



INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019

**(Expressed in U.S. dollars)
(unaudited)**

NOTICE TO READER

These interim condensed consolidated financial statements of Loncor Resources Inc. as at and for the three and nine months ended September 30, 2019 have been prepared by management of Loncor Resources Inc. The auditors of Loncor Resources Inc. have not audited or reviewed these interim condensed consolidated financial statements.

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Loncor Resources Inc.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(Expressed in U.S. dollars - unaudited)**

	Notes	September 30, 2019	December 31, 2018
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		248,054	650,902
Advances receivable	6	49,121	50,581
Total Current Assets		297,175	701,483
Non-Current Assets			
Property, plant and equipment	8	834,504	20,292
Exploration and evaluation assets	9	28,600,529	28,344,681
Intangible assets	10	1	1
Total Non-Current Assets		29,435,034	28,364,974
Total Assets		29,732,209	29,066,457
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable	12	633,310	300,283
Accrued liabilities		-	9,971
Due to related parties	7	633,568	260,524
Employee retention allowance	19	177,049	171,867
Lease obligation - current portion	16	201,698	-
Loan	13	30,279	40,041
Current Liabilities		1,675,904	782,686
Common share purchase warrants	14c	111,075	1,539
Lease obligation - long-term portion	16	438,996	-
Total Liabilities		2,225,975	784,225
Commitments and contingencies	20		
Shareholders' Equity			
Share capital	14	79,392,199	79,376,206
Reserves		8,236,560	8,221,178
Deficit		(60,122,525)	(59,315,152)
Total Shareholders' Equity		27,506,234	28,282,232
Total Liabilities and Shareholders' Equity		29,732,209	29,066,457
Common shares			
Authorized		Unlimited	Unlimited
Issued and outstanding	14b	93,749,282	93,694,955

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

Loncor Resources Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in U.S. dollars - unaudited)

	Notes	For the three months ended		For the nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
		\$	\$	\$	\$
Expenses					
Consulting, management and professional fees		127,568	84,606	202,191	126,454
Employee benefits		44,793	32,814	217,347	101,204
Office and sundry		8,675	22,710	47,833	166,603
Share-based payments	15	6,408	(24)	15,382	1,661
Travel and promotion		32,737	57,420	101,766	112,601
Depreciation	8, 16	49,160	1,073	147,560	2,961
Interest and bank expenses		908	414	5,101	4,339
Interest on lease obligations	16	8,757	-	27,191	-
Loss/(gain) on derivative instruments	14c	110,035	9,028	111,075	(50,094)
Foreign exchange loss/(gain)		(4,965)	(1,925)	6,659	(57,812)
Loss before other items		(384,076)	(206,116)	(882,105)	(407,917)
Interest and other income	16	27,772	4,181	74,732	4,226
Loss and comprehensive loss for the period		(356,304)	(201,935)	(807,373)	(403,691)
Loss per share, basic and diluted	14d	(0.00)	(0.00)	(0.01)	(0.00)
Weighted average number of shares - basic	14b	93,702,633	93,694,955	93,697,543	84,407,410
Weighted average number of shares - diluted		N/A	N/A	N/A	N/A

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

Loncor Resources Inc.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****(Expressed in U.S. dollars - unaudited)**

	Common shares		Reserves	Deficit	Total shareholders' equity
	Number of shares	Amount			
Balance at January 1, 2018	158,689,732	\$ 77,286,874	\$ 8,219,502	\$ (58,650,391)	\$ 26,855,985
Loss for the period	-	-	-	(403,691)	(403,691)
Share-based payments	-	-	1,661	-	1,661
Common shares and warrants issued	28,700,000	2,089,332	-	-	2,089,332
Balance at September 30, 2018	187,389,732	\$ 79,376,206	\$ 8,221,163	\$ (59,054,082)	\$ 28,543,287
Loss for the period	-	-	-	(261,070)	(261,070)
Share-based payments	-	-	15	-	15
Balance at December 31, 2018	187,389,732	\$ 79,376,206	\$ 8,221,178	\$ (59,315,152)	\$ 28,282,232
Loss for the period	-	-	-	(807,373)	(807,373)
Share-based payments	-	-	15,382	-	15,382
Common shares issued	108,653	15,993	-	-	15,993
Share consolidation (2:1)	(93,749,103)	-	-	-	-
Balance at September 30, 2019	93,749,282	\$ 79,392,199	\$ 8,236,560	\$ (60,122,525)	\$ 27,506,234

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

Loncor Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. dollars - unaudited)

	Notes	For the three months ended		For the nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
		\$	\$	\$	\$
Cash flows from operating activities					
Loss for the period		(356,304)	(201,935)	(807,373)	(403,691)
Adjustments to reconcile loss to net cash used in operating activities					
Depreciation		49,160	1,073	147,560	2,961
Share-based payments	15	6,408	(24)	15,382	1,661
Loss (gain) on derivative instruments		108,496	9,169	109,536	(49,953)
Accretion of lease liability	16	8,757	-	27,191	-
Employee retention allowance	19	(2,110)	(17,179)	5,182	(27,024)
Changes in non-cash working capital					
Advances receivable		(49,121)	24,809	1,460	139,224
Prepaid expenses and deposits		2,822	-	-	48,914
Due from related parties		-	-	-	4,518
Accounts payable		33,578	(132,137)	35,796	99,926
Accrued liabilities		(19,894)	(18,807)	(9,971)	(52,146)
Net cash used in operating activities		(218,208)	(335,031)	(475,237)	(235,610)
Cash flows from investing activities					
Purchase of property, plant and equipment		-	(2,900)	-	(8,599)
Acquisition of Loncor Kilo Inc., net of cash acquired	4	(97,525)	-	(97,525)	-
Acquisition of mineral properties		-	(191,308)	-	(642,250)
Expenditures on exploration and evaluation assets		(577,713)	(870,446)	(2,014,948)	(1,997,032)
Net cash used in investing activities		(675,238)	(1,064,654)	(2,112,473)	(2,647,881)
Cash flows from financing activities					
Proceeds from share and warrant issuances, net of issuance costs		15,993	35,384	15,993	2,089,332
Loan	13	(14,661)	(68,600)	(9,762)	116,933
Lease obligation payments	16	(51,686)	-	(125,603)	-
Due to related parties		344,524	12,940	373,044	(29,544)
Funds received from Barrick		525,269	744,946	1,931,190	1,810,704
Net cash provided from financing activities		819,439	724,670	2,184,862	3,987,425
Effect of foreign exchange on cash balances		-	-	-	-
Net (decrease)/ increase in cash and cash equivalents during the period		(74,007)	(675,015)	(402,848)	1,103,934
Cash and cash equivalents, beginning of the period		322,061	1,799,111	650,902	20,162
Cash and cash equivalents, end of the period		248,054	1,124,096	248,054	1,124,096

Supplemental cash flow information (Note 18)

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

Loncor Resources Inc.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2019

(Expressed in U.S. dollars, except for per share amounts - unaudited)

1. CORPORATE INFORMATION

Loncor Resources Inc. (the "Company") is a corporation governed by the Ontario *Business Corporations Act*. The principal business of the Company is the acquisition and exploration of mineral properties.

These interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2019 include the accounts of the Company and of its wholly owned subsidiaries in the Democratic Republic of the Congo (the "Congo") being, Loncor Resources Congo SARL, Devon Resources SARL and Navarro Resources SARL, in the U.S., Nevada Bob's Franchising, Inc., and in Canada, Loncor Kilo Inc.

Loncor Kilo Inc, which changed its name from Kilo Goldmines Inc. on October 16, 2019, owns 71.25% of the outstanding shares of KGL-Somituri SARL, a company registered in the Congo, and 100% of the common shares of Kilo Isiro Atlantic Ltd. (a British Virgin Islands company). Kilo Isiro Atlantic Ltd. owns 49% of the shares of Isiro (Jersey) Limited which in turn owns 100% of the shares of KGL Isiro SARL in the Congo.

The Company is a publicly traded company whose outstanding common shares trade on the Toronto Stock Exchange and on the OTCQB market in the United States. The head office of the Company is located at 1 First Canadian Place, 100 King St. West, Suite 7070, Toronto, Ontario, M5X 1E3, Canada.

2. BASIS OF PREPARATION

a) Statement of compliance

These interim condensed consolidated financial statements as at and for the three and nine month period ended September 30, 2019 have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The disclosure contained in these interim condensed consolidated financial statements does not include all the requirements in IAS 1 Presentation of Financial Statements ("IAS 1"). Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2018, which include information necessary to understand the Company's business and financial statement presentation.

b) Continuation of Business

The Company incurred a net loss of \$356,304 and \$807,373 for the respective three and nine months ended September 30, 2019 (three and nine months ended September 30, 2018 - \$201,935 and \$403,691) and as at September 30, 2019 had a working capital deficit of \$1,378,729 (December 31, 2018 - \$81,203).

The Company's ability to continue operations in the normal course of business is dependent on several factors, including its ability to secure additional funding. Management is exploring all available options to secure additional funding, including equity financing and strategic partnerships. In addition, the recoverability of the amount shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to continue to perform exploration activity or complete the development of the properties where necessary, or alternatively, upon the Company's ability to recover its incurred costs through a disposition of its interests, all of which are uncertain.

In the event the Company is unable to identify recoverable resources, receive the necessary permitting, or arrange appropriate financing, the carrying value of the Company's assets and liabilities could be subject to material adjustment. These matters create material uncertainties that cast significant and substantial doubt upon the validity of the going concern assumption.

Loncor Resources Inc.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2019

(Expressed in U.S. dollars, except for per share amounts - unaudited)

These interim condensed consolidated financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to the statements of loss and comprehensive loss that might be necessary if the Company was unable to continue as a going concern.

c) Basis of measurement

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are presented at fair value. These interim condensed consolidated financial statements have also been prepared on an accrual basis, except for cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by all group entities and to all periods presented in these consolidated financial statements, unless otherwise indicated.

a) Basis of Consolidation

i. Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as ability to offset these returns through the power to direct the relevant activities of the entity. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. The financial statements of subsidiaries are included in the consolidated financial statements of the Company from the date that control commences until the date that control ceases. Consolidation accounting is applied for all of the Company's wholly-owned subsidiaries (see note 5).

ii. Transactions eliminated on consolidation

Inter-company balances, transactions, and any unrealized income and expenses, are eliminated in preparing the consolidated financial statements.

Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Use of Estimates and Judgments

The preparation of these interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

c) Newly Applied Accounting Standards

The Company has adopted IFRS 16 – Leases ('IFRS 16') with the date of initial application of January 1, 2019 using the modified retrospective approach. The impact of adoption of IFRS 16 is disclosed in Note 16.

The following policy is applicable from January 1, 2019. In the comparative period, leases were accounted for in accordance with the accounting policy for leases disclosed in the Company's December 31, 2018 audited annual consolidated financial statements.

Policy applicable from January 1, 2019:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

- the contract involves the use of an explicitly or implicitly identified asset;

Loncor Resources Inc.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2019

(Expressed in U.S. dollars, except for per share amounts - unaudited)

- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract term;
- the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, the Company recognizes a lease liability measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

After the commencement date, the amount of the lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liability is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company presents right-of-use assets in the property, plant and equipment line item on the interim condensed consolidated statements of financial position and the lease liability in the lease obligation line item on the interim condensed consolidated statements of financial position.

Short-term leases and leases of low value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and do not contain a purchase option or for leases related to low value assets. Lease payments on short-term leases and leases of low value assets are recognized as an expense in the interim condensed consolidated statements of loss and comprehensive loss.

Sub-leases

The Company has assessed and classified its sub-lease arrangement for the office space as an operating lease under IFRS 16, resulting in the Company recognizing payments received from the sub-lease arrangement as lease income while retaining the right-of-use assets and the lease liability in its interim condensed consolidated statements of financial position.

Loncor Resources Inc.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2019

(Expressed in U.S. dollars, except for per share amounts - unaudited)

4. ACQUISITIONS

Loncor Kilo Inc

On September 27, 2019, the Company closed certain transactions provided for by an agreement (the "Agreement") entered into by the Company with Resolute (Treasury) Pty Ltd ("Resolute"), Kilo Goldmines Ltd. ("KGL") and Kilo Goldmines Inc. ("Kilo Inc.", and together with KGL, "Kilo"), and which resulted in the Company acquiring Kilo Inc. Pursuant to the Agreement, (a) Resolute assigned to the Company, for nominal consideration, all of Resolute's rights under a secured cash advance facility (the "Facility") which Resolute had made available to Kilo (including Resolute's rights under the security provided by Kilo in respect of the Facility (the "Security")), (b) Kilo consented to the said assignment of the Facility (including the Security) from Resolute to the Company, and (c) following implementation of the said assignment, the Company exercised its rights under the Security (the "Security Enforcement") as a secured creditor to realize on all of the outstanding shares of Kilo Inc., in full satisfaction of all amounts owing under the Facility (prior to the Security Enforcement, Kilo Inc. was a wholly-owned subsidiary of KGL). In the Agreement, Kilo agreed to cooperate with and assist the Company in the Security Enforcement and for such cooperation and assistance, the Company paid Cdn\$130,000 (\$98,124) to KGL.

Upon the Company completing the Security Enforcement, Kilo Inc. became a wholly-owned subsidiary of the Company, such that the Company now holds, through Kilo Inc., Kilo Inc.'s mineral projects in the Congo (these mineral projects consist of a 71.25% interest in the KGL-Somituri properties and a 49% interest in the KGL-Isiro properties, which are all located in the Ngayu gold belt in northeastern Congo near Loncor's existing Ngayu project). See Notes 9(e) and 9(f).

The acquisition of Kilo Inc. has been recorded as a business combination under IFRS 3 Business Combinations. The total consideration has been allocated to the fair value of assets and liabilities acquired as follows:

Total consideration:

Cash consideration	\$	98,124
Purchase Price	\$	98,124

Fair value of assets and liabilities:

Cash and cash equivalent	\$	599
Property, Plant and Equipment	\$	223,346
Exploration and Evaluation Assets	\$	175,446
Accounts payable and accrued liabilities	\$	(301,267)
Fair value of net assets acquired	\$	98,124

Devon and Navarro

In June 2018, the Company completed the acquisition of all of the issued and outstanding shares of Devon Resources SARL (Devon), a corporation incorporated under the laws of the Congo, for total consideration comprising:

- The issuance by the Company of 500,000 common shares of the Company valued at Cdn\$100,000
- The payment of \$75,000 in cash
- The payment of \$190,000 in satisfaction of an outstanding loan provided by Devon to the Company.

Also, in June 2018, the Company completed the acquisition of all of the issued and outstanding shares of Navarro Resources SARL (Navarro), a corporation incorporated under the laws of the Congo, for a total purchase price of \$300,000, paid for by the settlement of a \$300,000 loan provided by the Company to Navarro.

Both acquisitions have been treated as a purchase of assets for accounting purposes as the requirements for business combinations under *IFRS 3 Business Combination* had not been met.

Loncor Resources Inc.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2019

(Expressed in U.S. dollars, except for per share amounts - unaudited)

5. SUBSIDIARIES

The following table lists the Company's subsidiaries:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Loncor Resources Congo SARL	Democratic Republic of the Congo	100%	Mineral Exploration
Nevada Bob's Franchising, Inc.	Delaware, USA	100%	Dormant
Devon Resources SARL	Democratic Republic of the Congo	100%	Mineral Exploration
Navarro Resources SARL	Democratic Republic of the Congo	100%	Mineral Exploration
Loncor Kilo Inc.	Ontario, Canada	100%	Mineral Exploration

6. ADVANCES RECEIVABLE

	September 30, 2019	December 31, 2018
Advances receivable	\$ 49,121	\$ 50,581

In connection with the Loncor Kilo Inc. acquisition (See Note 4), the Company provided to Kilo Goldmines Ltd. ("KGL") an unsecured loan in the principal amount of Cdn\$65,000 (USD \$49,121) bearing interest of 8% per annum and repayable 12 months from the date of the loan (subject to receipt of all necessary regulatory approvals, KGL may on the maturity date of the loan convert all or any part of such principal amount and all accrued and unpaid interest thereon into common shares of KGL at a price per share equal to the volume weighted average price of KGL's shares on KGL's principal trading market for the 20 trading days immediately before the said maturity date). The balance of \$50,581 at December 31, 2018 pertained to advances to employees and suppliers. The balance as at December 31, 2018 was non-interest bearing, unsecured and due on demand.

7. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation, and are not disclosed in this note.

a) Key Management Remuneration

Key management includes directors (executive and non-executive), the Chief Executive Officer ("CEO"), the Chief Financial Officer, and senior executives reporting directly to the CEO. The remuneration of the key management of the Company as defined above, during the three and nine months ended September 30, 2019 and September 30, 2018 was as follows:

Loncor Resources Inc.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2019

(Expressed in U.S. dollars, except for per share amounts - unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Salaries	\$ 52,722	\$ 30,988	\$ 187,716	\$ 112,042
Compensation expense-share-based payments	\$ 6,408	\$ (24)	\$ 15,382	\$ 1,661
	\$ 59,130	\$ 30,964	\$ 203,098	\$ 113,703

b) Other Related Party Transactions

As at September 30, 2019, an amount of \$541,524 relating to fees, salary and advances provided to the Company was due to Arnold Kondrat ("Kondrat"), a director and officer of the Company (December 31, 2018 - \$99,206). Total salary accrued to Mr. Kondrat for the three and nine months ended September 30, 2019 was \$22,722 and \$67,716, respectively (for the three and nine months ended September 30, 2018 - fees of \$26,188 and \$78,747, respectively).

As at September 30, 2019, an amount of \$92,044 was due to Gentor Resources Inc. (a company with common directors) related to common expenses (December 31, 2018 - \$161,318).

The amounts included in due to related party are unsecured, non-interest bearing and are payable on demand.

8. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment are summarized as follows:

	Furniture & fixtures	Office & Communication equipment	Land and Building	Field camps and equipment	Right-of-use asset	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance at January 1, 2018	151,786	104,202	-	425,003	-	84,906	777,604
Additions	5,700	2,899	-	-	-	-	8,599
Disposals	-	-	-	-	-	-	-
Balance at December 31, 2018	157,486	107,101	-	425,003	-	84,906	786,203
Additions	-	-	217,612	5,734	739,106	-	962,452
Disposals	-	(79,089)	-	(212,000)	-	-	(291,089)
Balance at September 30, 2019	157,486	28,012	217,612	218,737	739,106	84,906	1,457,566
Accumulated Depreciation							
Balance at January 1, 2018	136,833	102,879	-	425,003	-	84,906	761,329
Additions	2,776	1,808	-	-	-	-	4,584
Disposals	-	-	-	-	-	-	-
Balance at December 31, 2018	139,609	104,687	-	425,003	-	84,906	765,911
Additions	1,737	1,896	-	-	144,608	-	148,241
Disposals	-	(79,089)	-	(212,000)	-	-	(291,089)
Balance at September 30, 2019	141,346	27,494	-	213,003	144,608	84,906	623,063
Balance at December 31, 2018	17,877	2,414	-	-	-	-	20,292
Balance at September 30, 2019	16,140	518	217,612	-	594,498	-	834,504

During the nine months ended September 30, 2019, depreciation in the amount of \$680 (nine months ended September 30, 2018 - \$348) was capitalized to exploration and evaluation assets.

Loncor Resources Inc.**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three and nine months ended September 30, 2019****(Expressed in U.S. dollars, except for per share amounts - unaudited)****9. EXPLORATION AND EVALUATION ASSETS**

	North Kivu		Ngayu		Total
Cost					
Balance as at January 1, 2018	\$ 10,158,956	\$	17,324,607	\$	27,483,563
Additions	122,568		2,756,104		2,878,672
Earn-in Barrick payment	-		(2,619,804)		(2,619,804)
Balance as at December 31, 2018	\$ 10,281,524	\$	17,460,907	\$	27,742,431
Acquisition of Loncor Kilo Inc.	-		175,446		175,446
Additions	58,500		1,953,092		2,011,592
Earn-in Barrick payment	-		(1,931,189)		(1,931,189)
Balance as at September 30, 2019	\$ 10,340,024	\$	17,658,256	\$	27,998,280

There are \$602,250 of intangible exploration and evaluation expenditures as at September 30, 2019 (December 31, 2018 - \$602,250). These intangible exploration and evaluation expenditures have not been included in the table above.

The Company's exploration and evaluation assets are subject to renewal of the underlying permits and rights and government royalties.

a. North Kivu

The North Kivu project is situated in the North Kivu Province in eastern Congo to the northwest of Lake Edward and consists of various exploration permits. All of these exploration permits are currently under force majeure due to the poor security situation, affecting the Company's ability to carry out the desired exploration activities. The duration of the event of force majeure is added to the time limit for execution of obligations under the permits. Exploration estimates to date have not advanced to the stage of being able to identify the quantity of possible resources available for potential mining. Under force majeure, the Company has no tax payment obligations and does not lose tenure of mining titles until force majeure is lifted.

b. Ngayu

The Ngayu project consists of various exploration permits and is found within the Tshopo Province in the northeast of the Congo, approximately 270 kilometers northeast of Kisangani. The Ngayu project covers part of the Ngayu Archaean greenstone belt which is one of a number of greenstone belts in the north-east Congo Archaean craton that includes the Kilo and Moto greenstone belts. These Archaean greenstone belts are the northwestern extensions of the Lake Victoria greenstone belt terrain that hosts a number of world class gold deposits including Geita and Bulyanhulu.

In 2015, due to a decrease in gold prices coupled with the reduction of the exploration budget, the Company conducted an impairment analysis whereby the carrying value of the Ngayu exploration and evaluation asset as at December 31, 2015 was assessed for possible impairment. The asset's recoverable amount was calculated applying a fair value of \$15 per ounce of gold in the ground, which was provided by a valuation analysis of an independent report on similar African exploration companies, to the Ngayu project's Makapela estimated mineral resource. Since the carrying value of the asset was determined to be higher than its recoverable amount, an impairment loss of \$2,300,000 was recorded during the year ended December 31, 2015. As at December 31, 2017 and 2018, the Company conducted an analysis of various factors and determined that there was no further impairment recognized by IFRS 6, and no evidence to support an impairment reversal. As at September 30, 2019, the Company determined that no impairment charge or gain was required.

c. Devon

The Devon properties consist of three (3) exploration permits situated in the province of Haut-Uele in north eastern Congo. These exploration permits were renewed during 2018 and are subject to final DRC Cadastre Minier (CAMI) administrative processing.

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d. Navarro

The Navarro properties consist of six (6) exploration permits situated in the provinces of Ituri and Haut-Uele in north eastern Congo.

e. KGL-Somituri

The KGL-Somituri SARL properties consist of six (6) mining licenses valid until 2039 and which cover an area of 361 square kilometers within the Archaean Ngayu Greenstone Belt in the Ituri and Haut Uele provinces in north eastern Congo. The Company's interest in the KGL-Somituri SARL properties were acquired in September 2019 through the agreement with Resolute, KGL and Kilo Inc. (see Note 4). The six mining licenses (Exploitation permits) are registered in the name of KGL-Somituri SARL, a company incorporated under the laws of the Congo in which the Company holds a 71.25% interest and the minority partners hold 28.75% (including 5% free carried interest owned by the government of the Congo).

Under an agreement signed in April 2010 with the minority partners of KGL-Somituri SARL, the Company's subsidiary Loncor Kilo Inc. agreed to finance all activities of KGL-Somituri SARL, until the filing of a bankable feasibility study, by way of loans which bear interest at the rate of 5% per annum. Within thirty days of the receipt of a bankable feasibility study, the minority partners may collectively elect to exchange their equity participation for either a 2% net smelter royalty, or a 1% net smelter royalty plus an amount equal to 2 Euros per ounce of proven mineral reserves.

f. KGL-Isiro

The KGL-Isiro properties consist of eleven (11) mineral exploration permits registered in the name of KGL-Isiro SARL and covering an area of 1,884 square kilometers in the province of Haut Uele, in north eastern Congo. The Company owns through Loncor-Kilo Inc. 100% of the common shares and 88.5% of the preferred shares of Kilo Isiro Atlantic Ltd. Kilo Isiro Atlantic Ltd. owns 49% of the shares of Isiro (Jersey) Limited, which in turn owns 100% of the shares in KGL-Isiro SARL (a company registered in the Congo).

The KGL Isiro SARL permits were put under force majeure with effect from February 14, 2014 pending resolution of a court action involving these properties and their expiry is extended by the period of force majeure.

Pursuant to a Joint Venture Agreement, amended July 9, 2013, with Randgold Resources Limited (which is now named Barrick Gold Corporation ("Barrick")), Barrick agreed to fund a phased exploration program on the permits held in KGL Isiro SARL. Delivery of a pre-feasibility study entitles Barrick to a 51% interest in Isiro (Jersey) Limited which can be increased to 65% upon delivery of a bankable feasibility study should the Company not contribute proportionately to the exploration program post pre-feasibility study.

Additional Barrick Agreements

In January 2016, the Company's subsidiary, Loncor Resources Congo SARL ("Loncor Congo"), entered into an agreement with Randgold Resources (DRC) Limited (which is now named Barrick Gold (Congo) SARL)("Barrick") with respect to a portion of the Company's Ngayu project. This agreement provides for the potential future establishment of a joint venture special purpose company ("Mining Company") between Loncor Congo and Barrick. The Mining Company will be established only if exploration activities undertaken by Barrick at the Ngayu project result in an approved completed pre-feasibility study on any gold discovery meeting the investment criteria of Barrick. The agreement does not include certain parcels of land surrounding and including the Makapela and Yindi prospects which are retained by Loncor Congo and do not form part of the agreement.

Loncor Congo shall only be called upon to contribute to the future costs of the Mining Company after the approval of the completed pre-feasibility study. The parties will then (a) contribute to the funding required pro rata to their participating interests (65% for Barrick and 35% for Loncor Congo, less the free carried interest attributable to Congo authorities under applicable law, determined at the time of establishment) once the Mining Company has been established and any mining rights with respect to the area of discovery are transferred to the Mining Company, or (b) be diluted. The decision-making committee

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of the Mining Company will determine whether the funding is contributed (for the purpose of funding the Mining Company) by way of equity or shareholder loans.

The Devon properties are also part of an agreement with Barrick, with the terms similar to the terms of Barrick's agreement with Loncor Congo, as summarized above.

10. INTANGIBLE ASSETS

The Company's intangible assets include licenses and rights. Based on management's assessment, these intangible assets have been valued at \$1 as their fair value is nominal.

11. SEGMENTED REPORTING

The Company has one operating segment: the acquisition, exploration and development of precious metal projects located in the Congo. The operations of the Company are located in two geographic locations, Canada and the Congo. Geographic segmentation of non-current assets is as follows:

September 30, 2019

	Property, plant and equipment	Intangible assets	Exploration and evaluation
Congo	\$226,159	-	\$28,600,529
Canada	\$608,345	\$1	-
	\$834,504	\$1	\$28,600,529

December 31, 2018

	Property, plant and equipment	Intangible assets	Exploration and evaluation
Congo	\$3,493	-	\$28,344,681
Canada	\$16,799	\$1	-
	\$20,292	\$1	\$28,344,681

12. ACCOUNTS PAYABLE

The following table summarizes the Company's accounts payable:

	September 30, 2019	December 31, 2018
Exploration and evaluation expenditures	\$ 394,920	\$ 97,688
Non-exploration and evaluation expenditures	\$ 238,390	\$ 202,595
Total Accounts Payable	\$ 633,310	\$ 300,283

13. LOAN

In September 2018, as part of the closing of the acquisition of Devon, the Company issued an unsecured non-interest-bearing note in the amount of \$265,000, payable on demand, in satisfaction of the non-share component of the

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consideration for the Devon acquisition. As at September 30, 2019 the balance of \$30,279 (December 31, 2018 - \$40,041) was outstanding.

14. SHARE CAPITAL

a) Authorized

The authorized share capital of the Company consists of unlimited number of common shares and unlimited number of preference shares, issuable in series, with no par value. All shares issued are fully paid.

The holders of common shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each common share held at all meetings of shareholders of the Company, except for meetings at which only holders of another specified class or series of shares are entitled to vote separately as a class or series. Subject to the prior rights of the holders of the preference shares or any other share ranking senior to the common shares, the holders of the common shares are entitled to (a) receive any dividend as and when declared by the board of directors, out of the assets of the Company properly applicable to payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of the Company in the event of any liquidation, dissolution or winding up of the Company.

The Company may issue preference shares at any time and from time to time in one or more series with designations, rights, privileges, restrictions and conditions fixed by the board of directors. The preference shares of each series are ranked on parity with the preference shares of every series and are entitled to priority over the common shares and any other shares of the Company ranking junior to the preference shares, with respect to priority in payment of dividends and the return of capital and the distribution of assets of the Company in the event of liquidation, dissolution or winding up of the Company.

b) Issued share capital

In February 2017, the Company closed a non-brokered private placement of 2,000,000 units of the Company at a price of Cdn\$0.24 per unit for gross proceeds of Cdn\$480,000. Each such unit was comprised of one-half common share of the Company and one-quarter of one warrant of the Company, with each full warrant entitling the holder to purchase one common share of the Company at a price of Cdn\$0.36 for a period of two years. Also, in February 2017, the Company closed a second non-brokered private placement of 750,000 units of the Company at a price of Cdn\$0.26 per unit for gross proceeds of Cdn\$195,000. Each such unit was comprised of one-half common share of the Company and one-quarter of one warrant of the Company, with each full warrant entitling the holder to purchase one common share of the Company at a price of Cdn\$0.36 for a period of two years.

On June 19, 2018, the Company closed a non-brokered private placement of 850,000 common shares of the Company at a price of Cdn\$0.20 per share for gross proceeds of Cdn\$170,000. Mr. Arnold Kondrat, who is a director and officer of the Company, purchased 350,000 of the shares issued under this financing.

On June 26, 2018, private placement and share swap transactions (the "Transactions") were completed with Resolute Mining Limited ("Resolute"). Pursuant to the private placement Transaction, the Company issued 13,000,000 common shares to Resolute at a price of Cdn\$0.20 per share for gross proceeds of Cdn\$2,600,000. Pursuant to the share swap Transaction, Resolute purchased 12,500,000 common shares of the Company held by Mr. Kondrat in exchange for the future issuance on or before July 16, 2018 by Resolute to Mr. Kondrat of Cdn\$2,500,000 worth of Resolute ordinary shares (capped at a maximum of 3,000,000 Resolute shares).

On June 29, 2018 the Company issued 500,000 common shares at a price of Cdn\$0.20 per share as part of the acquisition of Devon (Note 4).

In September 2019, the Company issued 54,327 common shares at a price of Cdn\$0.208 per share as a consideration for certain consulting services rendered by a third party.

Also in September 2019, all of the Company's common shares issued and outstanding were consolidated on the basis of one common share of the Company for every 2 (two) existing common shares. As a result, as of September 30, 2019, the Company had issued and outstanding 93,749,282 common shares (December 31, 2018 - 93,694,955). No preference shares

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are issued and outstanding. All of the share, stock option and warrant amounts in these interim condensed consolidated financial statements, have been adjusted to reflect the said share consolidation.

c) Common share purchase warrants

As at September 30, 2019, the Company had outstanding 1,375,000 (December 31, 2018 - 1,812,500) common share purchase warrants. During the nine months ended September 30, 2019, 437,500 common share purchase warrants expired unexercised and no warrants were forfeited or cancelled (year ended December 31, 2018 - nil). The common share purchase warrants are classified as a liability because they are a derivative financial instrument due to the currency of their exercise price differing from the functional currency of the Company. The common share purchase warrants are re-valued at year and period end, with a gain or loss reported on the interim condensed consolidated statement of loss and comprehensive loss. For the nine months ended September 30, 2019, the Company recognized a loss of \$111,075 in the interim condensed consolidated statement of loss and comprehensive loss representing the change in fair value on this derivative financial instrument (nine months ended September 30, 2018 - gain of \$50,094). The following table summarizes the Company's common share purchase warrants outstanding as at September 30, 2019:

Date of Grant	Opening Balance	Granted during period		Closing Balance	Exercise Price (Cdn \$)	Exercise period (months)	Expiry Date	Remaining contractual life (months)
		Exercised	Expired					
6/29/2016	437,500	-	-	437,500	\$ 0.36	36	6/29/2019	0
2/3/2017	1,000,000	-	-	1,000,000	\$ 0.36	36	2/3/2020	4
2/28/2017	375,000	-	-	375,000	\$ 0.36	36	2/28/2020	5
	1,812,500	-	-	437,500				1,375,000

The value of the warrants was calculated using the Black-Scholes model and the assumptions at grant date and period end date were as follows:

- (i) Risk-free interest rate: 0.48% - 1.95%, which is based on the Bank of Canada benchmark bonds yield 2 year rate in effect at the time of grant for bonds with maturity dates at the estimated term of the warrants
- (ii) Expected volatility: 49.8% - 179.41%, which is based on the Company's historical stock prices
- (iii) Expected life: 1 - 2 years
- (iv) Expected dividends: \$Nil

d) Loss per share

Loss per share was calculated on the basis of the weighted average number of common shares outstanding for the three and nine months ended September 30, 2019 amounting to 93,702,633 and 93,697,543 common shares, respectively (three and nine months ended September 30, 2018 - 93,694,955 and 84,407,410 respectively) common shares. The diluted weighted average number of common shares outstanding for the three and nine months ended September 30, 2019 amounted to 93,702,633 and 93,697,543 common shares, respectively (three and nine months ended September 30, 2018 - 93,694,955 and 84,407,410 respectively) common shares. Stock options and warrants are considered anti-dilutive and therefore are excluded from the calculation of diluted (loss) income per share.

15. SHARE-BASED PAYMENTS

The Company has an incentive Stock Option Plan under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or consultants of the Company or any of its subsidiaries. No amounts are paid or payable by the recipient on receipt of the option, and the exercise of the options granted is not dependent on any performance-based criteria. In accordance with these programs, options are exercisable at a price not less than the last closing price of the shares at the grant date.

Under this Stock Option Plan, 25% of options granted vest on each of the 6 month, 12 month, 18 month and 24 month anniversaries of the grant date, except for 770,000 options granted on June 24, 2019 which shall all vest on the four month anniversary of such grant date.

The following tables summarize information about stock options:

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For the nine months ended September 30, 2019:

Exercise Price Range (Cdn\$)	Opening Balance	During the Period				Closing Balance	Weighted average remaining contractual life (years)	Vested & Exercisable	Unvested
		Granted	Exercised	Forfeiture	Expired				
0-0.18	1,050,000	1,520,000	-	-	-	2,570,000	3.11	1,181,250	1,388,750
Weighted Average Exercise Price (Cdn\$)	0.12	0.15				0.13		0.11	

For the nine months ended September 30, 2018:

Exercise Price Range (Cdn\$)	Opening Balance	During the Period				Closing Balance	Weighted average remaining contractual life (years)	Vested & Exercisable	Unvested
		Granted	Exercised	Forfeiture	Expired				
0-0.18	1,200,000	-	-	(150,000)	-	1,050,000	2.19	1,050,000	-
Weighted Average Exercise Price (Cdn\$)	0.12					0.12		0.12	

There were 1,520,000 stock options granted during the nine months ended September 30, 2019. The weighted average fair value of the stock options issued and outstanding as at September 30, 2019 was estimated at Cdn\$0.14 per stock option at the grant date (year ended December 31, 2018 - Cdn\$0.12) calculated using the Black-Scholes model and the following assumptions at grant date and period end date:

- (i) Risk-free interest rate: 1.46% - 1.60%, which is based on the Bank of Canada benchmark bonds yield 2 year rate in effect at the time of grant for expected life of the stock options;
- (ii) Expected volatility: 36.27% - 70.57%, which is based on the Company's historical stock prices
- (iii) Expected life: 4 months - 2 years
- (iv) Expected dividends: \$Nil

During the nine months ended September 30, 2019, the Company recognized in the statement of loss and comprehensive loss as an expense \$15,382 (nine months ended September 30, 2018 -\$1,661) representing the vesting of the fair value at the date of grant of stock options previously granted to employees, directors and officers under the Company's Stock Option Plan.

16. LEASE OBLIGATIONS

The Company has established a lease agreement for the head office location in Toronto, Canada with a monthly obligation of the U.S. dollar equivalent of Cdn \$21,419 up to and including August 2019 and Cdn \$25,404 from September 2019 to October 2022.

Effective January 1, 2019, the Company adopted IFRS 16 to its accounting policy and recognized a right-of-use asset and a lease liability of \$739,106 (Cdn \$1,008,331) for its office lease agreement. The right-of-use asset is being amortized on a straight-line basis over the lease term. The discount rate used to derive the lease liability was 4.95%.

Changes in the lease obligation for the nine months ended September 30, 2019 were as follows:

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	September 30, 2019	December 31, 2018
Balance at January 1, 2019	\$ 739,106	\$ -
Liability settled	\$ (125,603)	\$ -
Interest expense	\$ 27,191	\$ -
Balance - end of the period	\$ 640,694	\$ -
Current portion	\$ 201,698	\$ -
Long-term portion	\$ 438,996	\$ -
Total lease obligation	\$ 640,694	\$ -

For the nine-month period ended September 30, 2019, the Company recognized lease revenues of \$67,126 respectively in the interim condensed consolidated statements of loss and comprehensive loss from its sub-lease arrangement with Gentor Resources Inc (nine-month period ended September 20, 2018 - \$nil).

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**a) Fair value of financial assets and liabilities**

The interim condensed consolidated statements of financial position carrying amounts for cash and cash equivalents, advances receivable, balances due to related parties, accounts payable, accrued liabilities and the employee retention allowance approximate fair value due to their short-term nature.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1, 2 and 3 during the reporting period. Cash and cash equivalents are ranked Level 1 as the market value is readily observable. The carrying value of cash and cash equivalents approximates fair value, as maturities are less than three months.

The fair value of warrants (note 14c) would be included in the hierarchy as follows:

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30-Sep-19			
Liabilities:	Level 1	Level 2	Level 3
Canadian dollar common share purchase warrants	-	\$111,075	-
31-Dec-18			
Liabilities:	Level 1	Level 2	Level 3
Canadian dollar common share purchase warrants	-	\$1,539	-

b) Risk Management Policies

The Company is sensitive to changes in commodity prices and foreign-exchange. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Although the Company has the ability to address its price-related exposures through the use of options, futures and forward contracts, it does not generally enter into such arrangements.

c) Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the United States dollar and Canadian dollar or other foreign currencies will affect the Company's operations and financial results. A portion of the Company's transactions are denominated in Canadian dollars. The Company is also exposed to the impact of currency fluctuations on its monetary assets and liabilities. Significant foreign exchange gains or losses are reflected as a separate item in the interim condensed consolidated statement of loss and comprehensive loss. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The following table indicates the impact of foreign currency exchange risk on net working capital as at September 30, 2019. The table below also provides a sensitivity analysis of a 10 percent strengthening of the US dollar against the Canadian dollar which would have increased (decreased) the Company's net loss by the amounts shown in the table below. A 10 percent weakening of the US dollar against the Canadian dollar would have had the equal but opposite effect as at September 30, 2019.

	September 30, 2019	December 31, 2018
	Canadian dollar	Canadian dollar
Cash and cash equivalents	26,816	831,348
Accounts payable and accrued liabilities	(315,706)	(289,994)
Employee retention allowance	(234,471)	(234,471)
Total foreign currency financial assets and liabilities	(523,361)	306,883
Foreign exchange rate at September 30, 2019	0.7551	0.7330
Total foreign currency financial assets and liabilities in US \$	(395,190)	224,945
Impact of a 10% strengthening of the US \$ on net loss	(39,519)	22,495

d) Credit Risk

Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and advances receivable. Cash and cash equivalents are maintained with several financial institutions of reputable credit and may be redeemed upon demand. It is therefore the Company's opinion that such credit risk is subject

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to normal industry risks and is considered minimal. The credit risk of advances receivable is, in management opinion, normal given ongoing relationships with those debtors.

The Company limits its exposure to credit risk on any investments by investing only in securities rated R1 (the highest rating) by credit rating agencies such as the DBRS (Dominion Bond Rating Service). Management continuously monitors the fair value of any investments to determine potential credit exposures. Short-term excess cash is invested in R1 rated investments including money market funds and other highly rated short-term investment instruments. Any credit risk exposure on cash balances is considered negligible as the Company places deposits only with major established banks in the countries in which it carries on operations.

The carrying amount of financial assets represents the maximum credit exposure. The Company's gross credit exposure at September 30, 2019 and December 31, 2018 was as follows:

	September 30, 2019	December 31, 2018
Cash and cash equivalents	\$ 248,054	\$ 650,902
Advances receivable	\$ 49,121	\$ 50,581
	<u>\$ 297,175</u>	<u>\$ 701,483</u>

e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company attempts to ensure that there is sufficient cash to meet its liabilities when they are due and manages this risk by regularly evaluating its liquid financial resources to fund current and long-term obligations and to meet its capital commitments in a cost-effective manner. Temporary surplus funds of the Company are invested in short-term investments. The Company arranges the portfolio so that securities mature approximately when funds are needed. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. The Company's liquidity requirements are met through a variety of sources, including cash and cash equivalents and equity capital markets. All financial obligations of the Company including accounts payable of \$633,310, amounts due to related parties of \$633,568, an employee retention allowance of \$177,049, lease obligations of \$640,694 and a loan of \$30,279 are due within one to three years.

f) Mineral Property Risk

The Company's operations in the Congo are exposed to various levels of political risk and uncertainties, including political and economic instability, government regulations relating to exploration and mining, military repression and civil disorder, all or any of which may have a material adverse impact on the Company's activities or may result in impairment in or loss of part or all of the Company's assets.

g) Capital Management

The Company manages its common shares, warrants and stock options as capital. The Company's policy is to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence required to sustain future development of the business.

	September 30, 2019	December 31, 2018
Share capital	\$ 79,392,199	\$ 79,376,206
Reserves	\$ 8,236,560	\$ 8,221,178
Deficit	\$ (60,122,525)	\$ (59,315,152)
Common share purchase warrants	\$ 111,075	\$ 1,539
	<u>\$ 27,617,309</u>	<u>\$ 28,283,771</u>

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than the Toronto Stock Exchange ("TSX") which requires adequate working capital or financial resources such that, in the opinion of

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TSX, the listed issuer will be able to continue as a going concern. TSX will consider, among other things, the listed issuer's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings as well as accountants' or auditors' disclosures in the consolidated financial statements regarding the listed issuer's ability to continue as a going concern.

18. SUPPLEMENTAL CASH FLOW INFORMATION

During the periods indicated the Company undertook the following non-cash transactions:

	Note	For the three months ended		For the nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Depreciation included in exploration and evaluation assets	8	\$ 225	\$ 234	\$ 680	\$ 348

19. EMPLOYEE RETENTION ALLOWANCE

The Company previously had an incentive employee retention policy under which an amount equal to one-month salary per year of service was accrued to each qualified employee up to a maximum of 10 months (or 10 years of service with the Company and/or a related company). To qualify for this retention allowance, an employee was required to complete two years of service with the Company and/or a related company. The full amount of retention allowance accumulated by a particular employee is paid out when the employee is no longer employed with the Company, unless other arrangements are made or unless there is a termination due to misconduct, in which case the retention allowance is forfeited. While the retention allowance policy was discontinued by the Company effective December 31, 2017, the retention allowance amounts accrued up to December 31, 2017 remain recorded as a liability in the Company's consolidated statement of financial position. There is uncertainty about the timing and amount of these potential retention allowance payments. As at September 30, 2019, the Company estimated a total liability for accrued retention allowance of \$177,049 (December 31, 2018 - \$171,867).

The following table summarizes information about changes to the Company's employee retention provision during the nine months ended September 30, 2019;

Balance at December 31, 2017	208,153
Disbursements	(19,547)
Foreign exchange gain	(16,739)
Balance at December 31, 2018	171,867
Foreign exchange loss	5,182
Balance at September 30, 2019	177,049

20. ENVIRONMENTAL CONTINGENCIES

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future expenditures to comply with such laws and regulations.