| Beginning balance | \$ 60,724,066 | \$ 59,804,234 |
| Additions | 436,921 | 919,832 |
| Ending balance | \$ 61,160,987 | \$ 60,724,066 |

In the above table includes capitalized depreciation for the nine months ended September 30, 2020 of \$29,981 (2019 – \$28,550) (Note 6).

The Company's investment in mineral property is secured under its rights under the MOU. Additionally, the Company owns 25% of NADECOR directly (Note 4.C). Management expects to fulfill the terms of the Project Framework Agreement ("PFA") (Note 4.A), which will supersede the terms of the MOU. However, until the PFA is substantially completed, the MOU is the current contract in force underlying this asset at September 30, 2020.

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

The Company has committed to spend \$43,500,000 to complete a BFS for the Project, for which the Company will earn a 45% interest in the Project. The underlying earn-in accumulates as expenditures are made, along with other milestones and earn-in commitments. An additional 6% can be earned through interim payments to NADECOR and an additional 9% can be earned by funding a minimum of \$32,000,000 in capital development expenditures ("CapEx"), subject to adjustment according to outcomes contemplated in the MOU. To earn the full 60% potential interest in the Project, the Company will spend, or pay to NADECOR, a minimum of \$83,000,000, as outlined by the agreement summarized below and subject to adjustments for outcomes contemplated in the MOU. A significant variable which can change this minimum commitment is the planned tonnage throughput of mine operations. In the event that the Company's minimum commitment increases, the Company and NADECOR share in the economic benefit of cost savings against CapEx at the ratio of the earn-in. The Company also incurs costs related to the Project which do not qualify for progress towards the earn-in. The expenditure requirements and progress towards the payments are summarized as follows:

| Item | Earn-in amount | September 30, 2020 | December 31, 2019 |
|------------------------------------|----------------|--------------------|-------------------|
| Exclusivity payment to NADECOR (i) | \$ 400,000 | \$ 400,000 | \$ 400,000 |
| Initial payment to NADECOR (ii) | 3,100,000 | 3,100,000 | 3,100,000 |
| Initial BFS funding (iii) | 30,000,000 | 30,000,000 | 30,000,000 |
| Incremental BFS funding (iv) | 5,000,000 | 5,000,000 | 5,000,000 |
| Incremental BFS funding (iv) | 8,500,000 | 8,500,000 | 8,500,000 |
| Payments to NADECOR (v) | 4,000,000 | 1,231,000 | 1,231,000 |
| CapEx funding (vi) | 32,000,000 | 20,275,327 | 19,723,646 |
| Totals | \$ 83,000,000 | \$ 68,506,327 | \$ 67,954,646 |

- (i) Direct payment to NADECOR made in 2009;
- (ii) \$3,000,000 was paid in 2010. The remaining \$100,000 was paid in 2012;
- (iii) Direct project expenditures made by the Company pursuant to the Preferred Shares Investment Agreement ("PSIA"). The full amount has been expended;
- (iv) Direct project expenditures after the fulfillment of \$30,000,000 required to be expended following the PSIA;
- (v) The timing of direct payments to NADECOR is contingent on events contemplated in the MOU. During 2011, \$981,000 was paid, \$250,000 was paid during 2013, and the balance is expected to be paid if the terms of the PFA are not fulfilled; and
- (vi) Total CapEx based on planned mine throughput. The minimum commitment is \$32,000,000, and is subject to adjustment depending on the planned throughput of the mine. PFS results indicate throughput would increase the Company's CapEx commitment should the terms of the PFA not be completed.

A reconciliation of the progress made towards the earn-in to the amounts invested in mineral property included on the accompanying consolidated statements of financial position is as follows:

| Reconciliation of Investment in mineral property to earn-in | September 30, 2020 | December 31, 2019 |
|---|--------------------|-------------------|
| Investment in mineral property | \$ 61,160,987 | \$ 60,724,066 |
| Depreciable property (earn-in in full on purchase) | - | 7,064 |
| Qualifying fundraising costs | 1,788,362 | 1,788,362 |
| Other (i) | 5,556,978 | 5,435,154 |
| Estimated earn-in balance | \$ 68,506,327 | \$ 67,954,646 |

- (i) Other items include earn-in expenditures that do not qualify as direct mineral property expenditures.

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

4. Transactions with Nationwide Development Corporation

A. Project Framework Agreement (“PFA”)

On October 3, 2013, the Company, NADECOR and Queensberry Mining & Development Corp. (“Queensberry, Note 7.C) executed the PFA, which was amended in August 2014. In November 2013, NADECOR’s shareholders ratified the execution and implementation of the PFA. The Company received shareholder approval and conditional Toronto Stock Exchange (“TSX”) approval in December 2013. The Company received shareholder approval and conditional TSX approval in July 2014 for the PFA amendment. NADECOR shareholders approved the PFA amendment in June 2014. The PFA amendment was executed on August 8, 2014. The amended PFA’s purpose is to restructure and align NADECOR and the Company’s financial interests in the Project. Upon completion of the amended PFA’s terms, it will supersede the MOU and related agreements. The primary terms of this agreement, as amended, include the following completed items:

- In 2013, NADECOR established a mining company (King-king Mining Corporation; “KMC”) which is 40% owned by NADECOR, 40% by the Company, and 20% by Queensberry (in accordance with Philippine nationality requirements). NADECOR is required to transfer the MPSA to KMC (Note 5.B);
- The Company extends a credit facility to NADECOR of up to ₱860,000,000 (approximately \$20,000,000), subject to available funds (Note 4.B);
 - During 2014 the Company settled NADECOR debts of ₱110,000,000 (approximately \$2,500,000) and \$2,218,810 in exchange for additions to the receivable under the credit facility (Note 4.B);
- In 2013 NADECOR reimbursed \$2,800,000 million in Project expenditures to the Company;
- In 2013 NADECOR acknowledged that the Company has earned-in to a 50% economic interest in the Project, and this interest remains in effect whether or not the other terms of the PFA are entirely fulfilled; and
- In June 2016, MGB approved the assignment of MPSA to KMC.

The primary terms of the agreement pending completion are:

- The Company’s acquisition of 100% of a milling company (King-king Milling Corporation; “MillingCo”) from NADECOR by issuing debt payable to NADECOR (MillingCo was incorporated on February 7, 2014), and provision of funds to build the mill facility;
- NADECOR’s shareholders will acquire the receivable from the Company as a dividend;
- The Company will settle the debt payable (with a dividend to NADECOR’s shareholders) in exchange for cash or Company shares from treasury (cash or share settlement is at NADECOR shareholders’ discretion), up to a maximum issuance of 185,000,000 shares;
- The execution of an ore sales agreement between MillingCo and KMC, making MillingCo the exclusive buyer of KMC’s ore;
- MillingCo’s provision of loaned funds for KMC to build mining operation facilities; and
- A secondary public listing of the Company’s shares on the Philippine Stock Exchange.

KMC (Note 5.B) will be loaned \$11,000,000 under a credit facility which has been committed to secure land acquisitions (\$10,000,000) and to compensate Queensberry (Note 7.C) for certain services provided (\$1,000,000). The Queensberry service contract contains milestone payments related to permitting and transfer of the MPSA to KMC, the Project joint venture. KMC paid \$500,000 of this amount as payable upon issuance of the ECC in April 2015. The Company had advanced \$7,500,000 of the facility to KMC at September 30, 2020 and December 31, 2019 (Note 5.B).

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

B. Note receivable from NADECOR

At September 30, 2020, NADECOR owed the Company \$5,612,861 under the terms of the facility established by the amended PFA (Note 4.A) (December 31, 2019 - \$5,366,900). The balance includes ₱110 million (approximately \$2,500,000) advanced in cash to settle NADECOR's debt to Queensberry and Company shares issued against other NADECOR debts, valued at \$2,218,810, as well as other advances and accrued interest. Cash advanced during the nine months ended September 30, 2020 totaled to \$nil (December 31, 2019 - \$76,466). The note matures October 3, 2023, at which time a single installment for principal and accrued interest is due. The maturity date can be extended an additional fifteen years at NADECOR's option. The note accrues interest at one-year LIBOR per annum until the date of commercial production of the Project, at which time interest will accrue at one-year LIBOR plus 2%. The note may be repaid at any time without premium or penalty.

C. Investment in NADECOR

On March 15, 2013, the Company executed an agreement with NADECOR (the "NADECOR Subscription") whereby the Company acquired 25% of NADECOR's common shares for ₱1.8 billion (\$43,520,407). The terms of this agreement were fully executed in 2013 and the Company holds 25% of NADECOR's issued and outstanding common stock.

The Company accounts for its investment in NADECOR as an investment in an associate using the equity method.

NADECOR's ability to transfer funds to the Company in the form of cash dividends is limited by law while NADECOR has an accumulated deficit. The law does not have significant restrictions on NADECOR's ability to repay Philippine loans or advances made by the Company.

Below is the summarized financial information of NADECOR prepared under IFRS for the nine months ended September 30, 2020 and 2019, acknowledging fair value adjustments made at the date of the acquisition and reconciliation with the carrying amount of the investment in the unaudited interim consolidated financial statements:

| Item | September 30, 2020 | September 30, 2019 |
|--|---------------------------|---------------------------|
| Current assets | \$ 39,432 | \$ 163,399 |
| Non-current assets | 152,992,827 | 143,331,591 |
| Current liabilities | (1,580,632) | (1,588,032) |
| Non-current liabilities | (5,612,861) | (5,247,884) |
| Net assets | \$ 145,838,766 | \$ 136,659,074 |
| Share of net assets | 25% | 25% |
| Carrying amount on statement of financial position | \$ 36,459,692 | \$ 34,164,769 |
| Net loss | \$ (71,268) | \$ (161,808) |
| Foreign exchange translation gain | 6,459,291 | 1,922,642 |
| Comprehensive income | \$ 6,388,023 | \$ 1,760,834 |
| Share of comprehensive income | 25% | 25% |
| Proportionate share of net loss | \$ (17,817) | \$ (40,452) |
| Proportionate share of translation gain | \$ 1,614,823 | \$ 480,661 |
| Proportionate share of total comprehensive income | \$ 1,597,006 | \$ 440,209 |

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

5. Investments in joint ventures

The Company is invested in two joint ventures.

A. Kinging Gold and Copper Mines, Inc. ("KGCMI")

In 2013, the Company invested \$752,913 in KGCMI in exchange for 40% of KGCMI's voting common shares. At September 30, 2020 and December 31, 2019, the Company was owed \$nil for advances made to KGCMI.

KGCMI was incorporated to become the joint venture entity to hold the rights to develop and operate the Project in the Philippines. However, NADECOR arranged for a new entity, KMC (Note 5.B), to hold the rights to develop and operate the Project. It is expected that the assets and liabilities of KGCMI will be distributed to KMC. The Company accounts for this investment using the equity method; accordingly, the investment will be adjusted for the Company's share of profit and loss at each reporting period. As a Project site operating entity, KGCMI's expenses are capitalized, and the Company did not report a loss attributable to KGCMI in the Financial Statements.

At September 30, 2020 and December 31, 2019, KGCMI had current assets of approximately of \$43,000, non-current assets of approximately \$520,000, current liabilities of approximately \$163,000, and non-current liabilities of approximately \$50,000.

B. Kinging Mining Corporation ("KMC")

KMC was incorporated on October 30, 2013, to take KGCMI's (Note 5.A) role as the entity which will hold the rights to develop and operate the Project in the Philippines. The Company invested \$58,706 in KMC through September 30, 2020 and December 31, 2019.

The Company continues to advance funds to KMC for joint venture operations. At September 30, 2020, the Company was owed \$2,919,215 for advances made to KMC (December 31, 2019 – \$2,715,714). During the nine months ended September 30, 2020, the amount advanced to KMC was increased and decreased \$81,139 (2019 – \$76,538) due to comprehensive income and loss, respectively, from the Company's investment in KMC.

At September 30, 2020, KMC owed the Company \$8,324,853, comprised of \$7,500,000 in principal and \$824,853 in accrued interest (December 31, 2019 - \$8,289,165; \$7,500,000 for principal and \$789,165 for accrued interest) under the credit facility established concurrent with amended PFA (Note 4.A). The credit facility to KMC charges interest at the one-year LIBOR per annum until the date of commercial production, at which time the rate is one-year LIBOR plus 2%. The facility is due in one payment in August 2024 and can be paid before maturity without penalty, and can be extended by a further 15 years at the option of KMC.

Below is the summarized financial information of KMC prepared under IFRS for the nine months ended September 30, 2020 and 2019 and reconciliation with the carrying amount of the investment on the consolidated statements of financial position:

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

| Item | September 30, 2020 | | September 30, 2019 | |
|--|--------------------|-------------|--------------------|-------------|
| Current assets | \$ | 66,952 | \$ | 220,782 |
| Non-current assets | | 12,668,922 | | 11,747,134 |
| Current liabilities | | (9,505,049) | | (8,869,452) |
| Non-current liabilities | | (7,498,297) | | (7,580,915) |
| Net liabilities | \$ | (4,267,472) | \$ | (4,482,451) |
| Net income (loss) | \$ | 280,263 | \$ | (189,099) |
| Foreign exchange translation gain (loss) | | (77,417) | | (2,246) |
| Comprehensive income (loss) | \$ | 202,847 | \$ | (191,345) |
| Share of comprehensive income | | 40% | | 40% |
| Proportionate share of net income (loss) | \$ | 112,105 | \$ | (75,640) |
| Proportionate share of translation gain (loss) | \$ | (30,967) | \$ | (898) |
| Proportionate share of total comprehensive income (loss) | \$ | 81,139 | \$ | (76,538) |

The carrying amount of the Company's investments in KMC and KGCM I totaled \$nil and \$187,217 as at September 30, 2020 and December 31, 2019, respectively. The Company carries its investment in KMC at \$nil and the Company has reduced its advances to joint ventures for losses in excess of the Company's carrying value investment in KMC. During the nine months ended September 30, 2020, the Company's share of KMC's total comprehensive income or loss was \$81,139 (2019 – \$76,538) which also increased and decreased the Company's advances to joint ventures, respectively.

6. Property and equipment

| | Vehicles | | Right-of-use assets | | Totals |
|---|-----------|---------------|---------------------|--------------|------------------|
| Cost balance, January 1, 2019 | \$ | 584,980 | \$ | - | \$ 584,980 |
| Additions | | - | | 25,159 | 25,159 |
| Balance, December 31, 2019 | | 584,980 | | 25,159 | 610,139 |
| Additions | | - | | - | - |
| Balance, September, 2020 | \$ | 584,980 | \$ | 25,159 | \$ 610,139 |
| Accumulated depreciation, January 1, 2019 | \$ | 496,272 | \$ | - | \$ 496,272 |
| Additions | | 35,966 | | 17,759 | 53,725 |
| Balance, December 31, 2019 | | 532,238 | | 17,759 | 549,997 |
| Additions | | 22,581 | | 7,400 | 29,981 |
| Balance, September 31, 2020 | \$ | 554,819 | \$ | 25,159 | \$ 579,978 |
| Net book value, December 31, 2019 | \$ | 52,742 | \$ | 7,400 | \$ 60,142 |
| Net book value, September 30, 2020 | \$ | 30,161 | \$ | - | \$ 30,161 |

There were no impairment losses recognized during the nine months ended September 30, 2020 and 2019 with respect to property and equipment. Depreciation capitalized into the mineral asset during the nine months ended September 30, 2020 was \$29,981 (2019 - \$28,550).

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

7. Related party transactions

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following related parties transacted with the Company in the reporting period of these Financial Statements. The terms and conditions of the transactions with key management personnel and their related parties are made at terms equivalent to those that prevail on similar transactions to non-key management personnel related entities at an arm's length basis.

A. Transactions with officers and directors

The aggregate value of transactions with officers and directors is as follows:

| Compensation | Three months ended September 30, | | Nine months ended September 30, | |
|--|----------------------------------|-------------------|---------------------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Officer salaries and director compensation | \$ 270,931 | \$ 266,032 | \$ 403,897 | \$ 409,097 |
| Share-based compensation | - | - | - | - |
| Total | \$ 270,931 | \$ 266,032 | \$ 403,897 | \$ 409,097 |

As at September 30, 2020, a total of \$2,503,256 is owed to key management in relation to salaries and compensation (December 31, 2019 - \$2,151,756). This amount has been included in accounts payable and accrued wages on the consolidated statement of financial position. Wage expenses capitalized into the mineral asset during the nine months ended September 30, 2020 was \$150,000 (2019 - \$150,000).

B. Transactions with Other Related Parties

| Transactions | Three months ended September 30, | | Nine months ended September 30, | |
|--|----------------------------------|--------------------------|---------------------------------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| Services rendered: | | | | |
| Dentons Canada LLP (i) | \$ 3,342 | 7,477 | \$ 19,379 | \$ 20,542 |
| Faithful Holdings, Inc. (Note 7.G) | - | 127,818 | - | 190,637 |
| Agata Mining Ventures, Inc. (Note 7.E) | (25,449) | (60,703) | (75,599) | (90,746) |
| TVI Resource Development Phils., Inc. (Note 7.F) | - | (11,562) | - | (17,285) |
| Related party receivable | September 30, 2020 | December 31, 2019 | | |
| NADECOR (Note 4.B) | \$ 5,612,861 | \$ 5,366,900 | | |
| KMC note receivable (Note 5.B) | 8,324,853 | 8,289,165 | | |
| KMC advances receivable (Note 5.B) | 2,919,215 | 2,715,714 | | |
| Total | \$ 16,856,929 | \$ 16,371,779 | | |
| Related party balances payable | September 30, 2020 | December 31, 2019 | | |
| Dentons Canada LLP (i) | \$ 2,230 | \$ 3,163 | | |
| Queensberry (Note 7.C) | 3,891,299 | 3,357,645 | | |
| Prime Asset Ventures, Inc. (Note 7.D) | 703,077 | 682,989 | | |
| Faithful Holdings, Inc. (Note 7.G) | 230,835 | 220,612 | | |
| Total | \$ 4,827,441 | \$ 4,264,409 | | |

The aggregate value of transactions and outstanding balances with other related parties were as follows:

- (i) Dentons Canada LLP acts as the Company's securities counsel and the partner of the account was also the Corporate Secretary.

C. Queensberry Mining and Development Corp. ("Queensberry")

The Company and Queensberry are party to agreements described in Note 4. The Company's CEO, Manuel Paolo A. Villar, is the majority shareholder of Faithful Holdings, Inc., the new parent of Queensberry. Queensberry is the Company's largest shareholder. Queensberry has entered into management service agreements with the Company and KMC, effective May 2015 ("May 2015 Service Agreement") and November 2014 ("November 2014" Service Agreement"), to compensate Queensberry ₱800,000 and ₱560,000 per month

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

(approximately \$17,500 and \$12,000), respectively. Queensberry received \$500,000 from KMC as payable upon issuance of the ECC in April 2015 in accordance with the service contract (Note 4.A). As at September 30, 2020, Queensberry had total advances to the Company amounting to \$3,891,299 (December 31, 2019 - \$3,357,645).

D. Prime Asset Ventures Inc. ("PAVI")

In 2016, Queensberry assigned the May 2015 Service Agreement and November 2014 Service Agreement to PAVI, the former parent company of Queensberry. The Company's CEO is the majority shareholder of PAVI.

E. Agata Mining Ventures, Inc. ("AMVI")

The Company and AMVI, an affiliate, entered into a contract for services in March 2018 wherein the Company shall render technical services, legal consultancy and administration services to AMVI for a monthly fee of ₱525,000.

F. TVI Resource Development Phils., Inc. ("TVIRD")

The Company and TVIRD, an affiliate, entered into a contract for services in March 2018 wherein the Company shall render legal consultancy and administration services to TVIRD for a monthly fee of ₱100,000.

G. Faithful Holdings Inc. (FHI)

In 2019, PAVI assigned the May 2015 Service Agreement and November 2014 Service Agreement to FHI.

8. Shareholders' equity

A. Share capital

The Company is authorized to issue an unlimited number of common shares of no par value.

Under the terms of the amended PFA (Note 4.A), the Company issued 19,000,000 shares to settle certain NADECOR debts, which increased the Company's note receivable from NADECOR. The shares were valued at \$2,218,810, which was the value of the debts settled to the underlying creditors. The Company credited equity for this amount, as well as loss attributable to the change in the fair value of the liability of \$726,190 (Note 4.B), for a total of \$2,945,000.

No shares were issued during the nine months ended September 30, 2020 and 2019.

B. Share option reserves

The Company has a share option plan approved by the Company's shareholders that allows the Board of Directors to grant options to employees, officers, independent contractors, and directors. Shares reserved and available for grant and issuance equals 10% of the total issued and outstanding common shares as calculated from time to time. Under the plan, the exercise price of each option cannot be less than the market price of the Company's stock on the date of grant. The options are granted for a term determined by the Board of Directors.

Options generally expire 90 days following employment termination and vest over a two-year period, although individual option contract terms may change the standard terms under the plan at the discretion of the Board of Directors.

Share option reserves totalled \$12,033,926 at September 30, 2020 and December 31, 2019. The portion expensed is included in wages and share-based payments on the unaudited interim consolidated statements of comprehensive loss.

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

- i. Continuity schedule of share options at September 30, 2020 (dollars in CDN\$):

| | Exercise price range | Number of options outstanding | Weighted average exercise price |
|------------------------------------|-------------------------|-------------------------------------|---------------------------------------|
| Balance, January 1, 2019 | \$0.10 - 0.20 | 10,071,000 | \$ 0.13 |
| Expired | \$0.20 | (10,071,000) | 0.20 |
| Balance, December 31, 2019 | \$ - | - | \$ - |
| Balance, September 30, 2020 | \$ - | - | \$ - |

9. Earnings (loss) per share (“EPS”)

A. Basic EPS

Basic EPS is computed by dividing net loss for the period by the weighted average number of common shares outstanding during that period.

B. Diluted EPS

Diluted EPS is computed by dividing net loss for the period by the diluted number of common shares. Diluted common shares include the effects of instruments, such as share options and warrants, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the nine months ended September 30, 2020 and 2019; the Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the consolidated statements of comprehensive loss. Diluted EPS did not include the effect of share options as they were anti-dilutive.

10. Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the continued evaluation of (and future development of) its Project and to maintain a flexible capital structure which optimizes costs of capital at an acceptable risk.

In the management of capital, the Company considers items included in equity attributable to shareholders to be capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the Company’s assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

To facilitate the management of its capital requirements, the Company prepares annual expenditures budgets which are updated as necessary depending on various factors, including general industry conditions. The annual and updated budgets are approved by the Company’s Board of Directors.

There were no changes to the Company’s approach to managing capital during the nine months ended September 30, 2020.

11. Commitments and contingencies

A. NADECOR

- i. Commitments related to NADECOR

The Company’s commitments to NADECOR are described in Note 3.

NADECOR has committed to pay a royalty fee of one percent (1.0%) of the Project’s gross production to the Mansaka Indigenous Cultural Communities/Indigenous Peoples. This fee was contemplated at one percent in the Technical Report with an effective date of February 25, 2013 and filed on

St. Augustine Gold and Copper Limited

Notes to the consolidated financial statements

As at and for the three and nine months ended September 30, 2020

Financial disclosures are presented in U.S. dollars unless otherwise noted

www.sedar.com on November 1, 2013, and therefore does not change the Company's Project economic disclosures made in other publicly available disclosures.

ii. Lawsuit initiated by Benguet Corporation (BC) against NADECOR

A Complaint for rescission of contract; specific performance; loss of period of payment; to declare a lien on the MPSA; plus attorney's fees and damages was filed in court by Benguet Corporation (BC) under date of October 10, 2019, naming NADECOR as the principal defendant. Although the Company was included as a co-defendant, the Company has not been officially served with any court Summons to-date. The directors are of the opinion that the claim can be successfully resisted by the Company, and therefore no amounts have been accrued as at September 30, 2020.

B. Investments in joint ventures

i. KGCM

The Company has subscribed to 40% of KGCM. At this time, the Company has not yet received the share certificates as a result of the above referred NADECOR internal board dispute, as NADECOR is a 60% owner of KGCM. The Company has received legal advice that their rights to the shares of KGCM are protected by the share subscription agreement between the Company and KGCM. A new entity has been incorporated to take the place of KGCM's business purpose (Note 5.A).

ii. KMC

KMC (Note 5.B), the entity to which MPSA has been assigned to in 2016, was incorporated in October 2013.

KMC has a \$3,000,000 payable due upon the finalization of a land purchase agreement and a \$500,000 outstanding milestone payment due to Queensberry (Note 4.A) upon a triggering event, both of which will be financed by the Company as per the note receivable set out in Note 4.A.

On February 22, 2017, KMC received a show cause order from the DENR directing KMC to explain why the MPSA should not be cancelled for being located within a protected watershed area. On February 27, 2017, management of KMC responded to the show cause order providing detailed explanation that there is no factual and legal basis to validly cancel, terminate or suspend the MPSA.

The matter is currently awaiting a decision from the DENR. However, in the Company's view, the likelihood of the MPSA being cancelled is remote.

A. Other

Due to the nature of the Company's operations, various legal and tax matters are outstanding from time to time. In the opinion of management, there are no matters that could have a material effect on these consolidated financial statements which require additional disclosure.