SIGNATURE RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED

JULY 31, 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

September 28, 2020

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

	Note	July 31 2020	October 31 2019 (Audited)
		$	$
ASSETS			
CURRENT			
Cash		142,615	267,639
Amounts receivable		13,675	29,377
Prepaid expenses and deposit		22,939	40,144
Total current assets		179,229	337,160
Equipment	4	280,944	345,789
Exploration and evaluation assets	5	6,009,709	5,838,911
Total assets		6,469,882	6,521,860
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	6,8	1,951,435	1,667,961
Promissory note	10	179,988	169,540
Total current liabilities		2,131,423	1,837,501
Rehabilitation provision	9	273,847	273,847
Total liabilities		2,405,270	2,111,348
SHAREHOLDERS' EQUITY			
Share capital	7	6,647,527	6,303,209
Shares to be issued	7	-	240,804
Contributed surplus		1,650,992	1,484,219
Deficit		(4,233,907)	(3,617,720)
Total shareholders' equity		4,064,612	4,410,512
Total liabilities and shareholders' equity		6,469,882	6,521,860

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 5 & 11)
SUBSEQUENT EVENTS (Note 15)

"Signed"
Walter Hanych, Director

"Signed"
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 NINE MONTH PERIODS ENDED JULY 31,
(Expressed in Canadian dollars)

	Three months ended,		Nine months ended,	
	2020	**2019**	**2020**	**2019**
	$	$	$	$
GENERAL AND ADMINISTRATION				
Salaries and wages (Note 6)	76,200	76,200	275,009	275,009
Office and general	19,005	79,061	84,929	138,071
Professional fees	48,802	30,476	158,737	81,550
Accretion expense (Note 9)	-	2,151	-	6,402
Share-based payments (Notes 6 & 7)	15,691	26,401	25,994	75,730
Depreciation (Note 4)	20,505	20,505	61,515	39,244
NET LOSS BEFORE OTHER ITEMS	(180,203)	(234,794)	(606,184)	(616,006)
Foreign exchange income (expense)	(466)	545	445	1,078
Interest expense (Note 10)	(3,552)	(2,194)	(10,448)	(2,194)
NET LOSS AND COMPREHENSIVE LOSS	(184,221)	(236,443)	(616,187)	(617,122)
LOSS PER SHARE, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares, basic and diluted	110,279,784	101,232,634	108,861,395	99,864,362

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 NINE MONTH PERIODS ENDED JULY 31,
(Expressed in Canadian dollars)

	2020	2019
	$	$
OPERATING ACTIVITIES		
Net loss for the period	(616,187)	(617,122)
Items not affecting cash:		
Accretion expense (Note 9)	-	6,402
Depreciation expense (Note 4)	61,515	39,244
Share-based payments (Note 7)	25,994	75,730
Interest expense (Note 10)	10,448	2,194
	(518,230)	(493,552)
Changes in non-cash working capital items:		
Amounts receivable	15,702	69,882
Prepaid expenses and deposit	17,205	(17,734)
Accounts payable and accrued liabilities	283,474	328,590
Cash flows used in operating activities	(201,849)	(112,814)
FINANCING ACTIVITIES		
Shares to be issued related to private placement (Note 7)	(240,804)	-
Proceeds from private placement (Note 7)	514,404	136,555
Share issuance costs (Note 7)	(29,307)	(2,780)
Exercise of options (Note 7)	-	50,000
Proceeds from promissory note (Note 10)	-	164,000
Cash flows from financing activities	244,293	347,775
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets (Note 5)	(167,468)	(385,595)
Expenditures on equipment (Note 4)	-	(270,816)
Cash flows used in investing activities	(167,468)	(656,411)
Change in cash during the period	(125,024)	(421,450)
Cash, beginning of period	267,639	461,921
Cash, end of period	142,615	40,471
Non-cash activities:		
Depreciation included in exploration and evaluation assets (Note 4)	$ 3,330	$ 4,638

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 JULY 31, 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)	-	-	-	-	75,730	-	75,730
Net loss and comprehensive loss for the period	-	-	-	-	-	(617,122)	(617,122)
Balance, July 31, 2019	101,914,704	-	6,303,209	-	1,476,480	(3,488,610)	4,291,079
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)	10,288,080	(4,816,080)	514,404	(240,804)	-	-	273,600
Issuance of warrants (Note 7)	-	-	(140,779)	-	140,779	-	-
Share issuance costs (Note 7)	-	-	(29,307)	-	-	-	(29,307)
Share-based payments (Note 7)	-	-	-	-	25,994	-	25,994
Net loss and comprehensive loss for the period	-	-	-	-	-	(616,187)	(616,187)
Balance, July 31, 2020	112,202,784	-	6,647,527	-	1,650,992	(4,233,907)	4,064,612

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 July 31, 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 July 31, 2020, the Company has an accumulated deficit of $4,233,907 (October 31, 2019 - $3,617,720), a working capital deficiency of $1,952,194 (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 September 28, 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 July 31, 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 July 31, 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	-	1,395	63,450	64,845
Balance, July 31, 2020	$ 5,234	$ 7,285	$ 144,066	$156,585
Net Book Value				
Balance, July 31, 2020	**$ -**	**$ 2,014**	**$ 278,930**	**$280,944**
Balance, October 31, 2019	$ -	$ 3,409	$ 342,380	$345,789

The depreciation for the nine months ended July 31, 2020 of $64,845 (2019 - $43,882) includes $3,330 (2019 - $4,638) 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**
Staking	6,000
Consulting expenses	151,125
Geophysical consulting	3,366
Contract labour	400
Logistics	2,600
Equipment rentals	868
Depreciation (Note 4)	3,330
Field supplies	3,109
Balance, July 31, 2020	**6,009,709**

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 July 31, 2020, the Company owes $391,910 (October 31, 2019 - $181,772) to executives of the Company for unpaid salaries and wages. Other amounts owing to related parties total to $52,440 (October 31, 2019 - $38,058) as at July 31, 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.

On June 15, 2020, the Company closed a non-brokered private placement 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. The Company issued a total of 3,846,000 warrants with a value of $50,381 in connection with this private placement. The Company also issued finder's warrants to purchase 286,000 common shares, exercisable for a period of two years at a price of $0.05 per share and valued at $5,834. With respect to the warrants and finders' 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 $15,730 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 July 31, 2020, the total value of $240,804 in shares to be issued was transferred to share capital.

(Expressed in Canadian Dollars)

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.

	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	850,000		0.050
Expired	(250,000)		0.050
Balance at July 31, 2020	**6,925,000**	**$**	**0.076**

Grant Date	Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Options Outstanding	Number of Options Exercisable
July 19, 2016	0.055	0.97	1,125,000	1,125,000
August 9, 2016	0.060	1.02	750,000	750,000
March 1, 2018	0.080	2.58	1,750,000	1,750,000
March 20, 2018	0.080	2.64	1,150,000	1,150,000
October 17, 2018	0.120	3.21	50,000	40,000
October 29, 2018	0.120	2.25	500,000	500,000
October 29, 2018	0.120	3.25	500,000	500,000
June 17, 2019	0.075	3.88	250,000	250,000
November 7, 2019	0.050	4.27	100,000	100,000
April 1, 2020	0.050	2.67	500,000	125,000
July 14, 2020	0.050	4.96	250,000	250,000
	0.076	2.35	6,925,000	6,540,000

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)

On July 14, 2020, the Company issued 250,000 options to a director. The options have an exercise price of $0.05 and expire on July 14, 2025. The options vest immediately upon issuance.

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 July 31:

	2020	**2019**
Expected volatility (based on historical share prices)	107%-134%	145%
Risk-free interest rate	0.35%-1.59%	1.33%
Expected life (years)	3-5	5
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Underlying share price	$0.04-$0.05	$0.07

The compensation expense and charge to contributed surplus relating to the vesting of stock options for the nine months ended July 31, 2020 was $25,994 (2019 - $75,730). The average fair value of each option granted during the nine months ended July 31, 2020 was approximately $0.02-$0.04 (2019 - $0.06).

(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	10,574,080		0.099
Expired	(12,266,147)		0.196
Balance at July 31, 2020	**16,124,132**	**$**	**0.139**

Grant Date	**Exercise Price ($)**	**Weighted Average Remaining Life (yrs)**	**Number of Warrants Outstanding**
October 29, 2018	0.250	0.25	3,729,317
April 18, 2019	0.150	0.72	1,820,735
November 7, 2019	0.100	1.27	6,442,080
June 15, 2020	0.100	1.87	3,846,000
June 15, 2020	0.050	1.87	286,000
	0.139	1.13	16,124,132

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(e) Warrants (continued)

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.

On June 15, 2020, the Company issued 3,846,000 warrants of the Company with an exercise price of $0.10 per common share, exercisable until June 15, 2022. The fair value for the warrants of $50,381 was determined using the Black-Scholes pricing model.

On June 15, 2020, the Company issued 286,000 finders' warrants with an exercise price of $0.05 per common share, exercisable until June 15, 2022. The fair value for the warrants of $5,834 was determined using the Black-Scholes pricing model.

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 July 31:

	2020	**2019**
Expected volatility (based on historical share prices)	99%-109%	90%
Risk-free interest rate	0.25%-1.65%	1.66%
Expected life (years)	2	2
Expected dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Underlying share price	$0.04-$0.05	$0.07

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at July 31, 2020	**As at October 31, 2019**
Accounts payable	$ 758,110	$ 566,346
Accrued liabilities - MNDM(1)	884,325	884,325
Other accrued liabilities	309,000	217,290
	$ 1,951,435	$ 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.

(Expressed in Canadian Dollars)

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 July 31, 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 July 31, 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 July 31, 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. The Company has signed an extensions through September 30, 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 nine months ended July 31, 2020 is $10,448 (2019 - $2,194).

11. COMMITMENTS AND CONTINGENCIES

As at July 31, 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 nine month period ended July 31, 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 July 31, 2020		**$**		
		Carrying Value		**Fair Value**
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**
Financial Assets and Liabilities				
Cash	-	-	**142,615**	**142,615**
Amounts receivables	-	-	**13,675**	**13,675**
Accounts payable and accrued liabilities	-	-	**1,951,435**	**1,951,435**
Promissory note	-	-	**179,988**	**179,988**

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	$ 1,951,435	$ 1,951,435	$ 1,951,435
Promissory note	179,988	179,988	179,988
	$ 2,131,423	$ 2,131,423	$ 2,131,423

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. COVID-19 OUTBREAK

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time and continues to monitor the COVID-19 development but since the duration and impact of the COVID-19 pandemic is unknown at this time, it is not possible to reliably estimate the length of the outbreak or the severity of its impact at this time.

15. SUBSEQUENT EVENTS

On September 14, 2020, the Company announced the closing of the second and final tranche of its non-brokered private placement previously announced on August 17, 2020. In the second tranche, the Company raised additional gross proceeds of $375,000 by issuing 5,924,000 hard dollar units at a price of $0.05 per unit and 1,313,334 flow-through units at a price of $0.06 per unit.

On August 25, 2020, the Company announced the closing of the first tranche of its non-brokered private placement. In the first tranche, the Company raised aggregate gross proceeds of $1,170,034 by issuing 22,560,686 hard dollar units at a price of $0.05 per unit and 700,000 flow-through units at a price of $0.06 per unit. Total proceeds from both tranches were $1,545,034.

Each hard dollar unit issued consists of one common share of the Company and one common share purchase warrant. Each flow-through unit consists of one common share of the Company issued on a flow-through basis and one half of one warrant. Each whole warrant will entitle the holder thereof to acquire an additional common share of the Company at an exercise price of $0.10 for a period of 2 years 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.

The Company paid aggregate cash finder's fees of $51,640 and issued 1,018,800 finder's warrants in connection with the first tranche and paid aggregate cash finder's fees of $18,500 and issued 360,400 finder's warrants in connection with the second tranche. Each finder's warrant is exercisable to acquire one common share at a price of $0.05 (for Finder's Warrants issued pursuant to the sale of hard dollar units) and $0.06 (for finder's warrants issued pursuant to the sale of flow through units) for a period of 24 months following closing of the tranches.