



SULLIDEN
MINING CAPITAL

Sulliden Mining Capital Inc.

(An Exploration Stage Mining Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended

October 31, 2019 and 2018

(expressed in Canadian dollars)

SULLIDEN MINING CAPITAL INC.**Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian dollars)**

As at		October 31, 2019	July 31, 2019
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		\$ 173,379	\$ 77,749
Investments, at fair market value through profit and loss	5	10,278,883	12,213,432
Loans receivable	6	1,316,554	558,472
Amounts receivable and other		97,367	109,440
Prepaid expenses		244,962	211,676
Total current assets		12,111,145	13,170,769
Non-current assets			
Exploration and evaluation assets	8	455,770	225,770
TOTAL ASSETS		\$ 12,566,915	\$ 13,396,539
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 333,253	\$ 564,787
Total current liabilities		333,253	564,787
SHAREHOLDERS' EQUITY			
Share capital		27,362,833	27,362,833
Share purchase warrant reserve		468,081	468,081
Share-based payment reserve	9	704,851	928,993
Accumulated other comprehensive loss		(7,801)	(7,547)
Accumulated deficit		(16,294,302)	(15,920,608)
Total shareholders' equity		12,233,662	12,831,752
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 12,566,915	\$ 13,396,539
Commitments and contingencies (Note 15)			
Subsequent events (Note 17)			

Approved by the Board of Directors:

Signed "Pierre Pettigrew", Director

Signed "Stan Bharti", Director

SULLIDEN MINING CAPITAL INC.**Condensed Interim Consolidated Statements of Operations and Comprehensive (Loss)****(Expressed in Canadian dollars)**

	Note	For the three months ended October 31,	
		2019	2018
Expenses			
Share-based payments	9	\$ 15,320	\$ (34,358)
Professional, consulting and management fees	10	313,065	334,026
General and administrative expenses	11	93,502	82,615
		<u>421,887</u>	<u>382,283</u>
Other (income)/expenses			
Interest income		(30,778)	(7,209)
Loan arrangement fees earned	6	(14,139)	-
Foreign exchange loss (gain)		680	(3,400)
Loss from investment in associate	7	-	9,104
Realized (gain) loss on sale of investments	5	(573,334)	53,429
Unrealized loss on investments	5	815,564	3,185,349
Loss on conversion of loan receivable	6	2,842	-
		<u>Net (loss) for the period</u>	<u>\$ (622,722) \$ (3,619,556)</u>
Other comprehensive (loss):			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation		(254)	(5,626)
		<u>Net comprehensive (loss) for the period</u>	<u>\$ (622,976) \$ (3,625,182)</u>
Net (loss) per share			
Basic and diluted		\$ (0.02)	\$ (0.09)
Weighted average common shares outstanding			
Basic and diluted		41,462,851	41,462,851

SULLIDEN MINING CAPITAL INC.
Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Note	For the three months ended October 31,	
		2019	2018
CASH FLOWS FROM:			
Operating activities			
Net (loss) for the period		\$ (622,722)	\$ (3,619,556)
Items not involving cash and other adjustments			
Share-based payments	9	15,320	(34,358)
Loss from investment in associate	7	-	9,104
Realized (gain) loss on sale of investments	5	(573,334)	53,429
Unrealized loss on investment	5	815,564	3,185,349
Loss on conversion of loans receivable	6	2,842	-
Interest and arrangement fees earned	6	(44,589)	(7,204)
Foreign exchange loss		(578)	(3,053)
		<u>(407,497)</u>	<u>(416,289)</u>
Net change in non-cash working capital items:			
Amounts receivable and prepaid expenses		787	99,097
Accounts payable and accrued liabilities		(221,597)	(45,592)
		<u>(220,810)</u>	<u>53,505</u>
Cash flows used in operating activities		<u>(628,307)</u>	<u>(362,784)</u>
Investing activities			
Purchase of investments		(1,796,000)	-
Proceeds from sale of investments	5	3,372,249	-
Loans issued	6	(621,942)	-
Expenditures on exploration and evaluation assets	8	(230,000)	-
Change in exploration and evaluation payables		(370)	-
Cash flows from investing activities		<u>723,937</u>	<u>-</u>
Net change in cash		95,630	(362,784)
Cash, beginning of the period		77,749	428,968
Cash, end of the period		<u>\$ 173,379</u>	<u>\$ 66,184</u>

SULLIDEN MINING CAPITAL INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Note	Number of Shares	Share Capital	Share purchase warrant reserve	Share- based payment reserve	Accumulated other comprehensive (loss)/income	Deficit	Total Shareholders' equity
Balance as at July 31, 2019		41,462,851	\$ 27,362,833	\$ 468,081	\$ 928,993	\$ (7,547)	\$ (15,920,608)	\$ 12,831,752
Share-based compensation	9	-	-	-	24,886	-	-	24,886
Option expiry	9	-	-	-	(249,028)	-	249,028	-
Other comprehensive loss		-	-	-	-	(254)	-	(254)
Net loss for the period		-	-	-	-	-	(622,722)	(622,722)
Balance as at October 31, 2019		41,462,851	\$ 27,362,833	\$ 468,081	\$ 704,851	\$ (7,801)	\$ (16,294,302)	\$ 12,233,662
Balance as at July 31, 2018		41,462,851	\$ 27,362,833	\$ 783,195	\$ 1,083,000	\$ (3,401)	\$ 5,248,818	\$ 34,474,445
Share-based compensation		-	-	-	111,436	-	-	111,436
Other comprehensive loss		-	-	-	-	(5,626)	-	(5,626)
Net loss for the period		-	-	-	-	-	(3,619,556)	(3,619,556)
Balance as at October 31, 2018		41,462,851	\$ 27,362,833	\$ 783,195	\$ 1,194,436	\$ (9,027)	\$ 1,629,262	\$ 30,960,699

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

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

1. NATURE OF OPERATIONS

Sulliden Mining Capital Inc. (“SMC” or the “Company”) was incorporated under the *Business Corporations Act* (Ontario) on June 10, 2014 and was a wholly-owned subsidiary of Sulliden Gold Corporation Ltd. (“Sulliden”). Pursuant to an arrangement between Rio Alto Mining Limited and Sulliden, whereby Rio Alto acquired the shares of Sulliden, shareholders of Sulliden received 0.10 of a common share of the Company. The Company assumed Sulliden’s interests in the East Sullivan property in Quebec and was capitalized with \$24.76 million in cash.

The head office of the Company is located at 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5 and the registered office of the Company is located at the same address. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “SMC”.

In May 2016, Sulliden Moçambique, Lda, was incorporated in Mozambique, and became a 100% owned subsidiary of the Company. There is currently no activity in this subsidiary. The registered office of this subsidiary is located at Rua Damião de Góis, Numero 371, Maputo Cidade, Moçambique.

The Company owns a 98% interest in the issued and outstanding shares of Daos International Ltd. (“Daos”), a Mauritius company. See Note 4.

2. BASIS OF PRESENTATION

The condensed interim financial statements of the Company have been prepared by management in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”), *Interim Financial Reporting* (“IAS 34”), effective for the Company’s reporting for the period ended October 31, 2019. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies as set out below were consistently applied to all the periods presented unless otherwise noted.

These condensed interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on December 11, 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out in Note 3 of the Company’s annual financial statements for the year ended July 31, 2019 have been consistently applied to all the periods presented except for the adoption of the following new standards and amendments issued by the IASB that were effective for annual periods beginning on or after January 1, 2019.

IFRS 16, *Leases* (“IFRS 16”) replaces IAS 17, *Leases* (“IAS 17”). The new model requires the recognition of almost all lease contracts on a lessee’s statement of financial position as a lease liability reflecting future lease payments and a ‘right-of-use asset’ with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. There was no material impact to the financial statements on adoption of IFRS 16 on August 1, 2019.

IFRIC 23 – *Uncertainty over Income Tax Treatments* (“IFRIC 23”) was issued in June 2017 and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment or group of tax treatments that it used or plans to use in its income tax filings. There was no impact on the Company’s financial statements upon adoption of IFRIC 23 on August 1, 2019.

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not effective

IAS 1, *Presentation of Financial Statements* ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in these financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Valuation of exploration and evaluation assets - The Company carries its mineral properties at cost less any impairment losses. The Company capitalizes exploration and evaluation costs, which are related to specific projects, until the commercial feasibility of the project is determinable, or the project is determined to be impaired. Costs are charged to operations when a property is abandoned or when impairment in value has been determined. The Company reviews the carrying values of mining properties and related expenditures whenever indicators of impairment exist or changes in circumstances indicate that their carrying values may not be recoverable. In undertaking this review, management is required to make significant estimates which are subject to various risks and uncertainties. Estimates may include, but are not limited to estimates of future metal prices, capital and operating costs, the quantities of mineral reserves to be mined and expected recoveries of minerals contained in ore, the ability to convert resources into economically mineable reserves, discount rates and; in the case of fair value less costs of disposal, the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs of disposal the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties and exploration and evaluation assets.
- Income taxes and recoverability of potential deferred tax assets - In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Share-based payments - Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.
- Assets and disposal groups held for sale -- As security for default on a loan with APIO Africa Ltd ("APIO"), in June 2016, the Company received 8,169 shares of APIO's subsidiary, Daos, a Mauritius company. As a result, the Company owned an 82% interest in Daos. The Company appointed three members to the board of Daos in June 2016 and controls the board of Daos. In October 2016, Daos issued additional shares to the Company in compensation for costs incurred by the Company related to Daos and the APIO loan. As at October 31, 2019, the Company owns 98% of the issued and outstanding shares of Daos. The Company has been in the process of selling the assets of Daos in order to recoup the defaulted loan. During the year ended July 31, 2018, Daos entered into an agreement to sell its 75% interest in a Mozambique company in exchange for common shares of Global Gaming Technologies Corp. (formerly Global Blockchain Technologies Corp.) (the "Bloc shares"). The sale was completed during the year ended July 31, 2019 and the Bloc shares were sold for gross proceeds of \$66,730. The Company has also concluded that there is no constructive obligation on the part of the Company with respect to the Daos liabilities. Estimates are made, assumptions are used and management judgement is exercised in this assessment. These are subject to various risks and uncertainties which may ultimately have an effect on the expected recovery of these assets.
- Determination of Significant Influence of Investment in Associates - As at October 31, 2019, the Company has classified its investment in Q-Gold Resources Ltd. ("Q-Gold") as a financial asset based on management's judgement that it does not consider its ownership of 22.8% of the outstanding shares of Q-Gold an active investment.

5. INVESTMENTS

As at October 31, 2019, the Company carried investments in certain public resource and other sector companies. These securities are classified as fair value through profit or loss ("FVTPL"). As at October 31, 2019, these securities have an estimated fair value of \$10,278,883 (July 31, 2019: \$12,213,432) (see Note 13).

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

5. INVESTMENTS (continued)

Public Issuer	Note	Security description	Cost	Estimated Fair value
Current assets				
Aberdeen International Inc.*	i.	4,790,000 warrants	221,436	-
African Gold Group		2,938,624 common shares	639,910	852,201
	ii.	4,338,624 warrants	578,073	480,878
Agua Resources Ltd.		375,000 common shares	97,603	75,000
	iii.	1,071,429 warrants	84,919	33,429
Black Iron Inc.		1,973,371 common shares	196,469	157,870
Blue Sky Energy Inc.		955,000 common shares	911,770	477,500
EarthRenew Inc.		5,545,455 common shares	1,667,200	415,909
Emerita Resources Corp.		1,459,500 common shares	503,920	116,760
	iv.	250,000 warrants	52,839	7
Euro Sun Mining Inc.*		30,825 common shares	26,213	9,248
Fura Gems Inc.		12,308,000 common shares	3,806,803	1,907,740
Halo Labs Inc.		91,500 common shares	15,555	22,875
	v.	1,556,316 warrants	108,942	36,107
Magnolia Columbia Ltd.		4,000,000 common shares	465,550	480,000
Q-Gold Resources Ltd.		4,500,000 common shares	563,043	990,000
	vi.	2,500,000 warrants	86,957	214,500
QMX Gold Corporation		4,530,000 common shares	505,710	226,500
Trigon Metals Inc.		2,239,299 common shares	226,573	380,681
	vii.	1,386,321 warrants	105,635	107,035
Troilus Gold Corporation (Note 7)		4,490,500 common shares	2,918,825	3,098,445
Yukoterre Resources Inc.		1,000,000 common shares	100,000	150,000
Others			319,712	46,198
			\$ 14,203,657	\$ 10,278,883

* Investments in related party entities – see Note 14.

i. As at October 31, 2019, the Company holds 4,790,000 warrants of Aberdeen International Inc. with each warrant entitling the Company to acquire one common share at a price of \$0.30 until November 24, 2019. The warrants were revalued at October 31, 2019 at an estimated value of \$nil using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 0.00%; risk-free interest rate of 1.69% and an expected average life of 0.04 years.

ii. As at October 31, 2019, the Company holds 1,481,481 warrants of African Gold Group with each warrant entitling the Company to acquire one common share of African Gold Group at a price of \$0.90 until April 25, 2020. The warrants were revalued at October 31, 2019 at an estimated value of \$24,593 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120.5%; risk-free interest rate of 1.68% and an expected average life of 0.5 years. The Company also holds 2,857,143 warrants of African Gold Group with each warrant entitling the Company to acquire one common share of African Gold Group at a price of \$0.30 until June 28, 2021. The warrants were revalued at October 31, 2019 at an estimated value of \$456,285 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 117.9%; risk-free interest rate of 1.52% and an expected average life of 1.7 years.

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

5. INVESTMENTS (continued)

iii. As at October 31, 2019, the Company holds 1,071,429 warrants of Aguia Resources Limited ("Aguia") where each warrant entitles the Company to acquire one common share of Aguia at a price of \$0.60 until April 12, 2021. The warrants were revalued at October 31, 2019 at an estimated value of \$33,429 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 93.0%; risk-free interest rate of 1.52% and an expected average life of 1.5 years.

iv. As at October 31, 2019, the Company holds 250,000 warrants of Emerita Resources Corp. ("Emerita") where each warrant entitles the Company to acquire one common share of Emerita at a price of \$1.00 until December 20, 2019. The warrants were revalued at October 31, 2019 at an estimated value of \$7 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 207.5%; risk-free interest rate of 1.69% and an expected average life of 0.1 years.

v. As at October 31, 2019 the Company holds 1,556,316 warrants of Halo Labs Inc. (formerly Apogee) ("Halo"). Each warrant entitles the Company to acquire one common share of Halo at a price of \$0.80 until December 31, 2020. The warrants were revalued at October 31, 2019 at an estimated value of \$36,107 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 89.6%, based on volatility of comparable companies; risk-free interest rate of 1.53% and an expected average life of 1.2 years.

vi. As at October 31, 2019, the Company holds 2,500,000 warrants of Q-Gold Resources Ltd. ("Q-Gold"). Each warrant entitles the Company to acquire one common share of Q-Gold at a price of \$0.15 until July 4, 2020. The warrants were revalued at October 31, 2019 at an estimated value of \$214,500 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 68.2%; risk-free interest rate of 1.68% and an expected average life of 0.7 years.

vii. As at October 31, 2019, the Company holds 1,019,655 warrants of Trigon Metals Inc. ("Trigon"). Each warrant entitles the Company to acquire one common share of Trigon at a price of \$0.15 until September 24, 2021. The Company also holds 333,333 warrants of Trigon with each warrant entitling the Company to acquire one common share of Trigon at a price of \$0.40 until June 1, 2020 and 33,333 warrants of Trigon with each warrant entitling the Company to acquire one common share of Trigon at a price of \$0.40 until August 22, 2020. The warrants were revalued at October 31, 2019 at a combined estimated value of \$107,035 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatilities of 102.6%, 132.2% and 132.0%, respectively; risk-free interest rate of 1.52%, 1.68% and 1.68% and expected average lives of 1.9, 0.6 and 0.8 years.

For the three months ended October 31, 2019, the Company purchased investments at a cost of \$1,796,000 (three months ended October 31, 2018 - \$nil). For the three months ended October 31, 2019, the Company sold investments for gross proceeds of \$3,602,281, incurring commissions of \$10,032 and realizing gains of \$573,334. For the three months ended October 31, 2018, the Company did not sell any investments. As a result of the fair value adjustment to the investments held by the Company at October 31, 2019, unrealized losses of \$815,564 were recognized for the three months ended October 31, 2019 (three months ended October 31, 2018: unrealized loss of \$3,185,349).

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

6. LOAN RECEIVABLE

The Company's loan receivable balances as at October 31, 2019 and July 31, 2018 are made up of the following:

Due from:	October 31, 2019	July 31, 2019
Trigon Metals Inc.	\$ -	\$ 102,389
Fura Gems Inc.	176,805	166,738
Euro Sun Mining Inc.*	100,033	-
Brazil Potash Corp.*	347,268	289,345
Aberdeen International Inc.*	482,361	-
Greenway Investments International Ltd	200,061	-
Blue Sky Energy Inc.	10,026	-
Balance	\$ 1,316,554	\$ 558,472

* loans to related party entities – see below.

a) Trigon Metals Inc.

On January 29, 2019, the Company entered into a loan agreement with Trigon whereby the Company agreed to lend Trigon \$96,000 (the "Principal"). Interest was accrued and calculated at 12% per annum. The Principal and accrued interest was due and payable no later than July 29, 2019. On August 14, 2019, the loan was amended to extend the loan to January 2, 2020. The interest outstanding at July 29, 2019 of \$6,322 plus an extension fee of \$2,500 was added to the principal. On September 24, 2019, the loan was converted to 1,039,310 units of Trigon at a unit price of \$0.10 per unit. Each unit consists of one share and one half of one share purchase warrant. Each whole warrant is exercisable for one common share of Trigon at a price of \$0.15 per share until September 24, 2021. The Company recognized a loss on conversion of the loan of \$2,842. See Note 5.

b) Fura Gems Inc.

On March 26, 2019, the Company entered into a loan agreement with Fura Gems Inc. ("Fura") whereby the Company agreed to lend Fura \$160,000 (the "Principal"). Interest is accrued and calculated at 12% per annum. The Principal and accrued interest was due and payable no later than June 24, 2019. On September 10, 2019, the loan was amended to extend the loan to December 31, 2019. The interest outstanding at June 24, 2019 of \$4,734 plus and extension fee of \$5,000 was added to the principal.

c) Euro Sun Mining Inc.

On October 23, 2019, the Company entered into a loan agreement with Euro Sun Mining Inc. ("Euro Sun") whereby the Company agreed to lend Euro Sun \$100,000 (the "Principal"). Interest is accrued and calculated at 12% per annum. The Principal and accrued interest is due and payable no later than April 30, 2020. The Company's executive director, Stan Bharti, is a director of Euro Sun.

d) Brazil Potash Corp.

On June 18, 2019, the Company entered into a loan agreement with Brazil Potash Corp. ("Brazil Potash") whereby the Company agreed to lend Brazil Potash US\$217,000 (\$291,582) (the "Principal"). Interest is accrued and calculated at 12% per annum. The Principal and accrued interest was due and payable no later than August 17, 2019. On September 10 and October 29, 2019, the loan was amended to extend the loan to March 31, 2020 and amend the principal amount to US\$258,281 including an extension fee of US\$5,000. On November 4, US\$32,000 was repaid and on November 19, 2019, the balance, including principal and interest, of US\$233,363 was exchanged for common shares of Brazil Potash at a price of US\$1 per common share. The Company's executive director, Stan Bharti and the Company's director, Pierre Pettigrew are directors of Brazil Potash Corp.

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

6. LOAN RECEIVABLE (continued)

e) Aberdeen International Inc.

On August 7, 2019, the Company entered into a loan agreement with Aberdeen whereby the Company agreed to lend Aberdeen \$470,000 (the "Principal"). The Principal was drawn down on August 12. Interest is accrued and calculated at 12% per annum. The Principal and accrued interest is due and payable no later than February 7, 2020. The Company's executive director, Stan Bharti, is a director of Aberdeen.

f) Greenway Investments International Ltd.

On September 23, 2019, the Company sold its shares in a private company for proceeds of \$22,000 and a promissory note with a principal amount of \$198,000. Interest on the principal will accrue at a rate of 10% per annum. The principal and accrued interest will be due and payable on September 23, 2020.

g) Blue Sky Energy Inc.

On October 23, 2019, the Company entered into a loan agreement with Blue Sky Energy Inc. ("Blue Sky") whereby the Company agreed to lend Blue Sky \$10,000 (the "Principal"). Interest is accrued and calculated at 12% per annum. The Principal and accrued interest is due and payable no later than June 30, 2020.

7. INVESTMENT IN ASSOCIATE

Troilus Gold Corporation ("Troilus")

On January 24, 2019 the Company's ownership interest in Troilus dropped to 18.0%. On this date management re-assessed the level of influence that the Company had with respect to Troilus and determined that it no longer had significant influence as its ownership interest was below 20%. As a result, the Company recognized its retained interest in Troilus as a financial asset (see Note 5). During the comparative three month period ending October 31, 2018, the Company recorded an equity loss of \$9,104 which represented the proportionate share of the Troilus net loss through the three months ending October 31, 2018. The Company's proportionate share of the Troilus net loss was adjusted to reflect the difference in accounting policy related to exploration and evaluation expenditures. The Company has a policy of capitalizing exploration and evaluation expenditures, whereas Troilus expenses these expenditures as incurred. The Company and Troilus have the same fiscal year end of July 31 and the same reporting periods.

8. EXPLORATION AND EVALUATION ASSETS

	East Sullivan project
Balance as at July 31, 2018	\$ 141,423
Capitalized expenditures for the period	84,347
Balance as at July 31, 2019	\$ 225,770
Capitalized expenditures for the period	230,000
Balance as at October 31, 2019	\$ 455,770

The East Sullivan property consists of 13 staked claim units referred to as the East Sullivan Property near Val D'Or Quebec. All claims are contiguous and 100% owned by the Company. The Company is maintaining these claims in good standing. The Company began an initial drill program on the property in September 2019.

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

9. SHARE-BASED PAYMENT RESERVE

	Share Purchase Options	Restricted Share Units	Total Reserve
Balance as at July 31, 2018	\$ 827,841	\$ 255,159	\$ 1,083,000
Share-based payments allocated to:			
Expenses	-	188,223	188,223
Option expiry	(342,230)	-	(342,230)
Balance as at July 31, 2019	\$ 485,611	\$ 443,382	\$ 928,993
Share-based payments allocated to:			
Expenses	-	24,886	24,886
Option expiry	(249,028)	-	(249,028)
Balance as at October 31, 2019	\$ 236,583	\$ 468,268	\$ 704,851

The share-based payments recorded on the consolidated statements of operations and comprehensive loss for the three months ended October 31, 2019 and 2018 are presented in detail below.

Share-based payments	Three months ended	
	October 31, 2019	2018
Restricted share units	\$ 24,886	\$ 111,436
Deferred share units	(9,566)	(145,794)
	\$ 15,320	\$ (34,358)

The change in share purchase options during the period presented was as follows:

	Number of options	Weighted average exercise price	Value
Balance as at July 31, 2018	3,466,600	\$0.35	\$ 827,841
Expired	(1,655,600)	0.33	(342,230)
Balance as at July 31, 2019	1,811,000	\$0.36	\$ 485,611
Expired	(651,000)	0.46	(249,028)
Balance as at October 31, 2019	1,160,000	\$0.30	\$ 236,583

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

9. SHARE-BASED PAYMENT RESERVE (continued)

The following table summarizes information on share purchase options outstanding as at October 31, 2019:

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
\$0.25	February 1, 2021	570,000	570,000	1.26
\$0.35	December 12, 2022	570,000	570,000	3.12
\$0.44	January 16, 2023	20,000	20,000	3.21
	Total	1,160,000	1,160,000	2.21

Restricted Share Unit and Deferred Share Unit Incentive Plans

On September 17, 2014, the Company adopted a Restricted Share Unit (“RSU”) Incentive Plan and a Deferred Share Unit (“DSU”) Incentive Plan.

On January 5, 2016, the Company granted and issued an aggregate of 500,000 RSUs to an officer of the Company. Each RSU entitles the holder to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 500,000 RSUs vested in three equal tranches, on each of January 5, 2017, January 5, 2018 and January 5, 2019. The fair value of these RSUs was determined to be \$0.26 per unit on the date of grant.

On December 12, 2017, the Company granted and issued an aggregate of 2,945,000 RSUs to officers and employees of the Company. Each RSU entitles the holder to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. During the year ended July 31, 2019, 416,666 of the RSUs were cancelled, unvested. Of the remaining 2,528,334 RSUs, 981,666 vested on June 1, 2018, 898,334 vested on February 1, 2019 and 648,334 will vest on February 1, 2020. The fair value of these RSUs was determined to be \$0.32 per unit on the date of grant.

On January 15, 2018, the Company granted and issued an aggregate of 25,000 RSUs to an employee of the Company. Each RSU entitles the holder to receive one common share of the Company to be purchased in the secondary market by an independent trustee upon the vesting of such RSU, subject to acceleration upon a change of control of the Company. The 25,000 RSUs vested or will vest in three equal tranches, on each of June 1, 2018, February 1, 2019 and February 1, 2020. The fair value of these RSUs was determined to be \$0.435 per unit on the date of grant.

As at October 31, 2019, the Company has 736,869 DSUs outstanding. Each DSU entitles the holder to receive a cash payment equal to the market price of one common share of the Company upon ceasing to hold office. 732,899 DSUs that are currently issued are fully vested and 3,970 DSUs that are currently issued vest based on the pro-rata number of days each independent director remains a director of the Company until February 1, 2020, except in the event of an earlier change of control, in which case, the DSUs will vest fully upon such change of control.

As at October 31, 2019, 732,899 DSUs related to current directors have vested and entitle the holders, upon ceasing to hold office, to receive a cash payment of \$67,556 equal to an average market price of \$0.09 for each DSU. This amount is recorded as a liability on the consolidated statements of financial position.

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

9. SHARE-BASED PAYMENT RESERVE (continued)

Restricted Share Unit and Deferred Share Unit Incentive Plans (continued)

Details of RSUs and DSUs granted and outstanding are summarized in the table below and reflect the number of RSUs and DSUs that may vest based on conditions existing as at October 31, 2019:

	RSU		DSU			
	Non-vested	Vested	Non-vested	Forfeited	Paid	Vested
Balance as at July 31, 2018	2,146,667	5,198,333	76,596	218,002	31,998	1,023,404
Activity during the period:						
RSUs vesting or forfeited from previous grant	(1,073,334)	1,073,334	-	-	-	-
Cancellation of RSUs	(416,666)	-	-	-	-	-
DSUs vesting from previous grant	-	-	(68,699)	26,262	-	42,437
Balance as at July 31, 2019	656,667	6,271,667	7,897	244,264	31,998	1,065,841
Activity during the period:						
DSUs vesting from previous grant	-	-	(3,927)	-	-	3,927
DSUs paid or forfeited	-	-	-	-	336,869	(336,869)
Balance as at October 31, 2019	656,667	6,271,667	3,970	244,264	368,867	732,899

Upon vesting, the Company was obligated to deliver to the holders of the RSUs 166,667 common shares of the Company on January 5, 2019 and 990,000 common shares of the Company on June 1, 2018, 906,667 common shares on February 1, 2019 and 656,667 common shares on February 1, 2020. At October 31, 2019, shares had not been issued for 958,335 of the 990,000 RSUs that vested on June 1, 2018, 166,667 of the RSUs that vested on January 5, 2019 and 906,667 of the RSUs that vested on February 1, 2019.

For the year ended October 31, 2019, share-based compensation expense of \$24,886 was recognized for the RSUs (three months ended October 31, 2018: \$111,436) and recovery of \$9,566 was recognized for the DSU incentive plan (three months ended October 31, 2018: recovery of \$145,794).

10. PROFESSIONAL, CONSULTING AND MANAGEMENT FEES

	Three months ended	
	2019	2018
Salaries and benefits	\$ 66,813	\$ 66,446
Directors fees	18,750	25,000
Consulting fees	177,288	196,010
Legal, audit and professional fees	50,214	46,570
	\$ 313,065	\$ 334,026

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

11. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended	
	October 31,	
	2019	2018
General and office	\$ 53,955	\$ 49,051
Shareholder communication	38,194	24,337
Travel and accommodation	1,353	9,227
	\$ 93,502	\$ 82,615

12. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, warrants and share purchase options. The Company manages its capital structure and makes adjustments based on the funds available to support the acquisition, exploration and development of its mineral properties. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. The Company and its subsidiaries are not subject to externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities at October 31, 2019 were as follows:

	Financial instrument classification	Carry amount	Fair value
As at October 31, 2019			
Cash	Amortized cost	\$ 173,379	\$ 173,379
Investments	FVPL	10,278,883	10,278,883
Loans receivable	Amortized cost	1,316,554	1,316,554
Amounts receivable and other	Amortized cost	97,367	97,367
Accounts payable and accrued liabilities	Amortized cost	333,253	333,253

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements 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.

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

13. FINANCIAL INSTRUMENTS (continued)

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at October 31, 2019.

	Level 1	Level 2	Level 3	TOTAL
As at October 31, 2019				
Investments	\$ 9,405,727	\$ 873,156	\$ -	10,278,883

The carrying value of cash and cash equivalents, amounts receivable and other, and accounts payable and accrued liabilities reflected in the statements of financial position approximate fair value because of the relatively short-term maturities.

Interest rate risk

A 1% increase in interest rates, based on the balance of cash, cash equivalents and fixed income investments at October 31, 2019, would result in an increase in annual interest income of approximately \$1,734. All liabilities as at October 31, 2019 are non-interest bearing.

Foreign currency risk

The Company operates in Canada and its functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has acquired some investments and holds loans receivable which are denominated in foreign currency. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations.

Cash and cash equivalents are held in financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist primarily of goods and services tax and harmonized sales tax due from the Federal Government of Canada.

Liquidity risk

As at October 31, 2019, the Company had net working capital of \$11,777,892, which included cash of \$173,379, investments of \$10,278,883, loans receivable of \$1,316,554, and amounts receivable and prepaid expenses of \$342,329 offset by current liabilities of \$333,253. The Company expects to rely on its existing net working capital to finance its ongoing planned activities.

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

13. FINANCIAL INSTRUMENTS (continued)

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Securities price risk

The Company carries investments in certain public securities for which price fluctuations can affect the Company's earnings. The Company classifies these investments as fair value through profit and loss where price volatility is reflected in earnings.

14. RELATED PARTY DISCLOSURES

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Related party balances

The Company shares office space, resources and certain services with other corporations. The costs associated with these services, including the provision of office equipment and supplies, and certain other services, are administered by 2227929 Ontario Inc. to whom the Company pays a monthly flat fee. For the three months ended October 31, 2019, the Company was charged \$75,000 for these services (three months ended October 31, 2018: \$75,000). As well, the Company was charged an additional \$14,098 by 2227929 Ontario Inc. for other services (three months ended October 31, 2018: \$nil).

As at October 31, 2019, the Company had advanced \$207,475 to Forbes & Manhattan, Inc., a company for which Mr. Stan Bharti (CEO of SMC) is the Executive Chairman, for consulting services.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel were as follows:

	Three months ended	
	October 31,	
	2019	2018
Management salaries and fees	\$ 124,380	\$ 114,321
Directors fees	18,750	25,000
Share-based payments	6,964	(34,839)
	\$ 150,094	\$ 104,482

In accordance with IAS 24, Related Party Disclosures ("IAS 24") key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

14. RELATED PARTY DISCLOSURES (continued)

As at October 31, 2019, the Company holds investments in certain public resource and other sector companies that are related party entities, related by virtue of the relationship with common directors and officers.

Public Issuer	Security description	Cost	Estimated Fair value
Aberdeen International Inc.	i. 4,790,000 warrants	221,436	-
Euro Sun Mining Inc.	ii. 30,825 common shares	26,213	9,248
		\$ 247,649	\$ 9,248

i. The Company's executive chairman, Stan Bharti, serves as director of this company.

ii. The Company's executive chairman, Stan Bharti, serves as director of this company. The Company's director, Brad Humphrey, is an officer of this company.

See Note 6 (c, d and e) for details of related party loans.

15. COMMITMENTS AND CONTINGENCIES

The Company is a party to certain management contracts. These contracts contain minimum commitments of approximately \$427,500 (as at July 31, 2019 - \$427,500) and additional contingent payments of approximately \$2,670,000 (as at July 31, 2019 - \$2,670,000) upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been reflected in these condensed interim financial statements.

The Company is obligated to deliver common shares of the Company to the holders of RSUs granted under the terms of its RSU Plan. See Note 9.

16. INCOME TAX

a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of 26.5% (2019: 26.5%) were as follows:

	For the three months ended October 31,	
	2019	2018
(Loss) before income taxes	\$ (622,722)	\$ (3,619,556)
Statutory rate	26.50%	26.50%
Expected income tax (recovery)	(165,021)	(959,182)
Adjustments to expected income tax recovery:		
Share-based payments	4,061	(9,104)
Non-deductible expenses	2,655	349
Change in tax benefit/expense not recognized	158,305	967,937
Total	\$ -	\$ -

Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise noted)

16. INCOME TAX (continued)

b) Deferred income tax balances

The following table summarizes the components of deferred income tax:

	For the three months ended October 31,	
	2019	2018
Deferred income tax assets and (liabilities):		
Capital and non-capital tax losses carried forward	3,048,779	2,485,029
Share issue costs	647	1,942
Investments	240,876	1,273,395
Investment in associates	-	(2,908,680)
Mineral property	1,103,957	1,103,957
Others	305,410	305,410
Net deferred income tax assets	4,699,670	2,261,053
Unrecognized deferred tax assets	(4,699,670)	(2,261,053)
Deferred income tax (liability)	\$ -	\$ -

17. SUBSEQUENT EVENTS

Investments

Subsequent to the end of the period, the Company sold investments generating \$513,072 in net proceeds and purchased investments with a cost of \$283,835.

Brazil Potash loan receivable

See Note 6 for repayment and exchange on the loan receivable from Brazil Potash.

Private placement

On November 4, 2019, the Company announced a non-brokered private placement financing. On November 20, 2019, the Company announced a revision to the financing such that the private placement would be comprised of (i) up to 9,090,909 common shares of the Company issued on a flow through basis (each, a "Flow-Through Share") at a price of \$0.055 per Flow-Through Share, and (ii) up to 10,000,000, non-flow-through common shares of the Company (each a "Share") at a price of \$0.050 per Share for aggregate gross proceeds to the Company of up to \$1,000,000 (the "Offering").

Each Flow-Through Share and each Share issued in connection with the Offering will be subject to a statutory hold period of four-months and one day. Completion of the Offering is subject to a number of conditions, including the approval of the TSX. The Offering is expected to close on or about December 15, 2019.

Flora Growth Corp. loan agreement

On November 6, 2019, the Company entered into a loan agreement with Flora Growth Corp ("Flora") whereby the Company agreed to lend Flora US\$250,000 of which US\$140,000 had been drawn down. Interest is accrued and calculated at 12% per annum. The principal and accrued interest is due and payable no later than March 31, 2020.

Share purchase warrant reserve

On November 24, 2019, 2,499,979 warrants, with exercise prices of \$0.50, expired, unexercised.