

# SAVILLE RESOURCES INC.

## Condensed Interim Financial Statements

For the Three Months Ended July 31, 2020

*The accompanying unaudited condensed interim financial statements of Saville Resources Inc. for the three months ended July 31, 2020 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.*

(Unaudited - Expressed in Canadian Dollars)

**Saville Resources Inc.**

Condensed Interim Statements of Financial Position

Expressed in Canadian Dollars

(Unaudited – prepared by management)

	<b>July 31, 2020</b>	April 30, 2020
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 103,788	\$ 133,350
Taxes receivables (Note 6)	2,175	3,048
Marketable securities (Note 7)	237,221	126,388
Prepaid expenses	774	5,320
	<b>343,958</b>	268,106
<b>Exploration and evaluation assets</b> (Note 8)	<b>1,589,651</b>	1,586,741
	\$ <b>1,933,609</b>	\$ 1,854,847
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 98,104	\$ 57,537
<b>Loan payable</b> (Note 9)	<b>20,432</b>	19,636
	<b>118,536</b>	77,173
<b>Equity</b>		
<b>Share capital</b> (Note 10)	<b>10,275,619</b>	10,275,619
<b>Contributed surplus</b> (Note 10)	<b>337,020</b>	337,020
<b>Deficit</b>	<b>(8,797,566)</b>	(8,834,965)
	<b>1,815,073</b>	1,777,674
	\$ <b>1,933,609</b>	\$ 1,854,847

The financial statements were approved by the Board of Directors on September 24, 2020 and were signed on its behalf by:

“Michael Hodge”  
President, Director

“Charn Deol”  
Director

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

**Saville Resources Inc.**

Condensed Interim Statements of Loss and Comprehensive Loss

For the three months ended July 31, 2020 and 2019

Expressed in Canadian Dollars

(Unaudited – prepared by management)

	<b>2020</b>	2019
<b>Expenses</b>		
Administrative fees (Note 14)	\$ 37,500	\$ 37,500
Advertising and travel expenses	2,318	43,677
Consulting fees and salaries (Note 11)	27,395	37,750
Professional fees	264	118
Transfer agent and filing fees	2,802	2,209
Office and miscellaneous	2,359	2,436
	<b>(72,638)</b>	(123,690)
<b>Other items</b>		
Unrealized gain on marketable securities (Note 7)	110,833	-
Loss on government grant (Note 9)	(796)	-
Interest income	-	4,226
	<b>110,037</b>	4,226
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<b>37,399</b>	(119,464)
<b>Basic and diluted income (loss) Per Share</b>	<b>\$ 0.00</b>	\$ (0.00)
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>63,415,400</b>	63,415,400

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

**Saville Resources Inc.**

Condensed Interim Statements of Changes in Equity

For the three months ended July 31, 2020 and 2019

Expressed in Canadian Dollars

(Unaudited – prepared by management)

	Number of shares	Share capital	Contributed surplus	Deficit	Total
<b>Balance, April 30, 2019</b>	<b>63,415,400</b>	<b>\$ 10,275,619</b>	<b>\$ 140,803</b>	<b>\$ (7,991,984)</b>	<b>\$ 2,424,438</b>
Net loss for the period	-	-	-	(119,464)	(119,464)
<b>Balance, July 31, 2019</b>	<b>63,415,400</b>	<b>\$ 10,275,619</b>	<b>\$ 140,803</b>	<b>\$ (8,111,448)</b>	<b>\$ 2,304,974</b>
	Number of shares	Share capital	Contributed surplus	Deficit	Total
<b>Balance, April 30, 2020</b>	<b>63,415,400</b>	<b>\$ 10,275,619</b>	<b>\$ 337,020</b>	<b>\$ (8,834,965)</b>	<b>\$ 1,777,674</b>
Net income for the period	-	-	-	37,399	37,399
<b>Balance, July 31, 2020</b>	<b>63,415,400</b>	<b>\$ 10,275,619</b>	<b>\$ 337,020</b>	<b>\$ (8,797,566)</b>	<b>\$ 1,815,073</b>

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

## Saville Resources Inc.

Condensed Interim Statements of Cash Flows  
For the three months ended July 31, 2020 and 2019  
Expressed in Canadian Dollars  
(Unaudited – prepared by management)

	2020	2019
<b>Operating Activities</b>		
Net income (loss)	\$ 37,399	\$ (119,464)
<b>Items not involving cash</b>		
Unrealized gain on marketable securities	(110,833)	-
Loss on government grant	796	-
Changes in non-cash working capital		
Taxes and other receivables	873	34,819
Prepaid expenses	4,546	66,226
Accounts payable and accrued liabilities	40,567	(333,527)
<b>Cash Flows (Used in) Operating Activities</b>	<b>(26,652)</b>	<b>(351,946)</b>
<b>Investing Activities</b>		
Exploration and evaluation assets	(2,910)	(56,728)
Proceeds from sale of exploration and evaluation assets	-	25,000
Short term investments	-	500,000
<b>Cash Flows From (Used in) Investing Activities</b>	<b>(2,910)</b>	<b>468,272</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(29,562)</b>	<b>116,326</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>133,350</b>	<b>53,867</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 103,788</b>	<b>\$ 170,193</b>
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Shares issued for resource property interests	\$ -	\$ -

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

# Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended July 31, 2020

Expressed in Canadian Dollars

(Unaudited – prepared by management)

## 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Saville Resources Inc. (“Saville” or “the Company”) is a publicly listed company incorporated in British Columbia with limited liability under the legislation of the Province of British Columbia and its shares are listed on the TSX Venture Exchange under the symbol “SRE” and the Frankfurt Stock Exchange under the symbol “SOJ”. The Company is principally engaged in the acquisition, exploration, development and mining of mineral properties.

The head office, principal address and registered and records office of the Company are located at 1450, 789 West Pender Street, Vancouver, BC, Canada, V6C 1H2.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its investments contains mineral reserves that are economically recoverable. The Company’s continuing operations and the underlying value and recoverability of the amounts shown for the investment in the mineral properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the investment in the mineral properties, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of the investment in the mineral properties.

## 2. GOING CONCERN

These financial statements were prepared on a going concern basis, under the historical cost convention. The Company’s ability to continue as a going concern is dependent upon the Company’s ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests and the attainment of profitable mining operations. Management is actively engaged in the review and due diligence of opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. The conditions described above may cast significant doubt as to the appropriateness of the use of the going concern assumption.

Management of the Company does not expect that cash flows for the Company’s operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, there is a material uncertainty that may cast significant doubt on Company’s ability to continue as going concern. The Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of planned exploration and other programs. As at July 31, 2020 and April 30, 2020, the Company reported the following:

	July 31, 2020	April 30, 2020
Net income (loss) for the period	\$37,399	\$(842,981)
Deficit	\$8,797,566	\$8,843,965
Working capital	\$245,854	\$210,569

Accordingly, these financial statements do not give effect to adjustments, which could be material, to the carrying values and classification of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company’s business activities. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

# Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended July 31, 2020

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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## 3. BASIS OF PREPARATION

### a) Statement of compliance

These statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting (“IAS 34”).

### b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss (“FVTPL”), which are stated at their fair value.

### c) Approval of the financial statements

The financial statements of the Company for the three months ended July 31, 2020 were authorized for issue in accordance with a resolution of the directors on September 24, 2020.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 4 of the audited financial statements for the year ended April 30, 2020. Therefore, these condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended April 30, 2020.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments and estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amount recognized in the financial statements.

### a) Critical judgments in applying accounting policies

#### Going concern assumption

These financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company’s ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast substantial doubt upon the soundness of this assumption. Refer to note 2 for more details.

### a) Critical judgments in applying accounting policies - continued

#### Exploration and evaluation assets

The Company makes certain judgements and assumptions regarding indicators of impairment and the recoverability of the carrying values of exploration and evaluation assets. Management has assessed for impairment indicators for the Company’s properties and has concluded that no indicators of impairment occur as at July 31, 2020 or April 30, 2020.

## Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended July 31, 2020

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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### 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - Continued

#### b) Key sources of estimation uncertainty

##### Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

##### Fair value of share-based payment

Management measures the fair value of equity-settled share-based transactions with officers, directors and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses Black-Scholes option pricing model. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Such assumptions are inherently uncertain and changes in these assumptions affect the fair value estimates.

##### Interest rate on government loan

The government loan is measured at fair value based on management's best estimate of the effective interest rate at initial recognition. The fair value is also based on the Company's estimate that the amount will be fully repaid on December 31, 2022.

### 6. TAXES RECEIVABLES

	<b>July 31, 2020</b>	<b>April 30, 2020</b>
GST receivable	\$ 2,175	\$ 3,048
QST receivable	-	-
Total	\$ 2,175	\$ 3,048

### 7. MARKETABLE SECURITIES

During the year ended April 30, 2020, the Company received 388,888 shares of Ximen Mining Corp. in connection with the sale of the Bud Property (see Note 8). At July 31, 2020, the Company holds 388,888 shares (April 30, 2020 - 388,888) with a fair market value of \$237,222, or \$0.61 per share. During the three months ended July 31, 2020, the Company recorded an unrealized gain on the shares of \$110,833 (July 31, 2019 - \$Nil).

## Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended July 31, 2020

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 8. EXPLORATION AND EVALUATION ASSETS

The following is a description of the Company's most significant property interests and related spending commitments:

	Niobium Claim Group Property	Covette Property	Bud Property	Total
Balance, April 30, 2019	\$ 1,307,509	\$ 342,538	\$ 394,093	\$ 2,044,140
Acquisition costs – cash	-	250	-	250
Assays	34,905	-	783	35,688
Field supplies and rentals	6,834	-	-	6,834
Geological expenses	18,963	6,339	-	25,302
Travel and accommodation	7,015	-	1,421	8,436
Total property costs for the year	67,717	6,589	2,204	76,510
Less: Mining tax credits	(112,612)	-	(2,441)	(115,053)
Less: Proceeds received	-	(25,000)	(147,777)	(172,777)
Less: loss on sale of property	-	-	(246,079)	(246,079)
Balance, April 30, 2020	\$ 1,262,614	\$ 324,127	\$ -	\$ 1,586,741
Geological expenses	2,826	-	-	2,826
Travel and accommodation	84	-	-	84
Total property costs for the period	2,910	-	-	-
Balance, July 31, 2020	\$ 1,265,524	\$ 324,127	\$ -	\$ 1,589,651

#### Niobium Claim Group Property

On January 11, 2018, the Company entered into an exploration earn-in agreement with Commerce Resources Corp. (“Commerce”) on the Niobium Claim Group Property wholly owned by Commerce in Quebec. Under the exploration earn-in agreement, the Company has agreed to perform \$5 million of work on the Niobium Claim Group Property over a five-year period to earn a 75% interest in the claims. The Company made a payment of \$25,000 upon signing and a payment of \$225,000 following TSX Venture Exchange approval on October 11, 2018. Commerce will retain a 2% Net Smelter Royalty (NSR) on production from some of the claims with a 1% NSR buyback for \$1million, and a 1% NSR on the claims that are already subject to royalties.

## **Saville Resources Inc.**

Notes to the Condensed Interim Financial Statements

For the three months ended July 31, 2020

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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### **8. EXPLORATION AND EVALUATION ASSETS - Continued**

#### **Covette Property**

On November 27, 2017, the Company entered into an agreement with Zimtu Capital Corp. (“Zimtu”) to acquire a 100% interest in and to the Covette Property, located in the James Bay Region of Quebec. The Covette Property is located approximately 190 km east of Raddison and 10 km north of the all-weather Trans-Taiga road and adjacent LG-3 transmission line. In exchange for 100% of the right, title, and interest in and to the Covette Property, consisting of 65 mineral claims, the Company paid Zimtu \$350,000. This agreement was accepted by the TSX Venture Exchange on June 28, 2018.

On February 20, 2019, the Company entered into an option agreement (the “Option Agreement”) with Astorius Resources Ltd. (“Astorius”) to sell its 100% interest in the Covette Property, located in the James Bay Region in the Province of Quebec. Under the terms of the Option Agreement, Astorius will acquire a 100% interest and rights in the property by paying an aggregate of \$1,250,000 in cash (\$25,000 received during the year ended April 30, 2019 and \$25,000 received during the year ended April 30, 2020), payable over 36 months of signing the agreement. A 2% Net Smelter Return (“NSR”) is included in the Option Agreement payable to the Company. Astorius must spend a minimum of \$300,000 qualified exploration and development expenditures by February 5, 2021. The agreement was terminated by Astorius on January 21, 2020.

#### **Bud Property**

The Company holds a 100% interest (the “Option”) in the Bud mineral claims in the Greenwood Mining Division of British Columbia (the “Bud Property”) subject to a 2.5% net smelter return (“NSR”) royalty to a maximum of \$2,500,000.

On December 29, 2017, the Company and vendor of the property amended the agreement to convert the final payment of \$75,000 and 100,000 common shares to \$30,000 and 250,000 shares. During the year ended April 30, 2018, the Company paid \$30,000 cash and the shares were issued January 17, 2018, with a fair value of \$25,000.

On March 2, 2020, the Company entered into a property sales transaction with Ximen Mining Corp. (“Ximen”) to sell its 100% interest in the Bud Property, located in southern British Columbia. Ximen issued 388,888 shares of Ximen upon closing of the agreement as the Bud property’s acquisition consideration (see Note 8). During the year ended April 30, 2020, the Company recorded \$246,079 as loss on sales of the property (2019 - \$Nil).

### **9. LOAN PAYABLE**

On April 30, 2020, the Company was approved and received a \$40,000 line of credit (“CEBA LOC”) with Bank of Montreal under the Canada Emergency Business Account (“CEBA”) program funded by the Government of Canada. The CEBA LOC is non-interest bearing, can be repaid at any time without penalty.

On January 1, 2021, the outstanding balance of the CEBA LOC will automatically convert to a 2-year interest free term loan (“CEBA Term Loan”). The CEBA Term Loan may be repaid at any time without notice or the payment of any penalty. If 75% of the CEBA Term Loan at the CEBA Term Loan Commencement Date is repaid on or before December 31, 2022, the repayment of the remaining 25% of such CEBA Term Loan shall be forgiven. If on December 31, 2022, the Company exercises the option for a 3-year term extension, 5% interest during the term extension period will apply on any balance remaining.

The Company has recorded the fair value of \$19,636 as at April 30, 2020, the initial recognition date of the CEBA LOC using an effective interest rate of 16%. The difference of \$20,364 between the fair value and the total amount of CEBA LOC received was recorded as a gain on government grant for the year ended April 30, 2020. During the three months ended July 31, 2020, the Company recorded a loss on government grant of \$796 (July 31, 2019 - \$nil)

## Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended July 31, 2020

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 10. SHARE CAPITAL

- (a) Authorized - Unlimited number of common shares without par value
- (b) Issued - As of July 31, 2020, there are 63,415,400 common shares issued and outstanding (April 30, 2020 – 63,415,400). There were no share transactions for the three months ended July 31, 2020 or the year ended April 30, 2020.
- (c) Warrants

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

	July 31, 2020		April 30, 2020	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
Outstanding, beginning of period	18,980,020	\$0.10	42,770,353	\$0.19
Granted	-	-	-	-
Expired	-	-	(23,790,333)	\$0.26
Outstanding, end of period	18,980,020	\$0.10	18,980,020	\$0.10

The following warrants were outstanding and exercisable as at July 31, 2020:

Expiry Date	Exercise Price	Number of Warrants Outstanding and Exercisable
August 9, 2020*	\$0.10	10,270,000
September 28, 2020**	\$0.10	8,620,020
February 4, 2022	\$0.10	90,000
<b>Total</b>		<b>18,980,020</b>

\*Expired subsequent to July 31, 2020

\*\*See Note 15

- (d) Options

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares of the Company, being 6,341,540 to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the TSX Venture Exchange. The expiry date for each option should be for a maximum term of five years. Options granted to consultants not engaged in investor relations activities are granted for past services and vest immediately. Options granted to investor relations consultants vest according to TSX Venture Exchange policy. There are currently 5,225,000 (April 30, 2020 – 5,225,000) stock options outstanding.

On February 6, 2020, the Company granted 5,225,000 stock options to certain directors, officers, employees and consultants of the Company. All options vest immediately upon the grant date and are exercisable for 5 years at a price of \$0.05 per common share.

The fair value of each option granted was calculated using the Black-Scholes pricing model assuming a risk-free interest rate of 1.39%, a dividend yield of nil, an expected volatility of 170.37% and an average expected life of 5 years. The share-based compensation related to 5,225,000 stock options granted has been determined to be \$196,217 and recorded in the statements of loss and comprehensive loss for the year ended April 30, 2020.

## Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended July 31, 2020

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 10. SHARE CAPITAL – Continued

(d) Options - Continued

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

	July 31, 2020		April 30, 2020	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Outstanding, beginning of period	5,225,000	-	-	-
Granted	-	-	5,225,000	\$0.05
Outstanding, end of period	5,225,000	\$0.05	5,225,000	\$0.05

The following options were outstanding and exercisable as at July 31, 2020:

Expiry Date	Exercise Price	Number of Options Outstanding and Exercisable
February 6, 2025	\$0.05	5,225,000

### 11. RELATED PARTY TRANSACTIONS AND BALANCES

The Company incurred the following transactions in the normal course of operations during the three months ended July 31, 2020 and 2019:

Key Management Compensation	2020	2019
Salaries and consulting fees	\$ 24,000	\$ 24,000

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at July 31, 2020 and April 30, 2020, there was \$nil due from (to) the related parties of the Company.

### 12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to meet its daily operating expenses. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended July 31, 2020 or the year ended April 30, 2020. The Company is not subject to externally imposed capital requirements.

# Saville Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three months ended July 31, 2020

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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## 13. FINANCIAL INSTRUMENTS

### Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

At July 31, 2020 and April 30, 2020, the Company's marketable securities were measured at FVTPL and is using Level 1 inputs.

The Company's other financial assets and liabilities measured at amortized cost, including cash, short-term investment and accounts payable and accrued liabilities, the fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The fair value of the Company's loan payable as at July 31, 2020 and April 30, 2020, the initial recognition date, is using Level 2 inputs.

The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### *Credit risk*

Credit risk is the risk of loss associated with a 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 credit quality financial institution.

#### *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 ensures that there is sufficient working capital to fund its ongoing operating expenditures, after taking into account cash flows from operations and the Company's holdings of cash and short-term investment. As at July 31, 2020, the Company had working capital of \$245,854 (April 30, 2020 - \$210,569).

## 14. COMMITMENTS

On June 1, 2017, the Company entered into a Management & Administration Agreement ("Agreement") with Zimtu Capital Corp. ("Zimtu"). Under the terms of the agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, at a rate of \$12,500 per month. The Agreement was renewed to November 30, 2020 during the year ended April 30, 2020.

## 15. SUBSEQUENT EVENTS

- i. On August 9, 2020, 10,270,000 share purchase warrants priced at \$0.10 expired unexercised.
- ii. On September 21, 2020, the Company applied for an amendment to extend the expiry date of the Warrants from September 28, 2020 to September 28, 2022. All other terms of the warrants will remain the same. The extension of the expiry date is subject to the approval of the TSX Venture Exchange.