Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2020

(Unaudited, expressed in Canadian dollars)

Notice to reader pursuant to National Instrument 51-102

Responsibility for Financial Statements:

The accompanying unaudited condensed consolidated interim financial statements of EnviroLeach Technologies Inc. as at and for the three and nine-month periods ended September 30, 2020 have been prepared by the Company's management. Recognizing that the Company is responsible for both the integrity and objectivity of the condensed interim financial statements, management is satisfied that these condensed consolidated interim financial statements have been fairly presented.

The external auditors of the Company have not audited these condensed consolidated interim financial statements.

EnviroLeach Technologies Inc.
Consolidated Statements of Financial Position
(Unaudited, expressed in Canadian dollars)

	September 30, 2020	December 31, 2019
Assets		
Current assets		
Cash	$ 863,399	$ 688,848
Trade and other receivable	307,523	429,880
Inventories (Note 5)	690,724	1,212,808
Assets held for sale	389,966	477,290
Investment in Group 11 (Note 6)	750,000	-
Prepaid expenses and deposits	168,460	86,057
	3,170,072	2,894,883
Non-current assets		
Intangible assets (Note 7)	5,068,261	5,623,489
Plant and equipment (Note 7)	4,650,808	5,107,636
	9,719,069	10,731,125
Total assets	**$ 12,889,141**	**$ 13,626,008**
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 376,040	$ 308,901
Due to (from) related parties (Note 7)	(193,707)	630,024
CERB loan payable	40,000	-
Deferred revenues (Note 6)	44,526	-
Lease liabilities	296,972	302,652
Advance royalty payable (Note 8)	67,218	65,449
	631,049	1,307,026
Non-current liabilities		
Lease liabilities	102,304	153,964
Deferred revenues (Note 6)	700,838	-
Advance royalty payable (Note 8)	754,330	783,568
	1,557,472	937,532
Total liabilities	**2,188,521**	**2,244,558**
Equity		
Share capital (Note 8)	24,326,462	23,756,237
Reserves (Note 8)	7,525,117	4,551,104
Accumulated deficit	(22,281,598)	(18,115,599)
Equity attributable to shareholders	9,569,981	10,191,742
Non-controlling interest	1,130,639	1,189,708
Total equity	**10,700,620**	**11,381,450**
Total liabilities and shareholders' equity	**$ 12,889,141**	**$ 13,626,008**

Commitments (Note 13) and Subsequent event (Note 14)
The accompanying notes form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors of EnviroLeach Technologies Inc. on November 24, 2020:

/s/ Duane Nelson *— /s/ Court Anderson*

EnviroLeach Technologies Inc.
Condensed Consolidated Interim Statements of Loss
(Unaudited, expressed in Canadian dollars)

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenues	$ 573,572	$ 20,792	$ 830,749	$ 370,316
Cost of sales				
Processing	(319,044)	(14,723)	(362,385)	(137,872)
Operating	(18,330)	(25,733)	(63,318)	(253,920)
Material	(396,694)	-	(481,961)	(184,899)
	(734,068)	(40,456)	(907,664)	(576,691)
Gross margin	(160,496)	(19,664)	(76,915)	(206,375)
Expenses				
Laboratory costs	(113,954)	(145,882)	(396,327)	(573,449)
Project development	(78,716)	(258,095)	(195,290)	(818,267)
General and administration (Note 10)	(449,359)	(726,833)	(1,814,157)	(1,817,670)
Share-based payments (Note 9)	-	-	(985,890)	(1,667,997)
	(642,029)	(1,130,810)	(3,391,664)	(4,877,383)
Other items				
Interest income	356	29,652	2,686	91,149
Other income	33,943	(1,443)	65,503	94,818
Interest and financing costs	(53,055)	(17,472)	38,133	(63,679)
Amortization (Note 7)	(448,419)	(420,792)	(1,346,030)	(1,273,323)
Gain on disposal of assets	13,572	-	(84,689)	1,657
Foreign exchange	24,275	(33,840)	(52,829)	109,626
	(429,328)	(443,895)	(1,377,226)	(1,039,752)
Loss and comprehensive loss	**(1,231,853)**	**(1,594,369)**	**(4,845,805)**	**(6,123,510)**
Loss and comprehensive loss attributable to:				
Shareholders	(1,019,693)	(1,383,740)	(4,165,999)	(5,606,138)
Non-controlling interest	(212,160)	(210,629)	(679,806)	(517,372)
	$ (1,231,853)	**$ (1,594,369)**	**$ (4,845,805)**	**$ (6,123,510)**
Net loss per common share attributable to the shareholders of the Company, basic and diluted	(0.014)	(0.020)	(0.057)	(0.083)
Weighted-average number of common shares outstanding, basic and diluted	74,273,284	70,342,000	73,104,812	67,698,099

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

EnviroLeach Technologies Inc.
Condensed Consolidated Interim Statements of Changes in Equity
For the nine-month periods ended September 30, 2020 and 2019
(Unaudited, expressed in Canadian dollars, except for number of shares amount)

	Share capital		Reserves				
	Shares #	Amount	Share-based payments	Warrants	Accumulated deficit	Non-controlling interest	Total Equity
Balance, January 1, 2020	70,667,000	$ 23,756,237	$ 4,551,104	$ -	$ (18,115,599)	$ 1,189,708	$ 11,381,450
Private placement of units	3,344,001	1,725,505	-	782,496	-	-	2,508,001
Share issuance costs	-	(89,243)	-	12,090	-	-	(77,153)
Re-pricing of 2018 warrants	-	(1,301,810)	-	1,301,810	-	-	-
Issuance of shares for options	510,000	235,773	(108,273)	-	-	-	127,500
Share-based payments	-	-	985,890	-	-	-	985,890
Equity contribution from minority shareholder	-	-	-	-	-	620,737	620,737
Net loss for the period	-	-	-	-	(4,165,999)	(679,806)	(4,845,805)
Balance, September 30, 2020	**74,521,001**	**$ 24,326,462**	**$ 5,428,721**	**$ 2,096,396**	**$ (22,281,598)**	**$ 1,130,639**	**$ 10,700,620**

	Share capital		Reserves				
	Shares #	Amount	Share-based payments	Warrants	Accumulated deficit	Non-controlling interest	Total Equity
Balance, January 1, 2019	60,817,000	$ 18,724,590	$ 2,002,248	$ -	$ (9,391,677)	$ 709,559	$ 12,044,720
Exercise of warrants	9,425,000	4,712,500	-	-	-	-	4,712,500
Exercise of options	100,000	46,230	(21,300)	-	-	-	24,930
Share-based payments	-	-	1,667,997	-	-	-	1,667,997
Equity contribution from minority shareholder	-	-	-	-	-	930,433	930,433
Net loss for the period	-	-	-	-	(5,606,138)	(517,372)	(6,123,510)
Balance, September 30, 2019	**70,342,000**	**$ 23,483,320**	**$ 3,648,945**	**$ -**	**$ (14,997,815)**	**$ 1,122,620**	**$ 13,257,070**

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

EnviroLeach Technologies Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the nine-month periods ended September 30, 2020 and 2019
(Unaudited, expressed in Canadian dollars)

	September 30, 2020	September 30, 2019
Cash flows from (to) operating activities		
Net loss for the period	$ (4,845,805)	$ (6,123,510)
Adjustments to reconcile net loss to cash used in operating activities:		
Amortization	1,265,395	1,273,323
Gain on disposal or write-down of assets	84,689	(1,657)
Amortized interest on liabilities	34,404	23,825
Deferred revenues	(4,636)	-
Interest on due to related parties	(76,988)	32,984
Share-based payments	985,890	1,667,997
Unrealised foreign exchange	13,789	(99,521)
Changes in non-cash operating working capital (Note 11)	(261,987)	(647,874)
	(2,805,249)	**(3,874,433)**
Cash flows to investing activities		
Disposal of right of use assets	283,439	-
Lease payments	(260,146)	(139,985)
Proceeds from sale of assets held for sale	126,540	-
Acquisition of property, plant and equipment	(338,140)	(2,619,752)
	(188,307)	**(2,759,737)**
Cash flows from (to) financing activities		
Issuance of common shares for private placement	2,508,001	-
Share issuance costs	(77,153)	-
Shares issued for warrants	-	4,712,500
Shares issued for options	127,500	25,000
Royalty payments	(50,978)	(60,060)
Equity contribution from minority shareholder	620,737	930,433
Loan proceeds (repayments)	40,000	(500,000)
Advances from related parties	-	(46,954)
	3,168,107	**5,060,919**
Increase (decrease) in cash	174,551	(1,573,251)
Cash, beginning of period	**688,848**	**3,917,244**
Cash, end of period	**$ 863,399**	**$ 2,343,993**

Supplemental cash flow information (Note 11)
The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. Corporate information

EnviroLeach Technologies Inc. (the "Company") was incorporated under the Province of Alberta Business Company Act on October 21, 2016 for the purpose of effecting a spin-out of the Leaching Technology Rights from Mineworx Technologies Ltd. ("Mineworx"). The Company develops and markets hydrometallurgy solutions to the mining and E-waste sectors. The Company shares are listed for trading on the Canadian Securities Exchange (CSE) under the symbol "ETI". The Company additionally trades in the United States on the OTCQB venture marketplace under the symbol "EVLLF" and on the Frankfurt Stock Exchange (FSE) under the symbol "7N2".

The Company's registered office is located at 1500, 1055 West Georgia St., Vancouver BC V6E 0B6 and its corporate head office is located at #114 - 8331 Eastlake Drive, Burnaby, BC V5A 4W2.

2. Basis of presentation

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2019 (the "2019 Annual Financial Statements"), which have been prepared in accordance with IFRS.

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the 2019 Annual Financial Statements except as disclosed in Note 3. Certain comparative amounts have been reclassified to conform to the current year's presentation.

These Interim Financial Statements were authorized for issue by the Board of Directors on November 24, 2020.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value as disclosed elsewhere in the notes to the financial statements.

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that may have a significant impact to the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The Company's critical accounting judgments and estimates are presented in Note 3. The Company's critical accounting estimates and judgments were presented in Note 2 of the 2019 Annual Financial Statements and have been consistently applied in the preparation of these Interim Financial Statements for the periods ended September 30, 2020 and 2019.

These financial statements have been prepared on the accounting basis that the Company is a going concern which assumes the Company will continue to operate in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future that may affect the Company which includes, at a minimum, the next twelve months from the end of the reporting period.

These Interim Financial Statements are presented in Canadian dollars, unless otherwise indicated.

3. Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements are prepared by consolidating the financial statements of EnviroLeach Technologies Inc. and the accounts of the joint venture project with Mineworx as defined in *IFRS 10 Consolidated Financial Statements.* The joint venture project is consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Control is established when the Company has the power to govern the financial and operating policy decisions of the entity so as to obtain benefits from the entity's activities, and generally exists where more than 50% of the voting power of the entity is held by the Company. The financial statements of the joint venture project are prepared for the same reporting year as the Company using consistent accounting policies. All intercompany transactions and balances are eliminated on consolidation.

Joint Venture

The Company has accounted for its share of the joint venture with Mineworx by consolidating its accounts into its financial statements. This determination was made after an analysis of IFRS 11 (joint arrangements) and the terms of the joint arrangement with Mineworx.

(b) Foreign and presentation currencies

The functional currency of the Company is determined using the currency of the primary economic environment in which the Company operates, the Canadian dollar. The presentation currency is also the Canadian dollar.

In preparing the financial statements of the Company, transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing at the reporting dates and are recognized in profit and loss in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Financial instruments

On initial recognition, a financial asset is classified as: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification of financial assets is made in accordance with their contractual cash flow characteristics and the business models under which they are held.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit and loss. Gains or losses on equity financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's financial assets are cash, trade and other receivables, deposits and investment in Group 11.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current or non-current based on their maturity dates.

Financial assets at FVTPL

Financial assets at FVTPL are initially recognized at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in fair value of the financial asset held at FVTPL are included in profit and loss in the period in which they arise. Derivatives are also recognized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investment in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit and loss following the derecognition of the investment.

Financial Liabilities

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provision of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

Financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to their initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

The Company’s financial liabilities are its accounts payable and accrued liabilities and lease liabilities. Financial liabilities are classified as current or non-current based on their maturity dates.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in interest-bearing accounts with high credit quality financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. As at September 30, 2020, the Company had cash equivalents of $65,000 (December 31, 2019 - $60,000).

(e) Inventories

Inventories are measured at the lower of cost and net realizable value in accordance with IAS 2 and consist of materials and supplies to be consumed in operating and research activities. The cost of inventories is based on weighted average cost formula, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. The cost of conversion is calculated based on the standard allocation of the direct labour and fixed and variable overheads incurred in converting the raw materials to finished goods. When inventories are sold the cost are expensed in the period the revenue is recognized.

(f) Prepaid expenses and deposits

Prepaid expenses and deposits are measured at the lower of cost and net realizable value and consist of prepayments on service, rental and construction contracts and short-term deposits on purchases of supplies and property, plant and equipment. Net realizable value is the estimated recovery value in the ordinary course of business less the costs necessary to recover the prepayment or deposit. Any initial deposits on property, plant and equipment are included in the acquisition cost of the asset when it is received.

(g) Receivables

The Company derives revenue from the sale of precious metals in a concentrate or pure form, royalties, license fees and consulting fees. The Company recognized revenue when there is evidence a sale arrangement exists, specific performance obligations have been or satisfied, the sales price is fixed and determinable, and collectability is reasonably assured.

Once products are shipped to the Company's customers, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(h) Properties, plant and equipment

The value of the technology acquired

The Company estimated the expected cash flow that the application of the technology would bring in order to determine whether there was any impairment in the carrying value of the asset. The Company used discounted cash flow techniques and such factors as the discount rate, the royalty rate, the rate of recovery and the price of metals all went into that determination.

Equipment

Equipment is initially recorded at cost. As assets are put in use, they are amortized over their estimated useful lives on a straight-line basis at the following rates: equipment 3 – 10 years; office furniture – 3 – 5 years; computer hardware 3 years. The depreciation method, useful life and residual values are assessed annually.

Technology

Technology assets are the costs of acquiring rights to proprietary environmentally-friendly technologies for the concentration and extraction of valuable metals and minerals from mining and environmental waste/reclamation industries. The expected future economic benefits support the carrying value, which will be amortized over its estimated useful life, expected to be 10 years. In addition, the assets will be reviewed at least annually for impairment, which occurs if the discounted expected cash flows are less than the carrying value. See impairment of assets note below.

(i) Assets held for sale

The Company has accounted for assets held for sale in accordance to IFRS 5. Items classified as assets held for sale are non-current assets and liabilities that will be recovered principally through a sale transaction rather than continual use. The decision to sell must be made prior to period end and the sale must be highly probable. The asset is measured at the lower of carrying cost or fair value.

(j) Leases

In accordance with IFRS 16, as of January 1, 2019, at the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the "right-of-use" asset) unless the underlying asset has a low value or the lease term is twelve months or less, which are expensed in the period incurred. At this date, the right-of-use asset is measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. The right-of-use asset is then depreciated using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset may also be reduced for any impairment losses, if any.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is the rate the Company would pay for similar assets at similar locations over a similar term. The lease liability is measured at amortized cost using the effective interest method.

The lease liability is re-measured when there is a change in future lease payments due to a change in an index or rate, a change in the Company's estimate of an amount payable under residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, termination or extension option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(k) Impairments

Financial assets at amortized cost

At each reporting date, the Company assesses whether there has been a significant increase in credit risk that would provide objective evidence that a financial asset at amortized cost is impaired. The Company recognizes a loss allowance for expected credit losses on its financial assets. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instruments.

Non-financial assets

At each reporting date, the Company reviews its properties, plant and equipment at the cash generating unit ("CGU") level to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the relevant CGU is estimated in order to determine the extent of impairment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company's CGU is its plant and proprietary technology for the extraction of precious metals for the mining and Electronic Waste (E-Waste) sectors.

Impairment of a CGU is assessed when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For fair value less costs to sell, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. Discounted cash flow techniques require management to make estimates and assumptions concerning future production revenues and expenses. The determination of discounted cash flows is dependent on many factors, including future metal prices, production schedules, production costs, sustaining capital expenditures and plant closure and site rehabilitation costs. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized in profit and loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there had been a change in the estimates used to determine the recoverable amount. If an impairment is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods.

(l) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of past events for which it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the present value of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(m) Income taxes

Income tax expense consists of current and deferred income taxes based on taxable profits. Current and deferred income taxes are included in profit and loss except to the extent that they relate to a business combination or items recognized directly in equity or other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income (loss) for the current period and any adjustment to income taxes payable or receivable in previous periods. Current income taxes are determined based on enacted or substantively enacted tax rates and laws at the end of the current financial reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income taxes are determined using the liability method where there are differences between the carrying amounts and tax bases of assets and liabilities, and unused tax losses and credits. Deferred tax liabilities and assets are measured by applying tax rates that are expected to apply when the amounts are realized or settled respectively, based on enacted or substantively enacted tax rates and laws at the end of the current financial reporting year. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be realized and is later reduced if the Company determines it is no longer probable to be realized. The Company has not currently recognized any deferred tax assets or liabilities. In particular, no deferred tax asset has been recognized in respect of tax loss carry-forwards or deductible temporary differences as it is not probable at the end of the financial reporting year that future taxable profits will be available such that a tax asset can be realized.

(n) Share-based compensation

The Company has a share-based compensation plan (the "Plan") described in Note 8. Compensation costs are measured at the grant date based on the fair value of the award and are recognized on a graded basis over the vesting period in profit and loss, with a corresponding increase to reserves. Upon exercise, common shares are issued from treasury and the amount reflected in reserves is credited to share capital, as adjusted for any consideration paid.

The Black-Scholes option pricing model is used to determine the fair value of new grants. This model incorporates subjective assumptions, including volatility and expected life. At the end of each reporting period, the Company revises its estimate of the number of options expected to vest. The impact of the revision, if any, is recognized in profit and loss, with a corresponding adjustment to reserves.

Options issued to non-employees are measured based on the fair value of the services received at the date of receiving those services. If the fair value of the goods or services cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

(o) Share capital

The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issuance of common shares are shown in equity as a deduction from the proceeds of issuance.

(p) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to common shareholders of the Company by the weighted-average number of outstanding common shares for the year.

Diluted earnings (loss) per share is computed by dividing the net income (loss) attributable to the common shareholders of the Company by the weighted-average number of outstanding common shares for the year including all additional common shares that would have been outstanding if potentially dilutive equity instruments were converted to common shares. The weighted average number of common shares used to calculate the dilutive effect assumes that the proceeds that could be obtained upon exercise of stock options would be used to purchase common shares at the average market price during the period.

In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options would be anti-dilutive.

(q) Comprehensive income (loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the years presented, comprehensive loss was the same as net loss.

(Unaudited, expressed in Canadian dollars)

4. Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actuals outcomes could differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which estimates are revised and in any future period affected.

Significant estimates and judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determination of functional currency

Management has made determinations with respect to its functional currency in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates based on the primary economic environment in which the entities operate and has determined that the current functional and presentation currency is the Canadian dollar.

Current income taxes

The Company's interpretations of underlying tax regulations may differ from those of the tax department. Judgment is required in order to determine the appropriate accounting and disclosure treatment based on the facts. To the extent that a dispute arises, management must determine whether it is probable that a tax liability exists and whether the extent of the liability may be estimated and accrued in the financial statements in addition to determining the appropriate level of disclosure regarding the dispute.

Share-based compensation related to stock options

Management assesses the fair value of stock options using the Black-Scholes option pricing model. This model requires management to make estimates and assumptions with respect to inputs including the risk-free interest rate, volatility and expected life of the equity-settled instruments. As well, management must make assumptions about anticipated forfeitures based on the historical actions of plan participants which may not be a true representation of future participant exercise behaviour.

5. Inventory

Inventory consists of the following:

	September 30, 2020	December 31, 2019
Parts	$ 659,944	$ 768,678
Raw materials	-	27,936
Chemicals	763	302,408
Work in progress	30,018	76,941
Finished goods	-	36,845
	690,724	1,212,808

(Unaudited, expressed in Canadian dollars)

6. Investment in Group 11

On August 28, 2020, the Company entered into a license agreement and partnership with Group 11 Technologies Inc. ("Group 11") for the refinement and application of in-situ gold mining technologies incorporating the Company's water-based solution.

In exchange for an initial 40% ownership position in Group 11, EnviroLeach has granted Group 11 a license to use the Company's metal extraction technology. The fair value of the licensing fee has been estimated at $750,000, with the fees being recognized over the life of the Company's patents which form the basis for the licensed extraction technology.

The Company is also entitled to royalty payments on any metal produced in accordance with the license agreement.

Concurrently with the licensing agreement, the Company has entered into a support and services agreement with Group 11, expiring no earlier than August 28, 2023. Under the terms of the agreement the Company will earn a minimum aggregate fee of $750,000, as follows:

- Year one: $187,500
- Year two: $281,250
- Year three: $281,250

7. Technology, intellectual property, plant and equipment

(a) Technology rights and intellectual property

	Technology	Patent	Total
Costs			
Opening Balance - January 1, 2020	7,889,909	100,552	7,990,462
Additions	-	41,595	41,595
Transfers	-	-	-
Disposals	-	-	-
Closing Balance - September 30, 2020	7,889,909	142,147	8,032,056
Depreciation			
Opening Balance - January 1, 2020	2,366,973	-	2,366,973
Depreciation for the period	591,445	5,378	596,823
Disposals	-	-	-
Closing Balance - September 30, 2020	2,958,418	5,378	2,963,796
Net book value	**4,931,491**	**136,769**	**5,068,261**

Technology rights

In December 2016, the rights to the technology for the concentration and extraction of valuable metals and minerals was acquired for a total purchase price of $7,889,909 in two separate agreements.

(Unaudited, expressed in Canadian dollars)

The first agreement was signed on December 13, 2016 in a transaction with Mineworx, Mohave County Mining LLP (“Mohave”), and Steve Scott (“Scott”). Under this agreement, the Company is required to make payments to Mohave and Scott in order to affect the transfer of rights as required by an earlier agreement between them and Mineworx. The total payments required to be made to Mohave and Scott are as follows:

2,000,000 EnviroLeach shares	$ 100,000	(i)
Promissory note payable	$ 328,000	(ii)
Advance royalty payable	$1,101,909	(iii)
Total acquisition price	$1,529,909	

(i) Shares were issued in March 2017.
(ii) USD 250,00, repaid in fiscal 2017.
(iii) Presented as the amortized cost of a non-interest-bearing note of USD 1,000,000, discounted at a rate of 5.0% per annum, compounded monthly over a term of 39 months and based on projected cash flows.

The advance royalty payable is based on a payment of 10% of the “Net Profit Available for Distribution” paid quarterly to a maximum of 1,000,000 USD, with a minimum monthly payment of 5,000 USD. The amount is payable irrespective of whether profits are realized.

The remaining rights to the technology were acquired pursuant to an agreement with Mineworx dated December 19, 2016 and effected after shareholder approval on March 21, 2017. The consideration exchanged consisted of:

a) The issue of 28,000,000 common shares valued at $4,760,000 or $0.17 per share, and

b) Promissory note in the principal sum of $1,600,000. The first tranche, in the amount of $600,000, was to be repaid within six months while the second tranche was to be paid within two years. Interest on the note accrued at 5% per annum on outstanding principal, compounded monthly, accruing only when the note is in default. After March 21, 2020, unpaid principal was convertible into common shares, using 20-day volume weighted average at time of conversion. As at September 30, 2020, the note has been repaid in full (2019 - $1,000,000 outstanding).

The technology rights are being depreciated over a 10-year life. The fair value of the intangible asset is reviewed at each year end based on the requirements of IAS 36 Impairment of Assets to ensure that management’s discounted cash flow projections are applying reasonable and supportable assumptions. The remaining amortization period is 7 years.

Intellectual property

The patent costs represent the costs of applying for patents on the Company’s technology. On January 7, 2020, the Company was issued the first patent and on February 18, 2020 the second patent for its technologies. The patent costs are being amortized over the 17-year life of the patents.

(Unaudited, expressed in Canadian dollars)

(b) Plant and equipment

	Equipment	Right to Use	Office	Computer	Total
Costs					
Opening Balance - January 1, 2020	5,128,821	588,722	146,542	32,195	5,896,280
Additions	77,872	202,806	15,867	-	296,545
Transfers	-	-	-	-	-
Disposals	-	(84,800)	-	-	(84,800)
Closing Balance - September 30, 2020	5,206,694	706,729	162,409	32,195	6,108,026
Depreciation					
Opening Balance - January 1, 2020	598,789	135,074	36,141	18,641	788,645
Depreciation for the period	443,385	264,964	33,369	7,488	749,206
Disposals	-	(80,633)	-	-	(80,633)
Closing Balance - September 30, 2020	1,042,174	319,405	69,510	26,128	1,457,218
Net book value	**4,164,519**	**387,324**	**92,899**	**6,066**	**4,650,808**

8. Advance royalty payable

The advance royalty payable was incurred on the acquisition of technology from Mohave and Scott and is described in Note 6 (a). As the debt is non-interest bearing, the note has been discounted at a rate 5%. It is unsecured and due on a minimum discounted basis as follows:

	September 30, 2020	December 31, 2019
Opening balance	$ 849,017	$ 960,514
Payments	(60,698)	(79,927)
Interest portion	9,720	12,799
Foreign exchange adjustment	23,509	(44,369)
Closing balance	**821,548**	**849,017**
Current	67,218	65,449
Long term	754,330	783,568
	821,548	**849,017**

Payment could be accelerated should the Company generate net profits available for distribution, a calculation that takes into account management fees, depreciation, amortization, taxes and reserves.

9. Share capital

(a) Capital stock

Authorized capital stock consists of an unlimited number of common shares, without par value.

(Unaudited, expressed in Canadian dollars)

On March 26, 2020, the Company closed a non-brokered private placement of 3,244,001 units a $0.75 per unit ("Units") for gross proceeds of 2,358,001. Each Unit consists of one common share of the Company and one common share purchase warrant. In connection with the private placement, the Company paid finder's fees of $37,125, issued 41,250 compensation warrants, valued at $12,090 and incurred $40,028 in other share issuance costs.

(b) Share-based payments

The Company's equity compensation plan ("2018 Plan") was approved by shareholders on May 11, 2018. Under the 2018 Plan, the aggregate number of shares reserved for issuance shall not exceed 15% of the Company's issued and outstanding common shares on the date of grant. Options that are exercised, expired or otherwise terminated for any reason shall again be available for the purposes of granting options pursuant to this 2018 Plan. The 2018 Plan allows for options to be issued to directors, officers, employees and consultants of the Company or a subsidiary of the Company. Options granted must be exercised no more than five years from the date of grant or such lesser period as may be determined by the Company's board of directors and in accordance with the policies of the Canadian Securities Exchange. The board of directors also determines the time period during which options shall vest and the method of vesting which are also subject to the policies of the Canadian Securities Exchange.

The grant date fair value is calculated using the Black-Scholes option pricing model. Where relevant, the expected life has been adjusted based on management's best estimate for the effects of historical forfeitures and behavioural considerations. Expected volatility is based on the historical share price volatility. The Black-Scholes option valuation model input factors for stock options granted in 2020 were as follows:

Grant date	Expiry date	Exercise price	Grant date market price	Risk-free interest rate	Expected life (years)	Expected volatility	Dividend yield	Fair value
2020-04-09	2022-04-09	$ 1.00	$ 0.69	0.39%	1.50	75.91%	-	0.1704
2020-04-24	2025-04-24	$ 0.76	$ 0.76	0.39%	3.75	99.67%	-	0.5076
2020-06-16	2025-06-16	$ 0.79	$ 0.79	0.33%	3.75	98.73%	-	0.5238

The following table summarizes the number of stock options that the Company has outstanding at September 30, 2020 including details of options granted, exercised, expired and forfeited during the period:

				Fiscal Year 2020 Activity			
Grant date	**Expiry date**	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Expired / Forfeited**	**Closing balance**
2017-03-24	2022-03-24	$ 0.25	4,470,000		510,000	60,000	3,900,000
2017-06-30	2022-06-30	$ 0.50	100,000				100,000
2018-04-12	2023-04-12	$ 1.65	200,000				200,000
2018-07-18	2023-07-18	$ 1.20	125,000			25,000	100,000
2019-03-01	2024-03-01	$ 0.76	2,200,000			250,000	1,950,000
2019-06-14	2024-06-14	$ 0.96	250,000				250,000
2019-12-11	2024-12-11	$ 1.45	1,400,000			125,000	1,275,000
2020-04-09	2022-04-09	$ 1.00		400,000			400,000
2020-04-24	2025-04-24	$ 0.76		1,550,000			1,550,000
2020-06-16	2025-06-16	$ 0.79		250,000			250,000
2020 totals			**8,745,000**	**2,200,000**	**510,000**	**460,000**	**9,975,000**
Weighted average exercise price			$ 0.64	$ 0.81	$ 0.25	$ 0.90	$ 0.68

The outstanding options as at September 30, 2020 have a weighted average remaining contractual life of 2.86 years (December 31, 2019 – 3.20 years).

(Unaudited, expressed in Canadian dollars)

(c) Warrants

The reserves record items recognized as share-based payments expense and compensation warrant issuing costs until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

On March 26, 2020, pursuant to a private placement disclosed in Note 8 (a), the Company issued 3,244,001 units consisting of one common share and one common share purchase warrant ("Warrant"), entitling the holder to purchase one common share in the capital of the Company until March 2022 at an exercise price of $1.00. The expiry date of the Warrants is subject to acceleration as follows: If at any time after July 25, 2020, the closing price (or closing bid price on days when there are no trades) of the common shares on the Canadian Securities Exchange exceeds $2.00 for 15 consecutive trading days, the Company may elect to issue Warrant holders a notice of acceleration of the expiry date, being 30 days after the date on which notice of the new date is sent to the Warrant holders.

The Company has allocated the gross proceeds from the unit issuance between the common shares and warrants using their relative fair values with unit issuance costs allocated on the same basis.

In connection with the private placement, the Company issued 41,250 compensation warrants ("Compensation Warrants"). Each Compensation Warrant entitles the holder to purchase one unit (consisting of one common share and one common share purchase warrant) at the private placement offering price of $0.75 per unit and will be exercisable until March 23, 2022. Each underlying common share purchase warrant will be subject the same terms as the Warrants. The fair value of the Compensation Warrants was calculated using the Black-Scholes pricing model.

On January 15, 2020, 6,700,000 warrants exercisable at $1.33 and set to expire on March 1, 2020 were repriced from $2.50 to $1.33 and expiry date extended from March 1, 2020 to September 30, 2020.

As at September 30, 2020, 3,385,251 warrants are outstanding, as follows:

Issue date	Expiry date	# Warrants	Exercise price
2018-03-01	2020-09-30	-	$ 1.33
2020-03-23	2022-03-23	2,598,867	$ 1.00
2020-03-25	2022-03-25	545,134	$ 1.00
2020-03-23	2022-03-23	241,250	$ 0.75
Total		**3,385,251**	
Weighted average exercise price			$ 0.98

The weighted average remaining contractual life of the warrants is 1.48 years.

10. Nature of expenses

The components of general and administration for the three and nine-month periods ended September 30, were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Consulting fees	(16,200)	(42,611)	(44,176)	(60,084)
Promotion	(23,694)	(23,591)	(45,328)	(101,829)
Management and Employee costs	(295,959)	(336,323)	(944,436)	(893,859)
Office and general	7,512	(38,044)	(113,580)	(112,128)
Professional fees	(53,639)	(111,246)	(209,669)	(183,821)
Public Listing Costs	(109,882)	(104,678)	(355,030)	(263,733)
Travel	42,503	(70,340)	(101,938)	(202,216)
	(449,359)	(726,833)	(1,814,157)	(1,817,670)

11. Supplemental cash flow disclosures

Supplemental details of the changes in non-cash working capital for the three and nine-month periods ended September 30, 2020 were as follows:

	September 30, 2020	September 30, 2019
Changes in non-cash working capital impacting cashflows from operating activities were as follows:		
Trade and other receivable	$ 122,357	$ (49,048)
Inventories	402,346	(680,623)
Prepaid expenses and deposits	(82,403)	(11,056)
Accounts payable and accrued liabilities	(704,287)	92,853
	(261,987)	**(647,874)**

12. Financial instruments and risks

The Company's existing business involve the operation on its plant and use of its proprietary technology for the extraction of precious metals for the mining and Electronic Waste (E-Waste) sectors, which exposes the Company to a variety of financial instrument related risks. These risks include foreign currency risk, credit risk, liquidity risk, market risk and other risks. The Company's board of directors provides oversight for the Company's risk management processes.

(a) Foreign currency and interest risk

The Company is exposed to currency risk due to business transactions in foreign countries. The Company mainly transacts in Canadian dollars and United States dollars. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At September 30, 2020, the Company was not exposed to significant interest rate risk.

At September 30, 2020, the Company has net liabilities of $821,548 (USD 615,899) due in USD (December 31, 2019 - $849,017 (USD 653,693)).

(b) Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At September 30, 2020, management considers the Company's exposure to credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at September 30, 2020, the Company had a cash balance of $863,399 (2019 - $688,848) to settle current liabilities of $631,049 (2019 - $1,307,026). So far, the Company is not profitable and has had to rely on the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

(d) Price risk

The Company is exposed to price risk with respect to 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. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. Commitments

As at September 30, 2020 and December 31, 2019, the Company does not have contractual obligations other than those already disclosed.

14. Subsequent event

On October 15, 2020, the Company granted 400,000 stock options to a director of the Company. The stock options have an exercise price of $0.46, are valid for a period of five years from the date of grant and vest immediately. The options were granted in accordance with the Company's Stock Option Plan approved by the shareholders on June 14, 2018.