



(Formerly Golden Opportunity Resources Corp.)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019**  
**(Expressed in Canadian dollars)**

(unaudited)

**Notice of No Auditor Review of Interim Financial Statements**

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

**SILVER SANDS RESOURCES CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars) (unaudited)

	October 31, 2020	January 31, 2020
<b>ASSETS</b>		
CURRENT		
Cash	\$ 3,055,957	\$ 103,724
Prepaid expenses	1,146,429	4,200
Deposits	-	-
Amounts receivable	50,580	10,337
	4,252,966	118,261
EXPLORATION AND EVALUATION ASSETS (Note 4)	1,718,864	115,911
	\$ 5,971,830	\$ 234,172
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 35,038	\$ 25,959
	35,038	25,959
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6)	6,681,091	581,046
Subscriptions received	-	-
Contributed surplus	880,240	152,500
Deficit	(1,624,538)	(525,333)
	5,936,793	208,213
	\$ 5,971,830	\$ 234,172

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)  
COMMITMENTS (Note 4)  
SUBSEQUENT EVENTS (Note 10)

Approved and authorized for issue on behalf of the Board on December 30, 2020.

"Keith Anderson" Director "Alexander Helmel" Director

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

**SILVER SANDS RESOURCES CORP.**  
**STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars) (unaudited)

	Three months ended Oct 31, 2020	Three months ended Oct 31, 2019	Nine months ended Oct 31, 2020	Nine months ended Oct 31, 2019
<b>EXPENSES</b>				
Advertising and promotion	124,838	3,095	197,112	6,001
Consulting fees (Note 5)	66,000	7,500	148,920	20,000
Management fees	30,000	9,000	60,000	27,000
Office and Miscellaneous	2,423	2,821	8,002	12,048
Professional fees	9,175	19,500	51,131	35,400
Property investigation	-	-	1,360	-
Rent	-	5,813	-	21,414
Share-based payments	203,269	-	546,240	49,646
Transfer agent and filing fees	68,848	1,084	86,441	9,813
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>504,552</b>	<b>48,813</b>	<b>1,099,205</b>	<b>181,322</b>
<b>LOSS PER SHARE (basic and diluted)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.02)</b>
<b>WEIGHED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (basic and diluted)</b>	<b>52,052,922</b>	<b>10,450,001</b>	<b>34,882,600</b>	<b>10,450,001</b>

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

**SILVER SANDS RESOURCES CORP.**  
**STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars) (unaudited)

	<b>Common Shares</b>		<b>Subscriptions Received</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
	<b>Number of Shares</b>	<b>Amount</b>				
		\$	\$	\$	\$	\$
Balance, January 31, 2020	14,331,001	581,046	-	152,500	(525,333)	208,213
Shares issued for private placements	34,006,667	4,751,955	-	181,500	-	4,933,455
Shares issued for exercise of warrants	1,182,560	306,631	-	-	-	306,631
Shares issued for exercise of options	150,000	15,000	-	-	-	15,000
Shares issued for exploration assets	5,245,269	1,026,459	-	-	-	1,026,459
Share-based payments	-	-	-	546,240	-	546,240
Net loss for the period	-	-	-	-	(1,099,205)	(1,099,205)
<b>Balance, October 31, 2020</b>	<b>54,915,497</b>	<b>6,681,091</b>	<b>-</b>	<b>880,240</b>	<b>(1,624,538)</b>	<b>5,936,793</b>
Balance, January 31, 2019	10,450,001	297,501	-	30,000	(127,673)	199,828
Shares issued for cash	-	-	-	-	-	-
Share-based payments	-	-	-	49,646	-	49,646
Net loss for the period	-	-	-	-	(181,322)	(181,322)
<b>Balance, October 31, 2019</b>	<b>10,450,001</b>	<b>297,501</b>	<b>-</b>	<b>79,646</b>	<b>(308,995)</b>	<b>68,152</b>

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

**SILVER SANDS RESOURCES CORP.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars) (unaudited)

	Nine months ended October 31, 2020	Nine months ended October 31, 2019
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$(1,099,205)	\$ (181,322)
Items not involving cash:		
Share-based payments	546,240	49,646
Changes in non-cash working capital balances:		
Amounts receivable	(40,243)	(1,257)
Accounts payable and accrued liabilities	9,079	29,651
Loan payable	-	25,000
Prepaid expense	(1,142,229)	-
Cash used in operating activities	(1,726,359)	(78,282)
<b>INVESTING ACTIVITIES</b>		
Deferred financing costs	-	(10,000)
Exploration and evaluation assets	(576,494)	2,741
Cash used in investing activities	(576,494)	(7,259)
<b>FINANCING ACTIVITIES</b>		
Net proceeds of issuance of common shares	5,255,086	-
Share subscriptions received	-	-
Deferred finance cost	-	-
Cash provided in financing activities	5,255,086	-
INCREASE (DECREASE) IN CASH	2,952,234	(85,541)
CASH, BEGINNING	103,724	114,917
CASH, ENDING	\$ 3,055,957	\$ 29,376

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

---

**SILVER SANDS RESOURCES CORP.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars) (unaudited)

---

**1. NATURE OF OPERATIONS**

Silver Sands Resources Corp. (the “Company”) (formerly “Golden Opportunity Resources Corp.”) was incorporated on January 31, 2018 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 830-1100 Melville Street, Vancouver, British Columbia, Canada. On, November 27, 2019, the Company’s common shares commenced trading on the Canadian Securities Exchange (the “Exchange”). On June 8, 2020, the Company changed its name to Silver Sands Resources Corp. and changed its symbol to “SAND”.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at October 31, 2020, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company had a deficit of \$1,624,538 as at October 31, 2020, which has been funded by the issuance of equity and debt. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES**

a) Statement of compliance

These unaudited condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the Financial Reporting Interpretations Committee (“IFRIC”). These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements and notes thereto as of and for the period ended January 31, 2020.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the period ended January 31, 2020.

**SILVER SANDS RESOURCES CORP.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars) (unaudited)

**3. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Other new accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**4. EXPLORATION AND EVALUATION ASSETS**

**Maple Bay Coastal Copper Project**

Pursuant to an option agreement dated March 12, 2018 (the "Agreement"), with Rich River Exploration and Craig A. Lynes (collectively, the "Optionors"), the Company was granted an option to acquire a 100% undivided interest in the Coastal Copper Claim (the "Property") located near Maple Bay area, Stewart district, British Columbia.

In accordance with the Agreement, the Company has the option to acquire 51% undivided interest (earned) in the Property by paying \$5,000 (paid) in cash upon execution of the Agreement. The Company has the option to earn the remaining 49% interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling \$155,000, and incurring a total of \$600,000 in exploration expenditures as follows:

	<b>Common Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
	Number	\$	\$
Upon listing of the Company's common shares on the Exchange (the "Listing") ( <i>issued</i> )	100,000	-	-
On or before the first anniversary of the Listing	100,000	-	-
On or before the second anniversary of the Listing	100,000	25,000	200,000
On or before the third anniversary of the Listing	100,000	30,000	100,000
On or before the fourth anniversary of the Listing	200,000	100,000	300,000
<b>Total</b>	<b>600,000</b>	<b>155,000</b>	<b>600,000</b>

The Property is comprised of one mineral claim.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production. Subsequent to October 31, 2020 the Company announced the termination of the Agreement on November 24, 2020.

**Detour Lake Claims**

On February 3, 2020, the Company entered into a property option agreement with Northbound Capital Corp. and 1544230 Ontario Inc. to acquire 100% of the optionor's rights, title and interest in and to certain mineral property claims in the Detour Lake district, Ontario, Canada by making cash payments, share issuances, and work commitments as follows:

	<b>Common Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
	Number	\$	\$
Upon closing of the agreement ( <i>issued and paid</i> )	1,500,000	20,000	-
On or before February 3, 2021	1,500,000	25,000	100,000
On or before February 3, 2022	-	50,000	250,000
On or before February 3, 2023	-	-	300,000
<b>Total</b>	<b>3,000,000</b>	<b>95,000</b>	<b>650,000</b>

The optionors retain a 3% NSR of which the Company can purchase two-thirds (2%) for CAD \$1,000,000.



**SILVER SANDS RESOURCES CORP.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars) (unaudited)

**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Virginia Silver Project, Santa Cruz, Argentina**

On May 20, 2020 the Company closed the Virginia Silver acquisition with Mirasol Resources Ltd. ("Mirasol"), allowing the Company to earn a 100% interest, subject to a 3% Net Smelter Return Royalty (NSR), by making a combination of cash payments, share issuances, and exploration expenditures as follows:

Cash payments \*:

- US\$25,000 payment on execution of the original Letter of Intent (paid)
- US\$25,000 payment on signing the Definitive Option Agreement with Mirasol (paid)

\* Cash payments will be applied as a credit towards year one exploration expenditures below.

Share issuances:

- 9.9% of the issued and outstanding shares of the Company ("I/O") upon signing of the definitive agreement: (3,745,269 shares have been issued with a deemed value of \$823,959);
- the number of shares equivalent to 5% of the I/O on first anniversary date;
- the number of shares equivalent to 5% of the I/O on second anniversary date;
- the number of shares required such that Mirasol's holdings are 19.9% of the I/O on the third anniversary date following the issuance of the shares.

Exploration expenditures:

- complete \$1-million (U.S.) \* of exploration expenditures on the property within year one;
- complete \$2-million (U.S.) \* of exploration expenditures on the property within year two;
- complete \$3-million (U.S.) \* of exploration expenditures on the property within year three;

\* Excess expenditures in previous years may be applied to subsequent years.

A summary of expenditures at the Company's projects is outlined in the following table:

	Virginia Silver Argentina	Detour Lake Claims	Coastal Copper Claim	Total
<b>Balance, January 31, 2019</b>	-	-	108,652	108,652
Property acquisition costs	-	-	10,000	10,000
Mining tax credit received	-	-	(2,741)	(2,741)
<b>Balance, January 31, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 115,911</b>	<b>\$ 115,911</b>
Property acquisition costs	892,092	222,600	-	1,114,692
Exploration costs				
Geological	370,519	117,742	-	488,261
<b>Balance, October 31, 2020</b>	<b>\$ 1,262,610</b>	<b>\$ 340,342</b>	<b>\$ 115,911</b>	<b>\$ 1,718,864</b>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	October 31, 2020	January 31, 2020
Accounts payable	\$ 20,038	\$ 10,959
Accrued liabilities	15,000	15,000
	<b>\$ 35,038</b>	<b>\$ 25,959</b>

---

**SILVER SANDS RESOURCES CORP.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars) (unaudited)

---

**6. SHARE CAPITAL**

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% every six months from date of listing. At October 31, 2020, there were 1,200,001 common shares held in escrow.

c) Issued and Outstanding as at October 31, 2020: 54,915,497 common shares.

*During the nine months ended October 31, 2020:*

Pursuant to a property option agreement dated February 3, 2020, the Company issued 1,500,000 common shares at a fair value of \$202,500.

Pursuant to a property option agreement with Mirasol Resources Ltd., on May 20, 2020, the Company issued 3,745,269 common shares at a fair value of \$823,959.

On May 20, 2020, the Company issued 22,000,000 units for gross proceeds of \$2,200,000. Each unit consists of one common share in the capital of the Company and one-half of one share purchase warrant of the Company. Each whole warrant entitles the holder thereof to acquire one common share of the Company at an exercise price of \$0.25 per share at any time prior to May 21, 2022. In connection with the financing, the Company paid 7% cash finders' fees totalling \$75,250 and issued 752,500 broker warrants (with a fair value of \$81,300) which have the same terms as the subscriber warrants described above.

On July 16, 2020, the Company issued 1,006,667 FT units for gross proceeds of \$151,000. Each FT unit consists of one flow-through common share at 15 cents per share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share (which is not a flow-through share) at 30 cents per common share for a period of 24 months following the date of issuance. The warrants are subject to an acceleration right that allows the company to give notice of an earlier expiry date if the company's share price on the Canadian Securities Exchange (or such other stock exchange the shares may be trading on) is equal to or greater than 50 cents for a period of 10 consecutive trading days. The company has paid 7 per cent in cash finders' fees totalling \$3,570 and issued 23,800 broker warrants (with a fair value of \$3,200) that have the same terms as the subscribers' warrants described above.

On August 21, 2020 the Company closed a non-brokered private placement for aggregate gross proceeds of \$2,750,000 through the issuance of up to 11,000,000 units of the Company at a price of \$0.25 per unit. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one share at a price of \$0.30 per share for a period of 24 months following the date of issuance. The warrants are subject to an acceleration right that allows the company to give notice of an earlier expiry date if the company's share price on the Canadian Securities Exchange (or such other stock exchange the shares may be trading on) is equal to or greater than \$0.50 for a period of 10 consecutive trading days. The Company has paid 7-per-cent cash finders' fees totalling \$88,725 and issued 354,900 broker warrants, which have the same terms as the subscribers' warrants described above.

The Company issued 1,182,560 common shares pursuant to the exercise of 1,182,560 warrants between \$0.10 and \$0.30 per warrant share for proceeds of \$306,631.

The Company issued 150,000 common shares pursuant to the exercise of 150,000 options at \$0.10 per option share for proceeds of \$15,000.

**SILVER SANDS RESOURCES CORP.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars) (unaudited)

**6. SHARE CAPITAL** (continued)

c) Issued and Outstanding as at October 31, 2020: (continued)

*During the year ended January 31, 2020:*

On November 26, 2019, the Company completed its initial public offering (the "IPO") of 3,781,000 units of the Company at a price of \$0.10 per unit for gross proceeds of \$378,100. Each unit consists of one common share in the capital of the Company and one-half of one transferable common share purchase warrant of the Company. Each whole warrant entitles the holder thereof to acquire one common share of the Company at an exercise price of \$0.25 per share at any time prior to November 26, 2021.

In connection with the IPO, the Company paid \$84,555 in cash and granted the agent and its selling group compensation warrants entitling the holder to purchase, in total, 378,100 common shares of the Company at a price of \$0.10 per share, exercisable on or before November 26, 2021. The stock options were valued at \$20,000 using the Black Scholes Option Pricing model using the following assumptions: share price: \$0.10, expected life: 2 years, expected volatility: 100%, dividend yield: 0%, risk-free interest rate: 1.57% and fair value of \$0.05.

On November 26, 2019, the Company issued 100,000 common shares for coastal copper exploration and evaluation asset upon the listing of its common shares for trading.

d) **Warrants:**

Warrant transactions and the number warrants outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price (\$)
Balance, January 31, 2019	1,975,000	\$0.20 - \$0.30
Issued	2,268,600	0.23
Balance, January 31, 2020	4,243,600	0.23
Issued	18,134,534	0.27
Exercised	(1,182,560)	0.24
<b>Outstanding, October 31, 2020</b>	<b>21,195,574</b>	<b>0.27</b>

The following table summarizes the warrants outstanding as at October 31, 2020:

Exercise price	Number of warrants outstanding and exercisable	Expiry date
\$0.30	300,000	November 14, 2020
\$0.30	450,000	December 12, 2020
\$0.30	500,000	January 4, 2021
\$0.30	250,000	January 8, 2021
\$0.25	1,268,000	November 26, 2021
\$0.10	293,040	November 26, 2021
\$0.25	11,752,500	May 20, 2022
\$0.30	527,134	July 16, 2022
\$0.30	5,854,900	Aug 22, 2022
	<b>21,195,574</b>	

*Average remaining warrant life at October 31, 2020: 1.49 years.*

---

**SILVER SANDS RESOURCES CORP.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars) (unaudited)

---

**6. SHARE CAPITAL** (continued)

**e) Stock Options:**

The Company adopted a Stock Option Plan (the "Plan"). Under the Plan, The Company can issue up to 10% of the issued and outstanding common shares as incentive stock options to directors, officers, employees, and consultants to the Company. The Plan limits the number of stock options which may be granted to any one individual to not more than 5% of the total issued common shares of the Company in any 12-month period. The Plan also limits the stock options which may be granted to any one individual if the exercise would result in the issuance of common shares more than 2% in any 12-month period. The number of options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued common shares of the Company. As well, stock options granted under the Plan may be subject to vesting provisions as determined by the Board of Directors.

On September 30, 2020, the Company granted 1,100,000 stock options to certain directors and officers of the Company at an exercise price of \$0.225 for a period of five years from the date of grant, with all options vested immediately upon grant. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.225, expected life 5 years, risk-free dividend equivalent yield 0.356%, annualized volatility 100%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$192,400.

On May 26, 2020, the Company granted an aggregate of 2,150,000 stock options to certain directors, officers, and consultants of the Company at an exercise price of \$0.20 for a period of five years from the date of grant. 2,100,000 of the options vested immediately and 50,000 of the options vest as follows: 25% immediately, 25% on August 26, 2020, 25% on November 26, 2020, and 25% on February 26, 2021. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.20, expected life 5 years, risk-free dividend equivalent yield 0.41%, annualized volatility 100%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$336,628.

On May 21, 2020, the Company granted 150,000 stock options to a consultant of the Company at an exercise price of \$0.125 for a period of five years from the date of grant. The options grant vests as follows: 25% immediately, 25% on August 22, 2020, 25% on November 22, 2020, and 25% on February 22, 2021. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.22, expected life 5 years, risk-free dividend equivalent yield 0.38%, annualized volatility 100%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$22,435.

On April 24, 2020, the Company granted 150,000 stock options to a consultant of the Company at an exercise price of \$0.125 for a period of five years from the date of grant. The options grant vests as follows: 25% immediately, 25% on July 24, 2020, 25% on October 24, 2020, and 25% on January 24, 2021. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.125, expected life 5 years, risk-free dividend equivalent yield 0.44%, annualized volatility 100%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$13,200.

On January 24, 2020, the Company granted 833,100 stock options to certain directors and officers of the Company at an exercise price of \$0.15 for a period of five years from the date of grant, with all options vested immediately upon grant. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.15, expected life 5 years, risk-free dividend equivalent yield 1.39%, annualized volatility 100%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$57,500.

**SILVER SANDS RESOURCES CORP.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019**  
(Expressed in Canadian dollars) (unaudited)

**6. SHARE CAPITAL** (continued)

e) Stock Options (continued)

On March 19, 2019, the Company granted 600,000 stock options to certain directors and officers of the Company at an exercise price of \$0.10 for a period of five years from the date of grant, with all options vested immediately upon grant. The fair value of these options was calculated using the Black-Scholes model with the following assumptions: average exercise price \$0.10, expected life 5 years, risk-free dividend equivalent yield 1.62%, annualized volatility 100%, dividend rate 0%. Accordingly, the fair value of these options was calculated to be \$45,000.

Option transactions and the number of options outstanding are summarized as follows:

	Options Outstanding	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (years)
Outstanding, January 31, 2019	–	\$ –	–
Issued	1,433,100	\$ 0.13	-
Outstanding, January 31, 2020	1,433,100	\$ 0.13	4.38
Issued	3,550,000	\$ 0.20	
Exercised	(150,000)	\$ 0.10	
<b>Outstanding, October 31, 2020</b>	<b>4,833,100</b>	<b>\$ 0.17</b>	<b>4.48</b>

The following table summarizes the options outstanding as at October 31, 2020:

Exercise price	Number of options outstanding and exercisable	Expiry date
\$ 0.10	450,000	March 19, 2024
\$ 0.15	833,100	January 24, 2025
\$ 0.125	150,000	April 24, 2025
\$0.22	150,000	May 20, 2025
\$0.20	2,150,000	May 25, 2025
\$0.225	1,100,000	September 20, 2025
	<b>4,833,100</b>	

**7. RELATED PARTY BALANCES AND TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management includes directors and key officers of the Company, including the President, Chief Executive officer and Chief Financial Officer.

During the nine months ended October 31, 2020 the Company paid \$161,500 (2019: \$20,000) in consulting fees to key management of the Company and incurred a share-based payment of \$368,790 (2019: \$49,646) to key management of the Company.

At October 31, 2020, \$16,430 (2019: \$Nil) was owed to related parties.

## **8. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

## **9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has classified its cash and amounts receivables as measured at fair value in the statement of financial position using level 1 inputs. Accounts payable are classified as other liabilities, and their fair values approximate their carrying values due to the short terms to maturity.

### **Financial risk management objectives and policies**

The Company's financial instruments include cash, loan payable, and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *(i) Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

#### *(ii) Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

**9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)**

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

**10. SUBSEQUENT EVENTS**

N/A