

LIDA RESOURCES INC.

**Interim Condensed Consolidated Financial Statements
For the Nine Months Ended May 31, 2020**

(Unaudited – Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

LIDA RESOURCES INC.**Interim Condensed Consolidated Statements of Financial Position**

(Unaudited – Expressed in Canadian dollars)

| As at | May 31, 2020 | August 31, 2019 |
|--|---------------------|--------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,550,075 | \$ 1,511 |
| Accounts receivable | 7,839 | 1,388 |
| Prepaid expenses | 3,902 | 7,630 |
| Deferred financing cost | - | 77,210 |
| | 1,561,816 | 87,739 |
| Mineral interests (note 5) | 834,218 | 828,079 |
| TOTAL ASSETS | \$ 2,396,034 | \$ 915,818 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 294,043 | \$ 302,550 |
| Due to related parties (note 8) | 47,733 | 11,400 |
| TOTAL LIABILITIES | 341,776 | 313,950 |
| EQUITY | | |
| Share capital (note 6) | 3,846,802 | 2,303,384 |
| Reserves | 111,828 | - |
| Accumulated other comprehensive income | 2,414 | 2,150 |
| Deficit | (1,906,786) | (1,703,666) |
| TOTAL EQUITY | 2,054,258 | 601,868 |
| TOTAL LIABILITIES AND EQUITY | \$ 2,396,034 | \$ 915,818 |

Approved and authorized for issue by the Board of Directors on July 29, 2020

/s/ "Leonard De Melt"
Leonard De Melt, CEO & Director

/s/ "Geoffrey Balderson"
Geoffrey Balderson, CFO & Director

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

LIDA RESOURCES INC.**Interim Condensed Consolidated Statements of Operations and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars)

| | For the three months ended May 31, 2020 | For the three months ended May 31, 2019 | For the nine months ended May 31, 2020 | For the nine months ended May 31, 2019 |
|---|--|--|---|---|
| EXPENSES | | | | |
| Bank charges and interest | \$ 750 | \$ 1,095 | \$ 1,354 | \$ 1,989 |
| Consulting (note 8) | 1,000 | 15,000 | 8,525 | 40,260 |
| Exploration and evaluation costs (Note 5) | 112 | 36,125 | 43,597 | 115,351 |
| Transfer agent, regulatory and listing fees | 10,545 | - | 10,900 | - |
| General and administrative | 6,019 | 4,511 | 14,471 | 13,435 |
| Professional fees (Note 8) | 16,215 | 37,100 | 123,766 | 102,792 |
| Travel | - | - | 71 | 1,268 |
| Loss before other expenses | (34,641) | (93,831) | (202,684) | (275,095) |
| Other income (expenses) | | | | |
| Foreign exchange loss | (441) | (10,805) | (436) | (8,635) |
| Gain on sale of subsidiary (note 5) | - | - | - | 1,349,242 |
| Total other income | (441) | (10,805) | (436) | 1,340,607 |
| Net income (loss) for the period | \$ (35,082) | \$ (104,636) | \$ (203,120) | \$ 1,065,512 |
| Other comprehensive income | | | | |
| Items that will be recycled to profit or loss: | | | | |
| Foreign exchange gain on translation adjustment | 30 | 11,403 | 264 | 13,656 |
| Other comprehensive income (loss) for the period | \$ (35,052) | \$ (93,233) | \$ (202,856) | \$ 1,079,168 |
| Basic and diluted income (loss) per share | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ 0.03 |
| Weighted average number of common shares outstanding – basic and diluted | 36,805,772 | 34,613,786 | 35,520,321 | 34,484,400 |

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

LIDA RESOURCES INC.**Interim Condensed Consolidated Statements of Changes in Equity**

(Unaudited - Expressed in Canadian dollars)

| | <u>Share capital</u> | | Reserves | Accumulated other comprehensive income (loss) | Deficit | Total |
|---|----------------------|--------------|------------|--|----------------|--------------|
| | Number of shares | Amount | | | | |
| Balance, August 31, 2018 | 31,561,334 | \$ 2,117,107 | \$ - | \$ (4,815) | \$ (223,846) | \$ 1,888,446 |
| Issuance of shares on private placement, net of share issue cost | 3,316,262 | 186,277 | - | - | - | 186,277 |
| Distribution of Fidelity Minerals Corp. shares and warrants | - | - | - | - | (2,404,625) | (2,404,625) |
| Unrealized foreign exchange gain on disposal of subsidiary | - | - | - | (169) | 169 | - |
| Currency translation adjustment | - | - | - | 13,656 | - | 13,656 |
| Net income for the period | - | - | - | - | 1,065,512 | 1,065,512 |
| Balance, May 31, 2019 | 34,877,596 | 2,303,384 | - | 8,672 | (1,562,790) | 749,266 |
| Currency translation adjustment | - | - | - | (6,522) | - | (6,522) |
| Net loss for the period | - | - | - | - | (140,876) | (140,876) |
| Balance, August 31, 2019 | 34,877,596 | 2,303,384 | - | 2,150 | (1,703,666) | 601,868 |
| Issuance of shares on private placement, net of share issue cost | 19,496,000 | 1,543,418 | 111,828 | - | - | 1,655,246 |
| Currency translation adjustment | - | - | - | 264 | - | 264 |
| Net loss for the period | - | - | - | - | (203,120) | (203,120) |
| Balance, May 31, 2020 | 54,373,596 | \$ 3,846,802 | \$ 111,828 | \$ 2,414 | \$ (1,906,786) | \$ 2,054,258 |

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

LIDA RESOURCES INC.
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

| For the nine months ended | May 31, 2020 | May 31, 2019 |
|---|---------------------|------------------|
| Cash provided by (used in): | | |
| OPERATING ACTIVITIES | | |
| Net income (loss) from continuing operations | \$ (203,120) | \$ 1,065,512 |
| Gain on sale of subsidiary | - | (1,349,242) |
| Changes in non-cash working capital items: | | |
| Accounts receivable | (6,451) | (37,249) |
| Prepaid expenses | 3,728 | 3,749 |
| Deferred financing cost | 77,210 | - |
| Accounts payable and accrued liabilities | (14,382) | 110,264 |
| Due to related party | 36,333 | - |
| Net cash used by operating activities | (106,682) | (206,966) |
| FINANCING ACTIVITY | | |
| Shares issued on private placement, net of share issue costs | 1,655,246 | 186,277 |
| Net cash provided by financing activity | 1,655,246 | 186,277 |
| Increase (decrease) in cash | 1,548,564 | (20,689) |
| Cash, beginning of period | 1,511 | 46,088 |
| Cash, end of period | \$ 1,550,075 | \$ 25,399 |
| Supplemental cash-flow information | | |
| Interest paid | \$ - | \$ - |
| Income taxes paid | \$ - | \$ - |
| Non-cash transactions | | |
| Disposition of mineral properties and accounts receivable for Fidelity Minerals shares received | \$ - | \$ (1,055,383) |
| Distribution of investment in Fidelity Minerals shares to Lida shareholders | \$ - | \$ 2,404,625 |
| Fair value of agent warrants issued | \$ 111,828 | \$ - |

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

LIDA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended May 31, 2020

(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Lida Resources Inc. (the “Company”) was incorporated pursuant to the Business Corporations Act of British Columbia on September 8, 2017 and is an exploration stage company focusing on mineral properties in Peru. The Company's head and registered and records office is located at Suite 2400, 525 8 Avenue SW, Calgary, Alberta, T2P 1G1.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of May 31, 2020, the Company has a working capital of \$1,220,040 (August 31, 2019 – working capital deficit of \$226,211), has not generated any revenues from operations and has an accumulated deficit of \$1,906,786 (August 31, 2019 - \$1,703,666). Management expects the Company will incur further expenditures to acquire and develop its mineral properties and for administrative expenses. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended August 31, 2019, which have been prepared with International Financial Reporting Standards (“IFRS”). These condensed consolidated interim financial statements were approved by the Company's Board of Directors on July 29, 2020.

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances and transactions have been eliminated on consolidation.

| | Place of incorporation | Proportion of ownership interest at May 31, 2020 | Proportion of ownership interest at August 31, 2019 |
|---------------------|---------------------------|--|---|
| Imperium Mining SAC | Lima, Peru | 100% | 100% |
| Lida Resources SAC | Lima, Peru | 100% | 100% |

LIDA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended May 31, 2020

(Unaudited - Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Use of Estimates and Judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of judgment include the following:

(i) Functional currency

Determination of functional currency may involve certain judgments to determine the primary economic environment. The Company reconsiders the functional currency of the group if there is a change in events and conditions, which determined the primary economic environment. Management has determined that the functional currency for the Company is the Canadian dollar and the functional currency of the Peruvian subsidiaries is the Peruvian Sol.

(ii) Valuation of mineral interests

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

In respect of costs incurred for its investment in exploration and evaluation assets, management has determined the acquisition costs that have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

(iii) Going concern

The application of the going concern assumption requires management to consider all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(iv) Acquisitions

Management has had to apply judgment relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of each acquisition in order to reach a conclusion.

LIDA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended May 31, 2020

(Unaudited - Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Use of Estimates and Judgments (continued)

The key estimates applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

(i) Deferred income tax assets

Valuation of deferred tax assets requires the Company to estimate the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities. The Company applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

(ii) Share Based Consideration Received

In estimating the fair value of share-based consideration received, using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates. Changes in assumptions used to estimate fair value could result in materially different results.

(d) Changes in Accounting Policies

Leases

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended August 31, 2019, with the exception of the following:

Adoption of new standards - Leases

The Company adopted the requirements of IFRS 16 effective September 1, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

Upon adoption, the Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short term leases (lease term of 12 months or less) and low value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases.

Upon the adoption of IFRS 16, the Company was not required to recognize any right of use assets and lease liabilities related to the Company's leased premises as the only lease outstanding at August 31, 2019 was a month-to-month contract.

LIDA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended May 31, 2020

(Unaudited - Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Changes in accounting policies (continued)

For any new contracts entered on or after August 31, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- i. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- ii. the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- iii. the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

LIDA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended May 31, 2020

(Unaudited - Expressed in Canadian dollars)

3. MINERAL INTERESTS

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

Mineral interest acquisition costs:

| | | San Vicente |
|-----------------------------|----|--------------------|
| Balance, August 31, 2019 | \$ | 828,079 |
| Foreign currency adjustment | | 6,139 |
| Balance, May 31, 2020 | \$ | 834,218 |

Exploration and evaluation costs for the nine months ended May 31:

| | 2020 | 2019 |
|---------------------------------|-------------|-------------|
| Licenses, taxes, and claim fees | \$ 2,850 | \$ 6,963 |
| Geology, lab, and other fees | 116 | 4,805 |
| Camp operations | 2,998 | 17,107 |
| Professional fees | 112 | 15,860 |
| Transportation | 1,617 | 9,548 |
| Community relations | - | 24,885 |
| Management and consulting | 6,902 | 8,393 |
| Rent | 1,487 | 4,276 |
| Wages and salaries | 27,515 | 19,045 |
| Environmental expenditures | - | 4,469 |
| | \$ 43,597 | \$ 115,351 |

San Vicente, Peru

On March 5, 2018, Imperium Mining SAC ("Imperium") acquired 100% of the San Vicente mineral property, which comprised of one mining concession located in the western side of the Central Andean Cordillera in Northern Peru. Imperium acquired the property by paying US\$100,000, of which US\$34,000 remained outstanding on May 31, 2020 (August 31, 2019 – US\$ 34,000). The funds were advanced by Lida prior to the Company acquiring Imperium.

4. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued and outstanding

During the nine months ended May 31, 2020, the following issuance occurred:

On May 22, 2020, the Company issued 19,496,000 units pursuant to the closing of the initial public offering at a price of \$0.10 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.25 for a period of 24 months.

The Company had share issuance costs of \$406,182 related to the initial public offering. The share issuance costs consisted of brokers fees totalling \$175,464, legal fees totalling \$118,890 and the issuance of 1,754,640 agent warrants with a fair value of \$111,828. The agent warrants entitle the holder to acquire one common share at an exercise price of \$0.10 for 24 months.

LIDA RESOURCES INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Nine Months Ended May 31, 2020**

(Unaudited - Expressed in Canadian dollars)

4. SHARE CAPITAL (CONTINUED)*(c) Common share purchase warrants*

The common share purchase warrants issued were valued using the residual method. During the nine months ended May 31, 2020, total common share purchase warrants of 9,748,000 (2019 – nil) were issued with a residual value of \$nil (2019 - \$nil). At May 31, 2020, the Company had the following share purchase warrants outstanding and exercisable:

| | Number of Warrants | Weighted Average Exercise Price (\$) | |
|-----------------------------------|--------------------|--------------------------------------|--|
| Balance, August 31, 2018 and 2019 | - | - | |
| Issued | 9,748,000 | 0.25 | |
| Balance, May 31, 2020 | 9,748,000 | 0.25 | |

| Date of Expiry | Exercise Price (\$) | May 31, 2020 | August 31, 2019 |
|--|---------------------|------------------|-----------------|
| May 22, 2022 | 0.25 | 9,748,000 | - |
| Total Outstanding and Exercisable | | 9,748,000 | - |

(d) Agent warrants

The brokers' warrants were issued as consideration for brokers' fees and were valued using the Black-Scholes Option Pricing Model using the following input assumptions:

| | May 31, 2020 | May 31, 2019 |
|-------------------------|--------------|--------------|
| Risk-free interest rate | 0.29% | n/a |
| Estimated life | 2 years | n/a |
| Expected volatility | 128.45% | n/a |
| Expected dividend yield | 0% | n/a |

| | Number of Warrants | Weighted Average Exercise Price (\$) | |
|-----------------------------------|--------------------|--------------------------------------|--|
| Balance, August 31, 2018 and 2019 | - | - | |
| Issued | 1,754,640 | 0.10 | |
| Balance, May 31, 2020 | 1,754,640 | 0.10 | |

| Date of Expiry | Exercise Price (\$) | May 31, 2020 | August 31, 2019 |
|--|---------------------|------------------|-----------------|
| May 22, 2022 | 0.10 | 1,754,640 | - |
| Total Outstanding and Exercisable | | 1,754,640 | - |

LIDA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended May 31, 2020

(Unaudited - Expressed in Canadian dollars)

5. FINANCIAL INSTRUMENTS AND RISKS

(a) Fair value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair values of other financial instruments, which include cash, accounts payable, due to related parties, and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk of an unexpected loss if an exploration partner, counterparty or third party to a financial instrument fails to meet its contractual obligations. To reduce credit risk, cash is on deposit at major financial institutions. The carrying value of the financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. All of the Company's financial liabilities have contractual maturities of less than 90 days. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at May 31, 2020, the cash balance of \$1,550,075 (August 31, 2019 – \$1,511) will be sufficient to meet its obligations related to its accounts payable and accrued liabilities of \$294,043 (August 31, 2019 - \$302,550), amounts due to related parties of \$47,733 (August 31, 2019 - \$11,400) and required administrative and exploration and evaluation expenditures over the next twelve months. The Company will be required to raise additional capital in the future to fund its operations.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market price

a. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. The Company is not exposed to significant interest rate risk.

LIDA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended May 31, 2020

(Unaudited - Expressed in Canadian dollars)

5. FINANCIAL INSTRUMENTS AND RISKS (continued)

(d) Market risk (continued)

b. Foreign currency risk

The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in US dollars ("US\$") and Peruvian Soles ("Sol"). The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

| | May 31, 2020 | | August 31, 2019 | |
|------------------|--------------|----------|-----------------|----------|
| | Sol | US\$ | Sol | US\$ |
| Cash | 2,105 | 269 | 1,200 | 188 |
| Accounts Payable | (126,667) | (34,000) | (112,466) | (33,760) |

The Company has not entered any foreign currency contracts to mitigate this risk. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in the US\$ and Sol by 5% would increase or decrease net loss by approximately \$2,300 and \$2,500, respectively.

c. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to such risk.

6. RELATED PARTY TRANSACTIONS

During the nine months ended May 31, 2020, the Company incurred \$nil (2019 - \$27,000) of consulting fees to the Chief Executive Officer ("CEO").

During the nine months ended May 31, 2020, the Company incurred \$16,000 (2019 - \$18,000) of consulting fees, defined as Professional Fees in the Income Statement, to the former Chief Financial Officer ("CFO"). As of May 31, 2020, the Company had amounts due to the former CFO for \$nil (August 31, 2019 - \$nil).

At May 31, 2020, the Company had amounts due to directors totaling \$47,733 (August 31, 2019 - \$11,400) including \$20,233 (August 31, 2019 - \$11,400) owed to the CEO of the Company, \$15,000 (August 31, 2019 - \$nil) owed to 2 other directors and \$12,500 (August 31, 2019 - \$nil) due to a person related to the CEO.

All amounts due to related parties are without interest or stated terms of repayment.

7. SEGMENTED INFORMATION

During the nine months ended May 31, 2020, the Company operated in one industry segment: mineral exploration; within the two geographic segments of Canada and Peru. The Company and all subsidiaries are operated as one entity with a common management located at the Company's head office in Canada. The Company's non-current assets at May 31, 2020 and August 31, 2019 are in Peru.

LIDA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended May 31, 2020

(Unaudited - Expressed in Canadian dollars)

8. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through issuance of new shares or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged since incorporation.

9. SUBSEQUENT EVENT

Subsequent to May 31, 2020, the Company issued 409,500 common shares pursuant to the exercise of warrants for an exercise price ranging from \$0.10 to \$0.25 per common share.