



**SULLIDEN**  
MINING CAPITAL

# **Sulliden Mining Capital Inc.**

**(An Exploration Stage Mining Company)**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the three months ended**

**October 31, 2020 and 2019**

**(expressed in Canadian dollars)**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

# SULLIDEN MINING CAPITAL INC.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at		October 31, 2020	July 31, 2020
	Notes		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 82,930	\$ 205,011
Investments, at fair market value through profit and loss	5	12,577,658	13,245,492
Loans receivable	6	1,323,008	1,260,626
Amounts receivable and other		90,545	73,585
Prepaid expenses		60,048	70,971
<b>Total current assets</b>		<b>14,134,189</b>	<b>14,855,685</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	7	997,957	778,205
<b>TOTAL ASSETS</b>		<b>\$ 15,132,146</b>	<b>\$ 15,633,890</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 1,084,905	\$ 1,023,546
<b>Total current liabilities</b>		<b>1,084,905</b>	<b>1,023,546</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	28,308,989	28,308,989
Share-based payment reserve	9	723,596	723,596
Accumulated deficit		(14,985,344)	(14,422,241)
<b>Total shareholders' equity</b>		<b>14,047,241</b>	<b>14,610,344</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 15,132,146</b>	<b>\$ 15,633,890</b>
<b>Commitments and contingencies (Note 15)</b>			
<b>Subsequent events (Note 16)</b>			

Approved by the Board of Directors:

Signed "William Clarke", Director

Signed "Stan Bharti", Director

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

<b>Expenses</b>	<b>Note</b>	<b>For the three months ended October 31,</b>	
		<b>2020</b>	<b>2019</b>
Share-based payments	9	\$ (750)	\$ 15,320
Professional, consulting and management fees	10	278,853	313,065
General and administrative expenses	11	79,922	93,502
		<b>358,025</b>	<b>421,887</b>
<b>Other (income)/expenses</b>			
Interest income	6	(28,577)	(30,778)
Loan arrangement fees earned	6	-	(14,139)
Foreign exchange loss		(1,065)	680
Realized gain on sale of investments	5	(810,747)	(573,334)
Unrealized loss on investments	5	1,045,467	815,564
Loss on conversion of loan receivable		-	2,842
<b>Net (loss) for the period</b>		<b>\$ (563,103)</b>	<b>\$ (622,722)</b>
Other comprehensive (loss):			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation		-	(254)
<b>Net comprehensive (loss) for the period</b>		<b>\$ (563,103)</b>	<b>\$ (622,976)</b>
<b>Net (loss) per share</b>			
Basic and diluted		\$ (0.01)	\$ (0.02)
<b>Weighted average common shares outstanding</b>			
Basic and diluted		60,553,760	41,462,851

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

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

		For the three months ended	
		October 31,	
	Note	2020	2019
<b>CASH FLOWS FROM:</b>			
<b>Operating activities</b>			
Net (loss) for the period		\$ (563,103)	\$ (622,722)
Items not involving cash and other adjustments			
Share-based payments	9	(750)	15,320
Realized gain on sale of investments	5	(810,747)	(573,334)
Unrealized loss on investments	5	1,045,467	815,564
Loss on conversion of loans receivable		-	2,842
Interest and arrangement fees earned	6	(28,577)	(44,589)
Foreign exchange loss		(76)	(578)
		<u>(357,786)</u>	<u>(407,497)</u>
Net change in non-cash working capital items:			
Amounts receivable and prepaid expenses		(6,037)	787
Accounts payable and accrued liabilities		(67,247)	(221,597)
		<u>(73,284)</u>	<u>(220,810)</u>
Cash flows used in operating activities		<u>(431,070)</u>	<u>(628,307)</u>
<b>Investing activities</b>			
Purchase of investments	5	(1,226,816)	(1,796,000)
Proceeds from sale of investments	5	1,659,930	3,372,249
Loans issued	6	(491,729)	(621,942)
Loans repayment	6	458,000	-
Expenditures on exploration and evaluation assets	7	(219,752)	(230,000)
Change in exploration and evaluation payables		129,356	(370)
Cash flows from investing activities		<u>308,989</u>	<u>723,937</u>
<b>Net change in cash</b>		(122,081)	95,630
<b>Cash, beginning of the period</b>		<u>205,011</u>	<u>77,749</u>
<b>Cash, end of the period</b>		<u>\$ 82,930</u>	<u>\$ 173,379</u>

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

**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)	Deficit	Total Shareholders' Equity
<b>Balance as at July 31, 2020</b>		60,553,760	\$ 28,308,989	\$ -	\$ 723,596	\$ -	\$ (14,422,241)	\$ 14,610,344
Net loss for the period		-	-	-	-	-	(563,103)	(563,103)
<b>Balance as at October 31, 2020</b>		<b>60,553,760</b>	<b>\$ 28,308,989</b>	<b>\$ -</b>	<b>\$ 723,596</b>	<b>\$ -</b>	<b>\$ (14,985,344)</b>	<b>\$ 14,047,241</b>
<b>Balance as at July 31, 2019</b>		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		-	-	-	(249,028)	-	249,028	-
Other comprehensive loss		-	-	-	-	(254)	-	(254)
Net loss for the period		-	-	-	-	-	(622,722)	(622,722)
<b>Balance as at October 31, 2019</b>		<b>41,462,851</b>	<b>\$ 27,362,833</b>	<b>\$ 468,081</b>	<b>\$ 704,851</b>	<b>\$ (7,801)</b>	<b>\$ (16,294,302)</b>	<b>\$ 12,233,662</b>

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

## **Sulliden Mining Capital Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### **1. NATURE OF OPERATIONS**

Sulliden Mining Capital Inc. (“SMC” or the “Company”) was incorporated under the *Business Corporations Act* (Ontario) on June 10, 2014. The Company holds mineral exploration interests in the East Sullivan property in Quebec and various investments in public and private entities.

The head office of the Company is located at 65 Queen Street West, Suite 900, 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”.

Novel Coronavirus (“COVID-19”)

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

### **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, 2020. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2020, 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 14, 2020.

### **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, 2020 have been consistently applied to all the periods presented except for new accounting policies and 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, 2020. These policies are outlined below.

#### **New accounting policies**

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. There was no material impact to the financial statements on adoption of IFRS 16 on August 1, 2020.

## **Sulliden Mining Capital Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Standards issued but not effective**

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however, early 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 exploration and evaluation assets 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 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 exploration and evaluation assets.
- Fair value of investment in securities not quoted in an active market or private company investments - Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to notes 5 and 13 for further details.

Fair value of financial derivatives - Investments in options and warrants which are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used; if no such market inputs are available, the warrants and options are valued at intrinsic value. Refer to notes 5 and 13 for further details.

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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

Impairment of financial assets at amortized cost and determining expected credit losses - The Company recognizes a loss allowance for expected credit losses on amounts receivable and loans receivable. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company recognises lifetime ECLs for amounts receivable and loans receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest. Financial assets in this category include amounts receivable and loans receivables.

- 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.
- 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, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### **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 shares of APIO's subsidiary, Daos International Ltd. ("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 controlled 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 July 31, 2019, the Company owned 98% of the issued and outstanding shares of Daos. 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. During the year ended July 31, 2020, the Company sold its interest in Daos to an arms length third party for \$1.
- Determination of significant influence of investment in associates - As at October 31, 2020, 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 14% of the outstanding shares of Q-Gold as an investment where the Company has significant influence.
- Contingencies - See note 15 for details

### **5. INVESTMENTS**

As at October 31, 2020, 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, 2020, these securities have an estimated fair value of \$12,577,658 (July 31, 2020: \$13,245,492) (see Note 13).

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 5. INVESTMENTS (continued)

	Note	Security Description	Cost	Estimated Fair Value
<b>Current assets</b>				
African Gold Group Inc. *		4,148,500 common shares	744,693	829,700
	i.	7,232,143 warrants	629,953	517,505
Agua Resources Ltd.		375,000 common shares	97,603	16,875
	ii.	1,071,429 warrants	84,919	-
Black Iron Inc. *		175,371 common shares	15,833	18,414
Blue Sky Energy Inc. *		955,000 common shares	911,770	90,725
Brazil Potash Corporation *		233,363 common shares	308,903	1,165,475
EarthRenew Inc. *		3,897,051 common shares	1,674,017	918,952
Euro Sun Mining Inc. *		30,825 common shares	26,213	10,481
Flora Growth Corp. *		490,196 common shares	500,000	420,517
Fura Gems Inc.*		14,168,000 common shares	4,063,502	2,054,360
Halo Labs Inc.	iii.	1,556,316 warrants	108,942	-
Hornby Bay Mineral Exploration Ltd.		1,500,000 common shares	56,850	97,500
	iv.	1,000,000 warrants	24,200	8,100
Jourdan Resources Inc. *		9,100,000 common shares	240,420	182,000
	vii.	6,100,000 warrants	40,553	93,340
Magnolia Columbia Ltd. (subsequently renamed GameSquare Esports Inc.)		1,889,655 common shares	667,931	793,655
	vi.	1,200,000 warrants	97,619	264,960
Last Mile Holdings Ltd. (formerly OjO Electric Corp.)		600,000 common shares	300,000	18,000
Origin Gold Corporation *		3,750,000 common shares	278,175	900,000
Q-Gold Resources Ltd. *		6,000,000 common shares	878,571	2,400,000
QuestCap Inc.*		2,826,000 common shares	312,514	423,900
	viii.	2,040,000 warrants	179,080	226,440
Trigon Metals Inc.		1,399,299 common shares	144,142	595,987
	v.	1,019,655 warrants	44,647	335,772
Yukoterre Resources Inc. *		1,950,000 common shares	195,000	195,000
				-
			\$ 12,626,052	\$ 12,577,658

\*Investments in related party entities – see Note 14.

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### 5. INVESTMENTS (continued)

i. As at October 31, 2020, the Company holds 2,857,143 warrants of African Gold Group Inc. with each warrant entitling the Company to acquire one common share of African Gold Group Inc. at a price of \$0.30 until June 28, 2021. The warrants were revalued at October 31, 2020 at an estimated value of \$137,143 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 115.9%; risk-free interest rate of 0.26% and an expected average life of 0.66 years. The Company also holds 1,500,000 warrants of African Gold Group Inc. with each warrant entitling the Company to acquire one common share of African Gold Group Inc. at a price of \$0.25 until January 31, 2022. The warrants were revalued at October 31, 2020 at an estimated value of \$134,100 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 121.2%; risk-free interest rate of 0.26% and an expected average life of 1.25 years. The Company also holds 875,000 warrants of African Gold Group Inc. with each warrant entitling the Company to acquire one common share of African Gold Group Inc. at a price of \$0.25 until April 23, 2022. The warrants were revalued at October 31, 2020 at an estimated value of \$81,462 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 115.8%; risk-free interest rate of 0.26% and an expected average life of 1.48 years.

The Company also holds 2,000,000 warrants of African Gold Group Inc. with each warrant entitling the Company to acquire one common share of African Gold Group Inc. at a price of \$0.40 until July 29, 2022. The warrants were revalued at October 31, 2020 at an estimated value of \$164,800 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 118.3%; risk-free interest rate of 0.26% and an expected average life of 1.74 years.

ii. As at October 31, 2020, 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, 2020 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 67.5%; risk-free interest rate of 0.26% and an expected average life of 0.45 years.

iii. On September 28, 2018, the Company’s loan receivable from ANM Inc. was converted to 1,556,316 shares and warrants of Halo Labs Inc. (“Halo”) as a result of the close of the Business Combination described in Note 6. 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, 2020 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 151.5%, based on volatility of comparable companies; risk-free interest rate of 0.26% and an expected average life of 0.17 years.

iv. As at October 31, 2020, the Company holds 1,000,000 warrants of Hornby Bay Mineral Exploration Ltd. (“Hornby Bay”). Each warrant entitles the Company to acquire one common share of Hornby Bay at a price of \$0.10 until November 8, 2021. The warrants were revalued at October 31, 2020 at an estimated value of \$8,100 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 127.6%; risk-free interest rate of 0.26% and an expected average life of 1.02 years.

v. As at October 31, 2020, 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 warrants were revalued at October 31, 2020 at a combined estimated value of \$335,772 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatilities of 138%; risk-free interest rate of 0.26% and expected average life of 0.90 years.

vi. As at October 31, 2020, the Company holds 1,200,000 warrants of Gamesquare Esports Inc. (“Gamesquare”). Each warrant entitles the Company to acquire one common share of Gamesquare at a price of \$0.40 until October 5, 2022. The warrants were revalued at October 31, 2020 at a combined estimated value of \$264,960 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatilities of 100%; risk-free interest rate of 0.26% and expected average life of 1.93 years.

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 5. INVESTMENTS (continued)

vii. As at October 31, 2020, the Company holds 6,100,000 warrants of Jourdan Resources Inc. (“Jourdan”). Each warrant entitles the Company to acquire one common share of Jourdan at a price of \$0.05 until September 21, 2022. The warrants were revalued at October 31, 2020 at a combined estimated value of \$93,940 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatilities of 209.5%; risk-free interest rate of 0.26% and expected average life of 1.89 years.

viii. As at October 31, 2020, the Company holds 2,040,000 warrants of QuestCap Inc. (“QuestCap”). Each warrant entitles the Company to acquire one common share of QuestCap at a price of \$0.40 until September 21, 2022. The warrants were revalued at October 31, 2020 at a combined estimated value of \$226,440 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatilities of 192.4%; risk-free interest rate of 0.26% and expected average life of 1.74 years.

For the three months ended October 31, 2020, the Company sold investments for gross proceeds of \$1,667,836, incurring commissions of \$7,906 and realizing gains of \$810,747. 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 on the sale of investments of \$573,334. As a result of the fair value adjustment to the investments held by the Company at October 31, 2020, unrealized losses of \$1,045,467 was recognized for the three months ended October 31, 2020 (2019: unrealized loss of \$815,564).

### 6. LOAN RECEIVABLE

The Company’s loan receivable balances as at October 31, 2020 and July 31, 2020 are made up of the following:

Due from:	October 31, 2020	July 31, 2020
Aberdeen International Inc.*	\$ 783,488	\$ 524,700
Greenway Investments International Ltd.	219,916	214,925
Blue Sky Energy Inc.*	11,230	10,927
QuestCap Inc. *	254,944	510,074
Brazil Potash Corp.*	53,430	-
Balance	\$ 1,323,008	\$ 1,260,626

\* loans to related party entities – see below.

#### a) Aberdeen International Inc.

On August 7, 2019, the Company entered into a loan agreement with Aberdeen International Inc. (“Aberdeen”) whereby the Company agreed to lend Aberdeen \$470,000 (the “Principal”). The principal was drawn down on August 12, 2019. Interest is accrued and calculated at 12% per annum. The principal and accrued interest was due and payable no later than February 7, 2020. The loan was amended such that the due date was extended to December 31, 2020. On August 7, 2020, Aberdeen repaid \$50,000 of the outstanding balance owing to the Company. On October 21, 2020, the Company extended another \$295,000 to Aberdeen under the same terms as the original loan. The Company’s executive director, Stan Bharti, and CFO, Ryan Ptolemy, is a director and an officer of Aberdeen.

#### b) 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 January 31, 2021.

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 6. LOAN RECEIVABLE (continued)

#### c) 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 January 31, 2021. The Company's former director Pierre Pettigrew and CFO, Ryan Ptolemy, serve as a director and an officer of Blue Sky.

#### d) QuestCap Inc.

On May 29, 2020, the Company entered into a loan agreement with QuestCap Inc. ("QuestCap") whereby the Company agreed to lend QuestCap \$400,000 (the "Principal"). Interest is accrued and calculated at 12% per annum. The Principal and accrued interest is due and payable no later than 90 days after issuance. On June 5, 2020, the Company also entered into a loan agreement with QuestCap whereby the Company agreed to lend QuestCap USD\$75,000 (\$100,530). Interest is accrued and calculated at 12% per annum. The Principal and accrued interest is due and payable no later than 90 days after issuance. On August 17, 2020, QuestCap repaid \$408,000 of the outstanding balance owing to the Company. The Principal and accrued interest is due and payable no later than December 31, 2020. Additionally, on August 5, 2020, the Company extended another loan of USD\$108,200 (\$144,101) under the same terms as the original loan. The Company's director, Wen Ye, is executive chairman of QuestCap.

#### e) Brazil Potash Corp.

On October 22, 2020, the Company entered into a loan agreement with Brazil Potash Corp. ("Brazil Potash") whereby the Company agreed to lend Brazil Potash US\$40,000 (\$52,628) (the "Principal"). Interest is accrued and calculated at 12% per annum. The Principal and accrued interest is due and payable no later than December 21, 2020. The Company's executive director, Stan Bharti, a former director of the Company, Pierre Pettigrew and CFO, Ryan Ptolemy are directors and an officer of Brazil Potash Corp.

### 7. EXPLORATION AND EVALUATION ASSETS

	East Sullivan project
<b>Balance as at July 31, 2019</b>	\$ 225,770
Capitalized expenditures for the year	552,435
<b>Balance as at July 31, 2020</b>	\$ 778,205
Capitalized expenditures for the year	219,752
<b>Balance as at October 31, 2020</b>	\$ 997,957

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 data extraction and compilation in 2020 to generate drill targets on the property.

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 8. SHARE CAPITAL

As at October 31, 2020, the Company's authorized number of common shares was unlimited without par value.

Share capital activity during the three months ended October 31, 2020 was as follows:

	Number of shares	Value
<b>Balance as at July 31, 2019</b>	41,462,851	\$27,362,833
Private placement	10,000,000	500,000
Flow-through financing	9,090,909	500,000
Premium on flow-through shares	-	(45,455)
Share issuance costs	-	(8,389)
<b>Balance as at July 31, 2020 and October 31, 2020</b>	60,553,760	\$ 28,308,989

In December 2019, the Company closed a non-brokered private placement issuing 9,090,909 flow-through shares of the Company at a price of \$0.055 per share for gross proceeds of \$500,000 and 10,000,000 non-flow-through common shares at a price of \$0.05 per share for gross proceeds of \$500,000. Each flow-through share and common share issued were subject to a statutory hold of four months.

The flow-through shares were issued at premium of \$0.005 per share to the concurrent private placement. The shares were renounced during the year ended July 31, 2020 and consequently a deferred income tax recovery was recognized.

### 9. SHARE-BASED PAYMENT RESERVE

#### *Employee share option plan*

The Company has adopted a stock option plan (the "Plan"). Pursuant to the Plan, the Company may grant stock options to acquire up to 10% of the number of issued and outstanding common shares of the Company. The Plan provides that the Company cannot grant stock options to any one person representing more than 5% of the outstanding common shares of the Company. Directors, officers, employees and certain consultants are eligible to receive stock options under the Plan in accordance with the terms and conditions determined by the Board, upon the recommendations of the Compensation Committee. Vesting terms will be determined at the discretion of the Board. The Board also determines the term of stock options granted under the Plan, provided that no stock option shall be outstanding for a period greater than five years.

The Company did not grant any options during the three months ended October 31, 2020 and 2019.

	Share Purchase Options	Restricted Share Units	Total Reserve
<b>Balance as at July 31, 2019</b>	\$ 485,611	\$ 443,382	\$ 928,993
Share-based payments allocated to:			
Expenses	-	49,591	49,591
Option expiry	(254,988)	-	(254,988)
<b>Balance as at July 31, 2020 and October 31, 2020</b>	\$ 230,623	\$ 492,973	\$ 723,596

The share-based payments recorded on the consolidated statements of operations and comprehensive loss for the three months ended October 31, 2020 and 2019 are presented in detail below.

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 9. SHARE-BASED PAYMENT RESERVE (continued)

Share-based payments	Three months ended	
	2020	2019
Restricted share units	-	24,886
Deferred share units	(750)	(9,566)
	(750)	15,320

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

	Number of options	Weighted average exercise price	Value
<b>Balance as at July 31, 2019</b>	1,811,000	\$0.36	\$ 485,611
Expired	(671,000)	0.46	(254,988)
<b>Balance as at July 31, 2020 and October 31, 2020</b>	1,140,000	\$0.30	\$ 230,623

The following table summarizes information on share purchase options outstanding as at October 31, 2020:

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
\$0.25	February 1, 2021	570,000	570,000	0.25
\$0.35	December 12, 2022	570,000	570,000	2.12
	Total	1,140,000	1,140,000	1.18

#### ***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 vested on February 1, 2020. The fair value of these RSUs was determined to be \$0.32 per unit on the date of grant.

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 9. SHARE-BASED PAYMENT RESERVE (continued)

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 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, 2020, the Company has 386,869 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. 386,869 DSUs that are currently issued are fully vested.

As at October 31, 2020, 386,869 DSUs related to current directors have vested and entitle the holders, upon ceasing to hold office, to receive a cash payment of \$46,545 equal to an average market price of \$0.12 for each DSU. This amount is recorded as a liability on the condensed interim consolidated statements of financial position.

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, 2020:

	RSU		DSU			
	Non-vested	Vested	Non-vested	Forfeited	Paid	Vested
<b>Balance as at July 31, 2019</b>	656,667	6,271,667	7,897	244,264	31,998	1,065,841
Activity during the period:						
RSUs vesting from previous grant	(656,667)	656,667	-	-	-	-
DSUs vesting from previous grant	-	-	(7,897)	-	-	7,897
DSUs paid	-	-	-	-	686,869	(686,869)
<b>Balance as at July 31, 2020 and October 31, 2020</b>	-	6,928,334	-	244,264	718,867	386,869

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, 2020, 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 and 656,667 of the RSU's that vested on February 1, 2020.

For the three months ended October 31, 2020, share-based compensation recovery of \$750 was recognized for the RSUs (2019: expense of \$24,886) and nil was recognized for the DSU incentive plan (2019: recovery of \$9,566).

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 10. PROFESSIONAL, CONSULTING AND MANAGEMENT FEES

	Three months ended	
	October 31,	
	2020	2019
Salaries and benefits	847 \$	66,813
Directors fees	25,000	18,750
Consulting fees	200,490	177,288
Legal, audit and professional fees	52,516	50,214
	278,853 \$	313,065

### 11. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended	
	October 31,	
	2020	2019
General and office	\$ 56,119	\$ 53,955
Shareholder communication	23,803	38,194
Travel and accommodation	-	1,353
	\$ 79,922	\$ 93,502

### 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.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than those of the TSX that requires adequate working capital or financial resources such that, in the opinion of the TSX, the listed issuer will be able to continue as a going concern. The TSX will consider, among other things, the listed issuer's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings in the financial statements regarding the listed issuer's ability to continue as a going concern.

There were no significant changes to the Company's capital management during the three months ended October 31, 2020 and 2019. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current reporting date.

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 13. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities at October 31, 2020 and July 31, 2020 were as follows:

	Financial instrument classification	Carry amount	Fair value
<b>As at October 31, 2020</b>			
Cash	Amortized cost	\$ 82,930	\$ 82,930
Investments	FVPL	12,577,658	12,577,658
Loans receivable	Amortized cost	1,323,008	1,323,008
Amounts receivable and other	Amortized cost	90,545	90,545
Accounts payable and accrued liabilities	Amortized cost	1,084,905	1,084,905
<b>As at July 31, 2020</b>			
Cash	Amortized cost	\$ 205,011	\$ 205,011
Investments	FVPL	13,245,492	13,245,492
Loans receivable	Amortized cost	1,260,626	1,260,626
Amounts receivable and other	Amortized cost	73,585	73,585
Accounts payable and accrued liabilities	Amortized cost	1,023,546	1,023,546

#### *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.

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, 2020.

	Level 1	Level 2	Level 3	TOTAL
<b>As at October 31, 2020</b>				
Investments	\$ 8,654,394	\$ 2,337,272	\$ 1,585,992	\$ 12,577,658
<b>As at July 31, 2020</b>				
Investments	9,767,617	1,884,357	1,593,518	13,245,492

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.

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 13. FINANCIAL INSTRUMENTS (continued)

#### Level 2 Hierarchy

During the three months ended October 31, 2020, public investments of \$519,634 (year ended July 31, 2020 - \$1,217,396) were purchased, \$18,950 (year ended July 31, 2020 - \$22,754) were disposed and nil (year ended July 31, 2020 - \$86,957) were transferred to level 1.

Investments, fair value	Three months	
	ended October 31, 2020	Year ended July 31, 2020
Balance, beginning of period	\$ 1,884,357	\$ 536,448
Purchase at cost	519,634	1,217,396
Transferred to Level 1	-	(86,957)
Disposal at cost - shares	(18,950)	-
Disposal at cost - warrants	-	22,754
Unrealized and realized gain, net	(47,769)	194,716
Balance, end of period	\$ 2,337,272	\$ 1,884,357

#### Level 3 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 as at October 31, 2020 and July 31, 2020. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized and unrealized gain are recognized in the statements of income (loss).

Investments, fair value	Three months	
	ended October 31, 2020	Year ended July 31, 2020
Balance, beginning of period	\$ 1,593,518	\$ -
Purchase at cost- shares	-	808,903
Disposals	-	-
Unrealized (loss) gain	(7,526)	784,615
Balance, end of period	\$ 1,585,992	\$ 1,593,518

Included in unrealized and realized gain for the period ended October 31, 2020, the total loss that is attributable to change in realized and unrealized gain relating to those assets and liabilities held at October 31, 2020 was \$7,526 (October 31, 2019 - nil).

Within Level 3, the Company includes private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as October 31, 2020:

October 31, 2020				
Description	Fair Value	Valuation technique	Significant unobservable inputs(s)	Range of significant unobservable inputs
Brazil Potash Corp.	\$ 1,165,475	Recent financing	Marketability of shares	0% discount
Flora Growth Corp.	420,517	Recent financing	Marketability of shares	0% discount
	\$ 1,585,992			

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### 13. FINANCIAL INSTRUMENTS (continued)

As valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Given the size of the private investment portfolio, such changes may have a significant impact on the Company's financial condition or operating results.

#### Brazil Potash Corp. ("BPC")

The valuation was based on BPC's most recent financing of US\$3.75 per share. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at October 31, 2020. As at October 31, 2020, a +/- 10% change in the fair value of Brazil Potash Corp. will result in a corresponding +/- \$116,500 change in income. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately \$58,250 in income.

#### Flora Growth Corp.

The Company purchased shares of Flora Growth Corp. ("Flora") at US\$0.75 per share in July 2020. The valuation was based on Flora's most recent financing of US\$0.75 per unit. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at October 31, 2020. As at October 31, 2020, a +/- 10% change in the fair value of Flora will result in a corresponding +/- \$42,000 change in income. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately \$21,000 in income.

#### *Interest rate risk*

A 1% increase in interest rates, based on the balance of cash, cash equivalents and fixed income investments at October 31, 2020, would result in an increase in annual interest income of approximately \$800. All liabilities as at October 31, 2020 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, including its previous investment in an associate, 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*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments decline, resulting in losses upon disposition. In addition, some of the investments the Company holds are lightly traded public corporations or not publicly traded and may not be easily liquidated. The Company generates cash flow from dividend income and proceeds from the disposition of its investments, in addition to interest income and advisory fees. The Company believes that it has sufficient marketable securities that are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions. All of the Company's liabilities and obligations are due within one year.

## **Sulliden Mining Capital Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### **13. FINANCIAL INSTRUMENTS (continued)**

As at October 31, 2020, the Company had net working capital of \$13,049,284, which included cash of \$82,930, investments of \$12,577,658, loans receivable of \$1,323,008, and amounts receivable and prepaid expenses of \$150,593 offset by current liabilities of \$1,084,905. The Company expects to rely on its existing net working capital to finance its ongoing planned activities.

#### *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.

#### *Market risk*

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. In addition, most of the Company's investments are in the resource sector. The Company mitigates this risk by attempting to have a portfolio that is not singularly exposed to any one issuer, with exception to the Company having two positions as at October 31, 2020 that made up of approximately 16%, and 13% of the total assets (July 31, 2020 - three positions that made up of approximately 15%, 11% and 11% respectively of the total assets).

For the three months ended October 31, 2020, a 10% (decrease) in the closing price of these two concentrated positions would result in an estimated decrease in after-tax net income of \$445,000 (July 31, 2020 - \$575,000).

For the three months ended October 31, 2020, a 10% (decrease) increase in the closing prices of its portfolio investments would result in an estimated increase (decrease) in after-tax net income (loss) of \$1.3 million (July 31, 2020 - \$1.3 million). This estimated impact on the statement of comprehensive income (loss) includes the estimated value of the non-traded warrants held, as determined using the Black-Scholes option pricing model.

### **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, 2020, the Company was charged \$75,000 for these services (2019: \$75,000). As well, the Company was charged an additional \$nil by 2227929 Ontario Inc. for other services (2019: \$14,098).

As at October 31, 2020, the Company owes an amount of \$250,000 (July 31, 2020 - \$250,000) to African Gold Group Inc. related to the purchase of an investment, this amount is presented in accounts payable and accrued liabilities on the condensed interim consolidated statement of financial position. The Company's executive chairman, Stan Bharti, a former director of the Company, Pierre Pettigrew and CFO, Ryan Ptolemy, are a former director and director and officer of this company.

## Sulliden Mining Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

### 14. RELATED PARTY DISCLOSURES (continued)

As at October 31, 2020, the Company owes an amount of \$315,000 (July 31, 2020 - \$375,000) to Q-Gold Resources Ltd. related to the exercise of share purchase warrants, this amount is presented in accounts payable and accrued liabilities on the condensed interim consolidated statement of financial position. The Company's former Chief Financial Officer, Deborah Battiston, is an officer of this company.

#### *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,	
	2020	2019
Management salaries and fees	\$ 103,941	\$ 124,380
Directors fees	18,750	18,750
Share-based payments	(750)	6,964
	\$ 121,941	\$ 150,094

In accordance with 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.

As at October 31, 2020, 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.

	Security Description	Cost	Estimated Fair Value
African Gold Group	i. 4,148,500 common shares	744,693	829,700
	7,232,143 warrants	629,953	517,505
Black Iron Inc.	ii. 175,371 common shares	15,833	18,414
Blue Sky Energy Inc.	iii. 955,000 common shares	911,770	90,725
Brazil Potash Corporation	iv. 233,363 common shares	308,903	1,165,475
EarthRenew Inc.	v. 3,897,051 common shares	1,674,017	918,952
Euro Sun Mining Inc.	vi. 30,825 common shares	26,213	10,481
Flora Growth Corp.	vii. 490,196 common shares	500,000	420,517
Fura Gems Inc.	viii. 14,168,000 common shares	4,063,502	2,054,360
Jourdan Resources Inc.	ix. 9,100,000 common shares	240,420	182,000
	6,100,000 warrants	40,553	93,340
Origin Gold Corporation	x. 3,750,000 common shares	278,175	900,000
Q-Gold Resources Ltd.	xi. 6,000,000 common shares	878,571	2,400,000
QuestCap Inc.	xii. 2,826,000 common shares	312,514	423,900
	2,040,000 warrants	179,080	226,440
Yukoterre Resources Inc.	xiii. 1,950,000 common shares	195,000	195,000
		\$ 10,999,199	\$ 10,446,809

- The Company's executive chairman, Stan Bharti, a former director of the Company, Pierre Pettigrew and CFO, Ryan Ptolemy, are a former director and director and officer of this company.
- The Company's executive chairman, Stan Bharti and former director of the Company, Pierre Pettigrew serve as executive officer and director of this company.
- The Company's former director Pierre Pettigrew and CFO, Ryan Ptolemy serve as a director and an officer of this company.

## **Sulliden Mining Capital Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

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### **14. RELATED PARTY DISCLOSURES (continued)**

- iv. The Company's executive chairman, Stan Bharti, former director of the Company, Pierre Pettigrew and CFO, Ryan Ptolemy serves as executive chairman, director and CFO of this company.
- v. The Company's CFO, Ryan Ptolemy, serves as CFO of the Company.
- vi. The Company's executive chairman, Stan Bharti is a former director of this company.
- vii. The Company's executive chairman, Stan Bharti, and director, William Steers serve as chairman and director of the company.
- viii. The Company executive chairman, Stan Bharti, and CFO, Ryan Ptolemy, serve as chairman and CFO of the company.
- ix. The Company is a 10% shareholder of this company.
- x. The Company's former CFO, Deborah Battiston, serves as CFO of this company.
- xi. The Company's former CFO, Deborah Battiston, serves as CFO of this company.
- xii. The Company's director, Wen Ye, serves as a director of the company.
- xiii. The Company's former CFO, Deborah Battiston, serves as CFO of this company.

### **15. COMMITMENTS AND CONTINGENCIES**

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$390,000 (as at July 31, 2020 - \$390,000) and additional contingent payments of approximately \$2,370,000 (as at July 31, 2020 - \$2,370,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated 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.

The Company has provided indemnities to the subscribers of flow-through shares for certain tax related amounts that may become due if the Company does not meet its expenditure obligations related to those flow-through shares.

### **16. SUBSEQUENT EVENTS**

Subsequent to October 31, 2020, the Company granted a loan of USD\$120,000 to Genesis International Inc. with payment terms of 12% interest and due in one year.

Subsequent to October 31, 2020, the Company granted a loan of USD\$30,000 to Brazil Potash Corp. with payment terms of 12% interest and due on December 31, 2020.

Subsequent to October 31, 2020, the Company granted a loan of \$1,500,000 to QuestCap Inc. with payment terms of 12% interest and due in full by no later than six months from the date granted.