SIGNATURE RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED
APRIL 30, 2020, AND 2019

Notice of No Auditor Review of Interim Financial Statements

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

The management of Signature Resources Ltd. is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statement have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor. These unaudited condensed consolidated interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.

"Walter Hanych"

Walter Hanych,
Chief Executive Officer

"Jonathan Held"

Jonathan Held,
Chief Financial Officer

June 26, 2020

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian dollars)

	Note	April 30 2020	October 31 2019 (Audited)
		$	$
ASSETS			
CURRENT			
Cash		62,026	267,639
Amounts receivable		34,178	29,377
Prepaid expenses and deposit		31,915	40,144
Total current assets		128,119	337,160
Equipment	4	302,559	345,789
Exploration and evaluation assets	5	5,938,278	5,838,911
Total assets		6,368,956	6,521,860
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	6,8	1,862,102	1,667,961
Promissory note	10	176,435	169,540
Total current liabilities		2,038,537	1,837,501
Rehabilitation provision	9	273,847	273,847
Total liabilities		2,312,384	2,111,348
SHAREHOLDERS' EQUITY			
Share capital	7	6,527,172	6,303,209
Shares to be issued	7	-	240,804
Contributed surplus		1,579,086	1,484,219
Deficit		(4,049,686)	(3,617,720)
Total shareholders' equity		4,056,572	4,410,512
Total liabilities and shareholders' equity		6,368,956	6,521,860

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 5 & 11)
SUBSEQUENT EVENT (Note 14)

"Signed"	*"Signed"*
Walter Hanych, Director	Stephen Timms, Director

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

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTH PERIODS ENDED APRIL 30,
(Expressed in Canadian dollars)

	Three months ended,		Six months ended,	
	2020	**2019**	**2020**	**2019**
	$	$	$	$
GENERAL AND ADMINISTRATION				
Salaries and wages (Note 6)	76,200	76,200	198,809	198,809
Office and general	27,288	24,661	65,924	59,010
Professional fees	72,095	33,170	109,935	51,074
Accretion expense (Note 9)	-	2,134	-	4,251
Share-based payments (Notes 6 & 7)	3,936	21,066	10,303	49,329
Depreciation (Note 4)	20,505	11,775	41,010	18,739
NET LOSS BEFORE OTHER ITEMS	(200,024)	(169,006)	(425,981)	(381,212)
Foreign exchange income	1,066	-	911	-
Interest income (expense) (Note 10)	(3,483)	618	(6,896)	533
NET LOSS AND COMPREHENSIVE LOSS	(202,441)	(168,388)	(431,966)	(380,679)
LOSS PER SHARE, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares, basic and diluted	108,356,784	95,864,389	108,144,408	95,734,083

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

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED APRIL 30,
(Expressed in Canadian dollars)

	2020	2019
	$	$
OPERATING ACTIVITIES		
Net loss for the period	(431,966)	(380,679)
Items not affecting cash:		
Accretion expense (Note 9)	-	4,251
Depreciation expense (Note 4)	41,010	18,739
Share-based payments (Note 7)	10,303	49,329
Interest expense (Note 10)	6,896	-
	(373,757)	(308,360)
Changes in non-cash working capital items:		
Amounts receivable	(4,801)	62,773
Prepaid expenses and deposit	8,229	2,669
Accounts payable and accrued liabilities	194,141	215,039
Cash flows used in operating activities	(176,188)	(27,879)
FINANCING ACTIVITIES		
Shares to be issued related to private placement (Note 7)	(240,804)	-
Proceeds from private placement (Note 7)	322,104	136,555
Share issuance costs (Note 7)	(13,577)	(2,780)
Exercise of options (Note 7)	-	50,000
Cash flows from financing activities	67,723	183,775
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets (Note 5)	(97,148)	(320,339)
Expenditures on equipment (Note 4)	-	(270,816)
Cash flows used in investing activities	(97,148)	(591,155)
Change in cash during the period	(205,613)	(435,259)
Cash, beginning of period	267,639	461,921
Cash, end of period	62,026	26,662
Non-cash activities:		
Depreciation included in exploration and evaluation assets (Note 4)	$ 2,220	$ 3,092

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

SIGNATURE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED APRIL 30, 2020 AND 2019
(Expressed in Canadian dollars)

	Number of Shares	Number of Shares to be Issued	Share Capital	Shares to be Issued	Contributed Surplus	Deficit	Total
			$	$	$	$	$
Balance, October 31, 2018	99,093,969	-	6,125,870	-	1,394,314	(2,871,488)	4,648,696
Private placement (Note 7)	1,820,735	-	136,555	-	-	-	136,555
Share issuance costs (Note 7)	-	-	(2,780)	-	-	-	(2,780)
Issuance of warrants (Note 7)	-	-	(30,932)	-	30,932	-	-
Exercise of options (Note 7)	1,000,000	-	74,496	-	(24,496)	-	50,000
Share-based payments (Note 7)	-	-	-	-	49,329	-	49,329
Net loss and comprehensive loss for the period	-	-	-	-	-	(380,679)	(380,679)
Balance, April 30, 2019	101,914,704	-	6,303,209	-	1,450,079	(3,252,167)	4,501,121
Balance, October 31, 2019	101,914,704	4,816,080	6,303,209	240,804	1,484,219	(3,617,720)	4,410,512
Private placement (Note 7)	6,442,080	(4,816,080)	322,104	(240,804)	-	-	81,300
Issuance of warrants (Note 7)	-	-	(84,564)	-	84,564	-	-
Share issuance costs (Note 7)	-	-	(13,577)	-	-	-	(13,577)
Share-based payments (Note 7)	-	-	-	-	10,303	-	10,303
Net loss and comprehensive loss for the period	-	-	-	-	-	(431,966)	(431,966)
Balance, April 30, 2020	108,356,784	-	6,527,172	-	1,579,086	(4,049,686)	4,056,572

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Signature Resources Ltd. (the “Company” or “Signature”) was incorporated on May 3, 2010, under the British Columbia Business Corporations Act. The Company’s principal business activities include the acquisition and exploration of mineral properties in Canada. The Company’s common shares are publicly traded on the TSX-Venture Exchange (“TSXV”) under the stock symbol “SGU”, on the OTCQB under the symbol “SGGTF”, and on the FSE under the symbol “3S3”. The Company’s head office address is 200-366 Bay Street, Toronto, ON M5H 4B2.

At April 30, 2020, the Company had not yet determined whether its properties contained ore reserves that are economically recoverable. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or non-compliance with regulatory requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

As at April 30, 2020, the Company has an accumulated deficit of $4,049,686 (October 31, 2019 - $3,617,720), a working capital deficiency of $1,910,418 (October 31, 2019 - $1,500,341), and is not yet generating positive cash flows from operations. These factors indicate the existence of material uncertainties that cast significant doubt about the Company’s ability to continue its operations as a going concern and to realize its assets as their carrying values are dependent upon obtaining additional financing and for generating revenues sufficient to cover its operating costs.

The Company will need to raise capital in order to fund its operations. To address its financing requirements, the Company will seek financing through debt and equity financings, asset sales, and rights offerings to existing shareholders. The ability of the Company to raise sufficient capital cannot be predicted at this time.

These condensed consolidated 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 the accompanying condensed consolidated interim financial statements. Such adjustments could be material.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The Company’s condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”. Accordingly, these condensed consolidated interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended October 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 26, 2020.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Cool Minerals Inc. All intercompany amounts and transactions have been eliminated on consolidation.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3 of the Company’s annual financial statements for the year ended October 31, 2019.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

The preparation of these financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge on the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

i. Exploration and evaluation expenditures

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, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

ii. Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

iii. Estimation of restoration, rehabilitation and environmental obligation:

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

iv. Share-based payments

The Company measures the cost of equity-settled transactions 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. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumption about them, the assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Standards issued and effective for the period ended April 30, 2020:

IFRS 16 - Leases ("IFRS 16") was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

IFRIC 23 - Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates.

The Company has adopted these new standards and have determined there was no significant impact on the condensed consolidated interim financial statements.

4. EQUIPMENT

	Computer and communication equipment	Vehicles	Equipment	Total
Cost				
Balance, October 31, 2019 and April 30, 2020	$ 5,234	$ 9,299	$ 422,996	$437,529
Accumulated Depreciation				
Balance, October 31, 2019	$ 5,234	$ 5,890	$ 80,616	$ 91,740
Depreciation for the period	-	930	42,301	43,230
Balance, April 30, 2020	$ 5,234	$ 6,820	$ 122,917	$134,970
Net Book Value				
Balance, April 30, 2020	**$ -**	**$ 2,479**	**$ 300,079**	**$302,559**
Balance, October 31, 2019	$ -	$ 3,409	$ 342,380	$345,789

The depreciation for the six months ended April 30, 2020 of $43,230 (2019 - $21,831) includes $2,220 (2019 - $3,092) included in exploration and evaluation assets (Note 5).

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Lingman Lake
	$
Balance, October 31, 2018	5,399,612
Staking	3,325
Consulting expenses	187,605
Geophysical consulting	81,941
Contract labour	12,650
Logistics	13,466
Travel and lodging	11,618
Equipment rentals	2,016
Depreciation	5,927
Field supplies	37,751
Drilling	83,000
Balance, October 31, 2019	**5,838,911**
Consulting expenses	92,400
Geophysical consulting	3,366
Equipment rentals	868
Depreciation (Note 4)	2,220
Field supplies	513
Balance, April 30, 2020	**5,938,278**

6. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at their fair values, which is the amount of consideration established and approved by the related parties. As at April 30, 2020, the Company owes $352,984 (October 31, 2019 - $181,772) to executives of the Company for unpaid salaries and wages. Other amounts owing to related parties total to $40,008 (October 31, 2019 - $38,058) as at April 30, 2020. These amounts are included in accounts payable and accrued liabilities and are unsecured, non-interest bearing and due on demand (Note 8).

7. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding – see consolidated statements of changes in equity.

On November 1, 2018, 1,000,000 stock options were exercised with an exercise price of $0.05. The exercise price was settled with amounts owing to the option holders. The initial value of $24,496 related to the options' original issuance was reclassified from contributed surplus to share capital.

On April 18, 2019, the Company closed the first tranche (the "First Tranche") of a non-brokered private placement for gross proceeds of $136,555 by issuing 1,820,735 non-flow-through units at $0.075 per unit. No finders' fees were issued in conjunction with the closing of the First Tranche. Each non-flow-through unit consists of one common share of the Company and one warrant. Each warrant is exercisable for a period of two years at a price of $0.15 per share from the date of issuance. The Company issued a total of 1,820,735 warrants with a value of $30,932 in connection with this private placement. With respect to the warrants, if the Company's closing share price is equal to or greater than $0.25 for ten consecutive days, the Company may reduce the remaining life to 30 days by issuing a press release. Total issuance costs of $2,780 were incurred in connection with this private placement.

On November 6, 2019, the Company closed the first tranche (the "First Tranche") of a non-brokered private placement for gross proceeds of $322,104 by issuing 6,442,080 non-flow through units at the price of $0.05 per unit. Cash proceeds of $240,804, related to the first tranche of the private placement was received prior to October 31, 2019 and was included in shares to be issued as at October 31, 2019 (Note 7(c)). Each non-flow-through unit consists of one common share of the Company and one warrant. Each warrant is exercisable for a period of two years at a price of $0.10 per share from the date of issuance. The Company issued a total of 6,442,080 warrants with a value of $84,564 in connection with this private placement. With respect to the warrants, if the Company's closing share price is equal to or greater than $0.20 for ten consecutive days, the Company may reduce the remaining life to 30 days by issuing a press release. Total issuance costs of $13,577 were incurred in connection with this private placement.

c) Shares to be issued

Cash proceeds of $240,804, related to the first tranche of a private placement closed in November 2019 was received prior to October 31, 2019 (Note 7(b)). During the period ended April 30, 2020, the total value of $240,804 in shares to be issued was transferred to share capital.

d) Stock option plan

Under the Company's stock option plan (the "Plan"), the Company's Board of Directors is authorized to grant stock options to directors, senior officers, employees, consultants, consultant company or management company employees of the Company and its subsidiaries not to exceed 10% of the issued and outstanding common shares of the Company from time to time. Stock options granted under the Plan are exercisable over a period not exceeding 10 years from the date granted. Exercise prices may not be less than the market price of the common shares at the time of the grant. An option shall vest in the manner imposed by the Board of Directors as a condition at the grant date.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

d) Stock option plan (continued)

	Number of Options		Weighted Average Exercise Price
Balance at October 31, 2018	7,610,000	$	0.073
Granted	250,000		0.075
Exercised	(1,000,000)		0.050
Expired	(535,000)		0.055
Balance at October 31, 2019	6,325,000	$	0.078
Granted	600,000		0.050
Balance at April 30, 2020	**6,925,000**	**$**	**0.076**

Grant Date	Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
July 15, 2015	0.050	0.21	250,000	250,000
July 19, 2016	0.055	1.22	1,125,000	1,125,000
August 9, 2016	0.060	1.28	750,000	750,000
March 1, 2018	0.080	2.84	1,750,000	1,750,000
March 20, 2018	0.080	2.89	1,150,000	1,150,000
October 17, 2018	0.120	3.47	50,000	40,000
October 29, 2018	0.120	2.50	500,000	500,000
October 29, 2018	0.120	3.50	500,000	500,000
June 17, 2019	0.075	4.13	250,000	250,000
November 7, 2019	0.050	4.53	100,000	100,000
April 1, 2020	0.050	2.92	500,000	-
	0.076	2.42	6,925,000	6,415,000

On June 17, 2019, the Company issued 250,000 options to a consultant. The options have an exercise price of $0.075 and expire on June 17, 2024. The options vest immediately upon issuance.

On November 7, 2019, the Company issued 100,000 options to a consultant. The options have an exercise price of $0.05 and expire on November 7, 2024. The options vest immediately upon issuance.

On April 1, 2020, the Company issued 500,000 options to a consultant. The options have an exercise price of $0.05 and expire on April 1, 2023. The options vest quarterly over a period of twelve months with one quarter vesting three months from the date of issuance and each additional one quarter of the options vesting quarterly thereafter.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

d) Stock option plan (continued)

The fair value of the Company's stock options issued was estimated using the Black-Scholes option pricing model using the following assumptions for the periods ended April 30:

	2020	2019
Expected volatility (based on historical share prices)	107%-134%	N/A
Risk-free interest rate	0.48%-1.59%	N/A
Expected life (years)	3-5	N/A
Expected dividend yield	Nil	N/A
Forfeiture rate	Nil	N/A
Underlying share price	$0.04-$0.05	N/A

The compensation expense and charge to contributed surplus relating to the vesting of stock options for the six months ended April 30, 2020 was $10,303 (2019 - $49,329). The average fair value of each option granted during the six months ended April 30, 2020 was approximately $0.02-$0.04 (2019 - $Nil).

(e) Warrants

	Number of Warrants		Weighted Average Exercise Price
Balance at October 31, 2018	16,165,077	$	0.208
Granted	1,820,735		0.150
Expired	(169,613)		0.130
Balance at October 31, 2019	17,816,199	$	0.233
Granted	6,442,080		0.100
Expired	(6,213,000)		0.147
Balance at April 30, 2020	**18,045,279**	**$**	**0.185**

Grant Date	Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
June 25, 2018	0.250	0.15	5,000,000
July 24, 2018	0.250	0.23	871,666
July 24, 2018	0.135	0.23	181,481
October 29, 2018	0.250	0.50	3,729,317
April 18, 2019	0.150	0.97	1,820,735
November 7, 2019	0.100	1.52	6,442,080
	0.185	0.80	18,045,279

On April 18, 2019, the Company issued 1,820,735 warrants of the Company with an exercise price of $0.15 per common share, exercisable until April 18, 2021. The fair value for the warrants of $30,932 was determined using the Black-Scholes pricing model.

On November 7, 2019, the Company issued 6,442,080 warrants of the Company with an exercise price of $0.10 per common share, exercisable until November 7, 2021. The fair value for the warrants of $84,564 was determined using the Black-Scholes pricing model.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(e) Warrants (continued)

The fair value of the Company's warrants issued was estimated using the Black-Scholes option pricing model using the following assumptions for the periods ended April 30:

	2020	**2019**
Expected volatility (based on historical share prices)	99%	90%
Risk-free interest rate	1.65%	1.66%
Expected life (years)	2	2
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Underlying share price	0.05	$0.07

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		As at April 30, 2020		**As at October 31, 2019**
Accounts payable	$	729,777	$	566,346
Accrued liabilities - MNDM(1)		884,325		884,325
Other accrued liabilities		248,000		217,290
	$	1,862,102	$	1,667,961

(1) Prior to the acquisition of Cool Minerals and the Lingman Lake Property, the MNDM had requested the removal of certain above ground storage tanks containing approximately 800,000 litres of fuel that was considered a mine hazard. Due to the failure of the prior owners to comply with MNDM's request for it to be cleaned up, MNDM took action and managed the disposition of the fuel at a cost of $884,325.

9. REHABILITATION PROVISION

Rehabilitation represents the legal and contractual obligations associated with the eventual closure of the Company's mining operations either progressively or at the end of the mine life. These obligations consist of costs associated with reclamation and monitoring activities and the removal of tangible assets from the Company's mining sites. Although the Company has had limited exploration, historical work done by other companies has resulted in the MNDM issuing an order to the Company requiring the filing of a closure plan. The Company has not yet prepared a formal closure plan, but has cost estimates for certain tasks which will be required to be completed as part of the request from MNDM and has hence recorded a rehabilitation provision based on these preliminary estimates.

At April 30, 2020, the total amount of the Company's rehabilitation provision was estimated, at initial recognition, to be $230,000 and is expected to be incurred in 2 years. The present value of the rehabilitation provision at April 30, 2020 has been estimated at $273,847 (October 31, 2019 - $273,847). Additional costs that cannot be estimated may be required. A summary of the Company's rehabilitation provision is presented below:

		As at April 30, 2020		**As at October 31, 2019**
Balance at beginning of period	$	273,847	$	265,277
Accretion expense		-		8,570
Balance at end of period	$	273,847	$	273,847

10. PROMISSORY NOTE

On June 3, 2019, the Company issued a promissory note for a principal amount of $164,000, which matured on September 1, 2019, with an option to extend through March 31, 2020, upon advance written notice to the lender. The Company signed an extension through July 31, 2020. The note bears a fixed interest rate of 8% per annum on the unpaid portion of the principal amount until fully repaid, accruing on a monthly basis and payable on the maturity date. Total accrued interest for the six months ended April 30, 2020 is $6,896 (2019 - $Nil).

11. COMMITMENTS AND CONTINGENCIES

As at April 30, 2020, the Company has recorded a rehabilitation provision for its environmental liabilities (Note 9).

12. MANAGEMENT OF CAPITAL

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's capital management objectives, policies and processes have remained unchanged during the six months period ended April 30, 2020 and 2019. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS

Categories and fair value of financial instruments

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities and a promissory note. The carrying values of the Company's short-term financial assets and liabilities approximate their fair values due to their short periods to maturity.

The following table summarizes the categories and fair values of the Company's financial instruments:

As at April 30, 2020		**$**		
		Carrying Value		**Fair Value**
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**
Financial Assets and Liabilities				
Cash	-	-	**62,026**	**62,026**
Amounts receivables	-	-	**34,178**	**34,178**
Accounts payable and accrued liabilities	-	-	**1,862,102**	**1,862,102**
Promissory note	-	-	**176,435**	**176,435**

As at October 31, 2019		**$**		
		Carrying Value		**Fair Value**
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**
Financial Assets and Liabilities				
Cash	-	-	267,639	267,639
Amounts receivables	-	-	29,377	29,377
Accounts payable and accrued liabilities	-	-	1,667,961	1,667,961
Promissory note	-	-	169,540	169,540

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution.

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper or similar instruments. The contractual maturities of financial liabilities are as follows:

	Carrying amount	**Contractual cash flows**	**Within 1 year**
Accounts payable and accrued liabilities	$ 1,862,102	$ 1,862,102	$ 1,862,102
Promissory note	176,435	176,435	176,435
	$ 2,038,537	$ 2,038,537	$ 2,038,537

13. FINANCIAL INSTRUMENTS (Continued)

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as most of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk as the interest on the promissory note is a fixed rate.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

14. SUBSEQUENT EVENT

On June 15, 2020, the Company closed a non-brokered private placement (the "Financing") for gross proceeds of $192,300 by issuing 3,846,000 non-flow through units at a price of $0.05 per unit. Each non-flow through unit consists of one common share of the Company and one warrant. Each whole warrant is exercisable for a period of two years at a price of $0.10 per share from the date of issuance. With respect to the warrants, if the Company's closing share price is equal to or greater than $0.20 for ten consecutive days, the Company may reduce the remaining life to 30 days by issuing a press release.

In conjunction with the Financing, the Company paid cash finders' fees of $14,300 and issued 286,000 finder's warrants, which is exercisable for a period of two years at a price of $0.05, for a period of two years from the date of issuance.