



SULLIDEN
MINING CAPITAL

Sulliden Mining Capital Inc.

(An Exploration Stage Mining Company)

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

For the years ended

July 31, 2020 and 2019

(expressed in Canadian dollars)

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Sulliden Mining Capital Inc.

Opinion

We have audited the consolidated financial statements of Sulliden Mining Capital Inc. and its subsidiary (the "Company"), which comprise the consolidated statement of financial position as at July 31, 2020, and the consolidated statement of operations and comprehensive income (loss), consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Company for the year ended July 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on October 17, 2019.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

- collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
October 23, 2020

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

As at	Notes	July 31, 2020	July 31, 2019
ASSETS			
Current assets			
Cash		\$ 205,011	\$ 77,749
Investments, at fair market value through profit and loss	5	13,245,492	12,213,432
Loans receivable	6	1,260,626	558,472
Amounts receivable and other		73,585	109,440
Prepaid expenses		70,971	211,676
Total current assets		14,855,685	13,170,769
Non-current assets			
Exploration and evaluation assets	8	778,205	225,770
TOTAL ASSETS		\$ 15,633,890	\$ 13,396,539
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,023,546	\$ 564,787
Total current liabilities		1,023,546	564,787
SHAREHOLDERS' EQUITY			
Share capital	9	28,308,989	27,362,833
Share purchase warrant reserve	10	-	468,081
Share-based payment reserve	11	723,596	928,993
Accumulated other comprehensive loss		-	(7,547)
Accumulated deficit		(14,422,241)	(15,920,608)
Total shareholders' equity		14,610,344	12,831,752
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 15,633,890	\$ 13,396,539
Commitments and contingencies (Note 17)			
Subsequent events (Note 19)			

Approved by the Board of Directors:

Signed "William Clarke", Director

Signed "Stan Bharti", Director

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

	Note	For the year ended July 31,	
		2020	2019
Expenses			
Share-based payments	11	\$ 37,264	\$ 43,054
Professional, consulting and management fees	12	2,184,925	1,204,346
General and administrative expenses	13	378,454	569,166
		2,600,643	1,816,566
Other (income)/expenses			
Interest income	6	(121,998)	(25,225)
Loan arrangement fees earned	6	(14,139)	-
Interest expense		1,798	-
Foreign exchange loss		32,519	6,933
Loss from investment in associate	7	-	1,833,100
Realized loss on sale of investments	5	829,614	11,027,102
Unrealized (gain) loss on investments	5	(4,112,151)	7,168,294
Loss on conversion of loan receivable	6	2,842	-
Other income	18	(24,594)	-
Net income (loss) for the year		\$ 805,466	\$ (21,826,770)
Other comprehensive (loss):			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation		7,547	(4,146)
Net comprehensive income (loss) for the year		\$ 813,013	\$ (21,830,916)
Net income (loss) per share			
Basic		\$ 0.02	\$ (0.53)
Diluted		\$ 0.02	\$ (0.53)
Weighted average common shares outstanding			
Basic		52,677,456	41,462,851
Diluted		52,677,456	41,462,851

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

SULLIDEN MINING CAPITAL INC.
Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

		For the year ended July 31,	
	Note	2020	2019
CASH FLOWS FROM:			
Operating activities			
Net income (loss) for the year		\$ 805,466	\$ (21,826,770)
Items not involving cash and other adjustments			
Share-based payments	11	37,264	43,054
Deferred income tax recovery	18	(24,594)	-
Loss from investment in associate	7	-	1,833,100
Realized loss on sale of investments	5	829,614	11,027,102
Unrealized (gain) loss on investments	5	(4,112,151)	7,168,294
Loss on conversion of loans receivable	6	2,842	-
Gain on disposition of assets held for sale		-	(328,350)
Interest and arrangement fees earned	6	(135,712)	(24,922)
Foreign exchange loss		47,074	7,253
		<u>(2,550,197)</u>	<u>(2,101,239)</u>
Net change in non-cash working capital items:			
Amounts receivable and prepaid expenses		198,560	(66,579)
Accounts payable and accrued liabilities		401,412	(388,832)
		<u>599,972</u>	<u>(455,411)</u>
Cash flows used in operating activities		<u>(1,950,225)</u>	<u>(2,556,650)</u>
Financing activities			
Proceeds from private placement	9	1,000,000	-
Share issue costs	9	(8,389)	-
Cash flows from financing activities		<u>991,611</u>	<u>-</u>
Investing activities			
Purchase of investments		(7,174,848)	(5,938,166)
Proceeds from sale of investments	5	9,303,388	8,777,155
Loans issued	6	(1,809,290)	(662,788)
Loans repayment	6	1,278,355	112,651
Interest and arrangement fees received	6	22,061	556
Expenditures on exploration and evaluation assets	8	(552,435)	(84,347)
Change in exploration and evaluation payables		48,813	370
Cash flows from investing activities		<u>1,116,044</u>	<u>2,205,431</u>
Effect of exchange rate change		(30,168)	-
Net change in cash		127,262	(351,219)
Cash, beginning of the year		77,749	428,968
Cash, end of the year		<u>\$ 205,011</u>	<u>\$ 77,749</u>

SULLIDEN MINING CAPITAL INC.
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
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	11	-	-	-	49,591	-	-	49,591
Option expiry	11	-	-	-	(254,988)	-	254,988	-
Warrant expiry	10	-	-	(468,081)	-	-	468,081	-
Private placement	9	10,000,000	500,000	-	-	-	-	500,000
Flow-through financing	9	9,090,909	500,000	-	-	-	-	500,000
Premium on flow-through shares	9	-	(45,455)	-	-	-	-	(45,455)
Share issuance costs	9	-	(8,389)	-	-	-	-	(8,389)
Other comprehensive loss		-	-	-	-	7,547	(30,168)	(22,621)
Net income for the year		-	-	-	-	-	805,466	805,466
Balance as at July 31, 2020		60,553,760	\$ 28,308,989	\$ -	\$ 723,596	\$ -	\$ (14,422,241)	\$ 14,610,344
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	11	-	-	-	188,223	-	-	188,223
Option expiry	11	-	-	-	(342,230)	-	342,230	-
Warrant expiry	10	-	-	(315,114)	-	-	315,114	-
Other comprehensive loss		-	-	-	-	(4,146)	-	(4,146)
Net loss for the year		-	-	-	-	-	(21,826,770)	(21,826,770)
Balance as at July 31, 2019		41,462,851	\$ 27,362,833	\$ 468,081	\$ 928,993	\$ (7,547)	\$ (15,920,608)	\$ 12,831,752

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

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2020 and 2019

(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. 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. STATEMENT OF COMPLIANCE

The audited consolidated 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”) effective for the Company’s reporting for the year ended July 31, 2020.

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

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on October 23, 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of measurement

The annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss except for assets held for sale which is measured at fair value less cost of disposal. These annual financial statements are presented in Canadian Dollars, which is the Company’s functional currency.

b) Principles of consolidation

All entities in which the Company has a controlling interest are fully consolidated from the date that control commences until the date that the control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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.

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortized cost. Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest-bearing securities with maturities at the date of purchase of three months or less.

d) Amounts receivable and other

Amounts receivable and other receivables are amounts that are due from others in the normal course of business. If collection is expected in one year or less, they are classified as current assets; if not, they are presented as noncurrent assets and discounted accordingly. Amounts receivable are initially recognized at the amount expected to be received and subsequently measured at amortized cost using the effective interest method less any provision for impairment.

e) Financial instruments

The Company classifies its financial instruments in the following categories: amortized cost, fair value through profit and loss ("FVPL") and fair value through other comprehensive income ("FVOCI"). The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition. Where the Company expects to realize the asset or discharge the liability within twelve months, it is recorded as a current asset or liability; otherwise, it is recorded as a long-term asset or liability.

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments. A financial asset is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired. The Company's financial assets include cash and cash equivalents, investments, amounts receivable, and loans receivable. The Company's financial liabilities include accounts payable and accrued liabilities.

Non-derivative financial instruments are recognized initially at fair value plus attributable transaction costs, where applicable for financial instruments not classified as fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below:

Investments

Purchases and sales of investments are recognized on a trade date basis. Public and private investments at fair value through profit or loss are initially recognized at fair value, with changes in fair value reported in profit (loss).

At each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and reflects such valuations in the financial statements.

Transaction costs are expensed as incurred in profit (loss). The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such changes in valuations in the statements of comprehensive loss. The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (see note 15, "Financial instruments"). The three levels are defined as follows:

Level 1 – investment with quoted market price;

Level 2 – investment which valuation technique is based on observable market inputs; and

Level 3 – investment which valuation technique is based on non-observable market inputs.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) *Financial instruments (continued)*

Publicly-traded investments:

1. Securities, including shares, options, and warrants that are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the reporting date or the closing price on the last day the security traded if there were no trades at the reporting date. These are included in Level 1 as disclosed in note 15.
2. Securities that are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2 in note 15.
3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. If no such market inputs are available or reliable, the warrants and options are valued at intrinsic value. These are included in Level 2 as disclosed in note 15.
4. Performance shares are convertible into common shares if or when the investee companies meet certain milestones. Performance shares are recorded at fair value when the certainty of meeting these milestones is reasonably assured. These are included in Level 3 as disclosed in note 15.

The amounts at which the Company's publicly-traded investments could be disposed of may differ from carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Such differences could be material.

Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 3 as disclosed in note 15. Options and warrants of private companies are carried at their intrinsic value.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. In the absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

2. An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) *Financial instruments (continued)*

- political changes in a country in which the investee company operates that, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
- receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);
- filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
- important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

3. Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates that increases the tax burden on companies, that prohibit mining where it was previously allowed, that increases the need for permitting or approvals, etc.;
- denial of the investee company's application for environmental, mining, aboriginal or similar approvals that prohibit the investee company from proceeding with its projects;
- the investee company releases negative exploration results;
- changes to the management of the investee company take place that the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
- the investee company is placed into receivership or bankruptcy; and
- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's privately-held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

Financial assets at amortized cost – Cash and cash equivalents, amounts receivable and loans receivable are classified as and measured at amortized cost using the effective interest rate method, less impairment losses, if any.

Financial assets at fair value through other comprehensive income ("FVOCI") – Financial assets designated as financial assets at fair value through other comprehensive income on initial recognition are recorded at fair value on the trade date with directly attributable transaction costs included in the recorded amount. Subsequent changes in fair value are recognized in other comprehensive income. The Company does not have any financial assets measured at FVOCI.

Financial liabilities at amortized cost – Trade payables and accrued liabilities are accounted for at amortized cost, using the effective interest rate method.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) *Financial instruments (continued)*

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the financial asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the counterparty's credit rating).

Derecognition of financial assets and liabilities

Financial assets are derecognized when the investments mature or are sold and substantially all the risks and rewards of ownership have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized within interest and other income and finance costs, respectively.

f) *Investments in associates*

An associate is an entity over which the Company has significant influence, but not control, and is neither a subsidiary, nor an interest in a joint venture. Investments in which the Company has the ability to exercise significant influence are accounted for by the equity method. Under this method, the investment is initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or loss of the investee as if the investee had been consolidated. The carrying value of the investment is also increased or decreased to reflect the Company's share of capital transactions, including amounts recognized in other comprehensive income ("OCI"), and for accounting changes that relate to periods subsequent to the date of acquisition. Where there is objective evidence that the investment in associates is impaired, the amount of impairment, calculated as the difference between the recoverable amount of the associate and its carrying value, is deducted from the carrying value and recognized as a loss in the consolidated statements of operations.

g) *Exploration and evaluation assets*

Exploration and evaluation assets include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves. Costs incurred before the Company has obtained the legal right to explore an area are recognized in the consolidated statement of operations.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Exploration and evaluation assets (continued)

Exploration and evaluation relating to the acquisition of, exploration for and development of mineral properties are capitalized and include, but are not restricted to: drilling, trenching, sampling, surveying and gathering exploration data; calculation and definition of mineral resource; test work on geology, metallurgy, mining, geotechnical and geophysical; and conducting geological, geophysical, engineering, environmental, marketing and financial studies.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Capitalized exploration and evaluation assets for a project are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized exploration and evaluation assets are transferred to mine development costs. Technical feasibility and commercial viability generally coincides with the establishment of proven and probable reserves and/or a decision to commence construction of a mine; however, this determination may be impacted by management's assessment of certain modifying factors including: legal, environmental, social and governmental factors. All subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within mine development costs.

All capitalized exploration and evaluation assets are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that mine development assets are not expected to be recovered, they are charged to operations.

h) Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized.

Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in profit (loss) on a trade date basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Dividend income is recorded on the ex-dividend date. Interest income and other income are recorded on an accrual basis. Deferred revenue is recognized over the period for which the revenue is earned. Management fees and advisory and other fees are recorded as income on an accrual basis when earned.

i) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded-vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of operations and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Share-based payments (continued)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service. For those options that expire after vesting, the recorded value is transferred to retained earnings (deficit).

Restricted Share Units ("RSU")

RSUs are granted to officers and employees under the terms of the Company's RSU Incentive Plan. The Company recognizes compensation expense equal to the market value of the common shares of the Company at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period using the graded vesting method, with a corresponding credit to share-based payment reserve for equity settled RSUs. The RSUs vest in three equal tranches. Compensation expense is adjusted for subsequent changes in management's estimate of the number of RSUs that are expected to vest. The effect of these changes is recognized in the period of change. A trustee acting on behalf of the RSU holders purchases shares of the Company from the open market to distribute to RSU holders as compensation. These shares are restricted and reserved in trust for issuances. Upon settlement of equity settled RSUs, any difference between the cost of the shares purchased on the open market and the amount of credited to share-based payment reserve remains in share-based payment reserve.

Deferred Share Units ("DSUs")

DSUs are granted to the Company's non-executive directors under the terms of the Company's DSU Incentive Plan. The initial fair value of the DSU compensation liability is calculated at the date of grant based on the Company's share price on grant date. Subsequently, at each reporting date and on settlement, the DSU compensation liability is remeasured, with any change in fair value recorded as compensation expense in the consolidated statement of operations. The fair value of the DSUs is marked to the quoted market price of the Company's common shares at each reporting date. The DSUs are settled in cash. The DSUs vest based on the pro-rata number of days each independent director remains a director of the Company until term, except in the event of an earlier change of control, in which case, the DSUs will vest fully upon such change of control.

j) Earnings/loss per share

Earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. No exercise or conversion is assumed during periods in which a net loss is incurred as the effect is anti-dilutive.

k) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is on an accrual basis, by reference to the principal outstanding and at the effective interest rate applicable.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Foreign exchange translation

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the statement of financial position date. Non-monetary items are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the year unless the monetary item forms part of the reporting entity's net investment in a foreign operation, in which case, exchange gains or losses are reflected in other comprehensive income.

m) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the annual statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) *Flow-through shares*

Flow-through shares are a unique Canadian tax incentive. The Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted market price of the common shares and the amount the investor pays for the flow-through shares. A current liability is recognized for the premium paid by the investors and is then recognized as a deferred income tax liability in the period of renunciation.

New and future accounting pronouncements

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.

Standards issued but not effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after August 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded.

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.

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.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

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 3 and 15 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 3 and 15 for further details.

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.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

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

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.
- 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.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise noted)

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

- Determination of significant influence of investment in associates - As at July 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 17% of the outstanding shares of Q-Gold as an investment where the Company has significant influence.
- Contingencies - See note 17 for details

5. INVESTMENTS

As at July 31, 2020, the Company carried investments in certain public and private resource and other sector companies. These securities are classified as fair value through profit or loss ("FVTPL"). As at July 31, 2020, these securities have an estimated fair value of \$13,245,492 (July 31, 2019: \$12,213,432) (see Note 15).

	Note	Security Description	Cost	Estimated Fair Value
Current assets				
African Gold Group Inc. *		5,750,000 common shares	1,032,177	1,667,500
	i.	7,232,143 warrants	629,953	1,128,689
Agua Resources Ltd.		375,000 common shares	97,603	13,875
	ii.	1,071,429 warrants	84,919	-
Black Iron Inc. *		175,371 common shares	15,833	26,306
Blue Sky Energy Inc. *		955,000 common shares	911,770	138,475
Brazil Potash Corporation *		233,363 common shares	308,903	1,173,001
EarthRenew Inc.*		2,048,484 common shares	1,246,701	604,303
Euro Sun Mining Inc. *		30,825 common shares	26,213	16,954
Flora Growth Corp. *		490,196 common shares	500,000	420,517
Fura Gems Inc.*		14,168,000 common shares	4,063,502	1,487,640
Halo Labs Inc.	iii.	1,556,316 warrants	108,942	1,556
Hornby Bay Mineral Exploration Ltd.		2,000,000 common shares	75,800	220,000
	iv.	1,000,000 warrants	24,200	23,867
Jourdan Resources Inc. *		3,000,000 common shares	189,474	60,000
Magnolia Columbia Ltd. (subsequently renamed GameSquare Esports Inc.)		4,000,000 common shares	465,550	128,690
Last Mile Holdings Ltd. (formerly OjO Electric Corp.)		600,000 common shares	300,000	66,000
Origin Gold Corporation *		3,750,000 common shares	278,175	1,200,000
Q-Gold Resources Ltd. *		7,000,000 common shares	1,025,000	1,750,000
QuestCap Inc.*		986,000 common shares	105,711	207,060
Trigon Metals Inc.		4,764,299 common shares	512,761	2,334,504
	v.	1,052,988 warrants	50,232	381,555
Yukoterre Resources Inc. *		1,950,000 common shares	195,000	195,000
				-
			\$ 12,248,419	\$ 13,245,492

* Investments in related party entities – see Note 16.

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

July 31, 2020 and 2019

(Expressed in Canadian dollars unless otherwise noted)

5. INVESTMENTS (continued)

i. As at July 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 July 31, 2020 at an estimated value of \$367,714 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 126.1%; risk-free interest rate of 0.26% and an expected average life of 0.9 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 July 31, 2020 at an estimated value of \$256,050 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 124.6%; risk-free interest rate of 0.26% and an expected average life of 1.5 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 July 31, 2020 at an estimated value of \$165,725 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 134.9%; risk-free interest rate of 0.26% and an expected average life of 1.73 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 July 31, 2020 at an estimated value of \$339,200 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 130.4%; risk-free interest rate of 0.26% and an expected average life of 2 years.

ii. As at July 31, 2020, the Company holds 1,071,429 warrants of Aguiá Resources Limited ("Aguiá") where each warrant entitles the Company to acquire one common share of Aguiá at a price of \$0.60 until April 12, 2021. The warrants were revalued at July 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 0.7 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. (formerly Apogee) ("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 July 31, 2020 at an estimated value of \$1,556 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 0.4 years.

iv. As at July 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 July 31, 2020 at an estimated value of \$23,867 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 159.3%; risk-free interest rate of 0.26% and an expected average life of 1.27 years.

v. As at July 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 Company also holds 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 July 31, 2020 at a combined estimated value of \$381,555 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatilities of 127% and 93.3%, respectively; risk-free interest rate of 0.26% and 0.26% and expected average lives of 1.15 and 0.05 years.

For the year ended July 31, 2020, the Company sold investments for gross proceeds of \$9,571,006, incurring commissions of \$45,679 and realizing losses of \$829,613. For the year ended July 31, 2019, the Company sold investments for gross proceeds of \$5,619,910, incurring commissions of \$37,775 and realizing losses of the sale of investments of \$6,084,890. As a result of the fair value adjustment to the investments held by the Company at July 31, 2020, unrealized gains of \$4,106,284 was recognized for the year ended July 31, 2020 (year ended July 31, 2019: unrealized loss of \$7,168,294).

Sulliden Mining Capital Inc.

Notes to the Consolidated Financial Statements

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6. LOANS RECEIVABLE

The Company's loans receivable balances as at July 31, 2020 and July 31, 2019 are made up of the following:

Due from:	July 31, 2020	July 31, 2019
Trigon Metals Inc.	\$ -	\$ 102,389
Fura Gems Inc. *	-	166,738
Brazil Potash Corp.*	-	289,345
Aberdeen International Inc.*	524,700	-
Greenway Investments International Ltd.	214,925	-
Blue Sky Energy Inc.*	10,927	-
QuestCap Inc. *	510,074	-
Balance	\$ 1,260,626	\$ 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 Metals Inc. ("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 was accrued and calculated at 12% per annum. The principal and accrued interest were due and payable no later than June 24, 2019. On September 10, 2019, the loan was amended such that it was due on December 31, 2019. The interest outstanding at June 24, 2019 of \$4,734 plus an extension fee of \$5,000 was added to the principal. The loan plus accrued interest were repaid in full in March 2020. The Company's executive chairman, Stan Bharti, and CFO, Ryan Ptolemy, are a director and officer of Fura.

c) Euro Sun Mining Inc.

On October 30, 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 was accrued and calculated at 12% per annum. The Principal and accrued interest were due and payable no later than April 30, 2020. The Company's executive director, Stan Bharti, is a former director of Euro Sun. A former director of the Company Brad Humphrey is a director of Euro Sun. The loan plus accrued interest were repaid in full in January 2020.

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Notes to the Consolidated Financial Statements

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6. LOANS RECEIVABLE (continued)

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, 2019 US\$59,000 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, a former director of the Company, Pierre Pettigrew and CFO, Ryan Ptolemy are directors and an officer of Brazil Potash Corp. See Note 5.

e) ANM Inc.

In July 2017, the Company entered into a convertible note purchase agreement with ANM Inc., purchasing a non-negotiable convertible promissory note for US\$250,000 (\$323,875). Unless the note was converted, principal and accrued interest was due to the Company in January 2018. Interest accrued at a rate of 12% per annum. This note was unsecured.

On May 21, 2018, the convertible note purchase agreement was amended to extend the maturity date to (1) December 28, 2018 or (2) upon change of control of ANM Inc., whichever occurs first (the "Maturity Date"). On May 9, 2018, ANM Inc. had entered into a binding letter of intent with Apogee Opportunities Inc. ("Apogee") whereby ANM Inc. would combine with Apogee and shares of ANM Inc. would be exchanged for common shares of Apogee at an exchange ratio of 1.35 common shares of Apogee for each share of ANM Inc. (the "Business Combination"). According to the terms of the amended note purchase agreement, on closing of the Business Combination, the balance of the loan receivable, including unpaid interest, would automatically convert to the number of shares and warrants of ANM Inc. based on a conversion price equal to 60% of the purchase price of a unit of the resulting combined entity in a proposed equity financing, which was expected to be \$0.40 per unit, multiplied by the exchange ratio of 1.35. On September 28, 2018, the Business Combination closed and the Company's loan receivable, including interest accrued, from ANM Inc. was converted to 1,556,316 shares and warrants of Halo Labs Inc. See Note 5.

An amount of \$7,204 was accrued in interest for the year ended July 31, 2019, and the Company recognized a foreign exchange loss of \$2,676 during the year ended July 31, 2019.

f) 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. The Company's executive director, Stan Bharti, and CFO, Ryan Ptolemy, is a director and an officer of Aberdeen. Subsequent to July 31, 2020, Aberdeen repaid \$50,000 of the outstanding balance owing to the Company.

g) 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.

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6. LOANS RECEIVABLE (continued)

h) 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 serves as a director of this company.

i) 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. Subsequent to July 31, 2020, QuestCap repaid \$408,000 of the outstanding balance owing to the Company. The Company's director, Wen Ye, is executive chairman of QuestCap. The Principal and accrued interest is due and payable no later than December 31, 2020.

Sulliden Mining Capital Inc.

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7. INVESTMENT IN ASSOCIATES

a) Troilus Gold Corporation (“Troilus”)

As at July 31, 2019, the Company owned a 12.5% interest in Troilus Gold Corporation (“Troilus”). Troilus was formerly named Pitchblack Resources Ltd. (“Pitchblack”) and is listed on the TSX Venture Exchange (“TSX-V”). Troilus’s primary focus is the mineral expansion and potential mine re-start at the former gold and copper Troilus Mine.

As at July 31, 2018, the Company had assessed it had significant influence over Troilus and presented its investment in Troilus as an Investment in associates. During the year ended July 31, 2019, the Company’s interest in Troilus dropped as a result of the issuance of shares by Troilus. As a result, the Company recognized a loss on dilution of \$1,571,667. In addition, the Company disposed of shares of Troilus during the period for gross proceeds of \$3,220,020, incurring commissions of \$25,000 and recognizing a loss on disposition of \$4,942,212. As a result of the dispositions, 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 recorded a fair value adjustment of \$5,898,616 upon recognition of its retained interest in Troilus as a financial asset.

July 31, 2018	\$	22,007,089
Proportionate share of net loss and adjustments		(261,433)
Loss on dilution of interest		(1,571,667)
Disposition of 5,000,000 shares at cost		(8,137,232)
Fair market valuation adjustment to January 24, 2019		(5,898,616)
Recognition of financial asset		(6,138,141)
July 31, 2019 and 2020	\$	-

The Company was not exposed to any additional losses beyond its initial investment amount. No dividends or cash distributions were received by the Company from the associate during 2019.

The Company recorded an equity loss of \$1,833,100 for the year ended July 31, 2019 of which \$261,433 represents the proportionate share of Troilus’s net loss through the period ended January 24, 2019 and \$1,571,667 represents the loss on dilution of the Company’s interest in Troilus. The Company’s proportionate share of the Troilus net loss has been 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.

Sulliden Mining Capital Inc.

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8. EXPLORATION AND EVALUATION ASSETS

	East Sullivan project
Balance as at July 31, 2018	\$ 141,423
Capitalized expenditures for the year	84,347
Balance as at July 31, 2019	\$ 225,770
Capitalized expenditures for the year	552,435
Balance as at July 31, 2020	\$ 778,205

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.

9. SHARE CAPITAL

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

Share capital activity during the years ended July 31, 2020 and 2019 was as follows:

	Number of shares	Value
Balance as at July 31, 2018 and July 31, 2019	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)
Balance as at July 31, 2020	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.

Sulliden Mining Capital Inc.

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10. SHARE PURCHASE WARRANT RESERVE

Warrant activity during the years ended July 31, 2020 and 2019 was as follows:

	Number of Warrants	Weighted Average Exercise Price	Value (\$)
Balance as at July 31, 2018	7,099,979	\$0.40	783,195
Expiry	(4,600,000)	\$0.35	(315,114)
Balance as at July 31, 2019	2,499,979	\$0.50	468,081
Expiry	(2,499,979)	\$0.50	(468,081)
Balance as at July 31, 2020	-		-

There were no warrants outstanding as at July 31, 2020.

11. 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 years ended July 31, 2020 and 2019.

	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	-	49,591	49,591
Option expiry	(254,988)	-	(254,988)
Balance as at July 31, 2020	\$ 230,623	\$ 492,973	\$ 723,596

The share-based payments recorded on the consolidated statements of operations for the years ended July 31, 2020 and 2019 are presented in detail below.

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(Expressed in Canadian dollars unless otherwise noted)

11. SHARE-BASED PAYMENT RESERVE (continued)

Share-based payments	Years ended	
	2020	2019
Restricted share units	49,591	188,223
Deferred share units	(12,327)	(145,169)
	37,264	43,054

The change in share purchase options during the years ended July 31, 2020 and 2019 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	(671,000)	0.46	(254,988)
Balance as at July 31, 2020	1,140,000	\$0.30	\$ 230,623

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

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
\$0.25	February 1, 2021	570,000	570,000	0.51
\$0.35	December 12, 2022	570,000	570,000	2.37
	Total	1,140,000	1,140,000	1.44

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.

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11. 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 July 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 July 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 \$47,295 equal to an average market price of \$0.12 for each DSU. This amount is recorded as a liability on the 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 July 31, 2020:

	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 from previous grant	(1,073,334)	1,073,334	-	-	-	-
Cancellation of RSUs	(416,666)	-	-	-	-	-
DSUs vesting or forfeited 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:						
RSUs vesting from previous grant	(656,667)	656,667	-	-	-	-
DSUs vesting from previous grant	-	-	(7,897)	-	-	7,897
DSUs paid	-	-	-	-	686,869	(686,869)
Balance as at July 31, 2020	-	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 July 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 year ended July 31, 2020, share-based compensation expense of \$49,591 was recognized for the RSUs (year ended July 31, 2019: \$188,223) and recovery of \$12,327 was recognized for the DSU incentive plan (July 31, 2019: \$145,169).

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12. PROFESSIONAL, CONSULTING AND MANAGEMENT FEES

	Years ended July 31,	
	2020	2019
Salaries and benefits	179,630 \$	271,892
Directors fees	77,083	81,597
Consulting fees	1,306,754	782,357
Legal, audit and professional fees	621,458	68,500
	2,184,925 \$	1,204,346

13. GENERAL AND ADMINISTRATIVE EXPENSES

	Years ended July 31,	
	2020	2019
General and office	\$ 231,397	\$ 208,040
Shareholder communication	87,131	73,051
Travel and accommodation	59,926	288,075
	\$ 378,454	\$ 569,166

14. 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 years ended July 31, 2020 and 2019. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current reporting date.

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15. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities at July 31, 2020 and 2019 were as follows:

	Financial instrument classification	Carry amount	Fair value
As at July 31, 2020			
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
As at July 31, 2019			
Cash	Amortized cost	\$ 77,749	\$ 77,749
Investments	FVPL	12,213,432	12,213,432
Loans receivable	Amortized cost	558,472	558,472
Amounts receivable and other	Amortized cost	109,440	109,440
Accounts payable and accrued liabilities	Amortized cost	564,787	564,787

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 July 31, 2020.

	Level 1	Level 2	Level 3	TOTAL
As at July 31, 2020				
Investments	\$ 9,767,617	\$ 1,884,357	\$ 1,593,518	\$ 13,245,492
As at July 31, 2019				
Investments	11,676,984	536,448	-	12,213,432

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.

Level 2 Hierarchy

During the year ended July 31, 2020, public investments of \$1,217,396 (July 31, 2019 - nil) were purchased, \$22,754 (July 31, 2019 - \$108,942) were disposed and \$86,957 (July 31, 2019 - \$428,968) were transferred to level 1.

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15. FINANCIAL INSTRUMENTS (continued)

Investments, fair value	Year ended July 31, 2020	Year ended July 31, 2019
Balance, beginning of year	\$ 536,448	\$ 944,705
Purchase at cost	1,217,396	-
Transferred to Level 1	(86,957)	(428,968)
Disposal at cost - warrants	22,754	108,943
Unrealized and realized gain, net	194,716	(88,232)
Balance, end of year	\$ 1,884,357	\$ 536,448

Level 3 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 as at July 31, 2020 and July 31, 2019. 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	Year ended July 31, 2020	Year ended July 31, 2019
Balance, beginning of year	\$ -	\$ -
Purchase at cost- shares	808,903	-
Disposals	-	-
Unrealized gain	784,615	-
Balance, end of year	\$ 1,593,518	\$ -

Included in unrealized and realized gain for the period ended July 31, 2020, the total gain that is attributable to change in realized and unrealized gain relating to those assets and liabilities held at July 31, 2020 was \$784,615 (July 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 July 31, 2020:

July 31, 2020				
Description	Fair Value	Valuation technique	Significant unobservable inputs(s)	Range of significant unobservable inputs
Brazil Potash Corp.	\$ 1,173,001	Recent financing	Marketability of shares	0% discount
Flora Growth Corp.	420,517	Recent financing	Marketability of shares	0% discount
	\$ 1,593,518			

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.

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15. FINANCIAL INSTRUMENTS (continued)

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 July 31, 2020. As at July 31, 2020, a +/- 10% change in the fair value of Brazil Potash Corp. will result in a corresponding +/- \$117,300 change in income. Had the Company applied a marketability discount of 5%, it would have resulted in a corresponding decrease of approximately \$58,650 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 July 31, 2020. As at July 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 July 31, 2020, would result in an increase in annual interest income of approximately \$2,050. All liabilities as at July 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.

As at July 31, 2020, the Company had net working capital of \$13,832,139, which included cash of \$205,011, investments of \$13,245,492, loans receivable of \$1,260,626, and amounts receivable and prepaid expenses of \$144,556 offset by current liabilities of \$1,023,546. The Company expects to rely on its existing net working capital to finance its ongoing planned activities.

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15. 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.

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 three positions as at July 31, 2020 that made up of approximately 15%, 11% and 11% of the total assets (July 31, 2019 - two positions that made up of approximately 46% and 13% respectively of the total assets).

For the year ended July 31, 2020, a 10% (decrease) in the closing price of these three concentrated positions would result in an estimated decrease in after-tax net income of \$575,000 (July 31, 2019 - \$789,000) of these three concentrated positions.

For the year ended July 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, 2019 - \$1.2 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.

16. 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 year ended July 31, 2020, the Company was charged \$300,000 for these services (July 31, 2019: \$300,000). As well, the Company was charged an additional \$34,098 by 2227929 Ontario Inc. for other services (year ended July 31, 2019: \$58,304).

As at July 31, 2019, the Company had advanced \$175,700 to Forbes & Manhattan, Inc., a company for which Mr. Stan Bharti (CEO of SMC) is the Executive Chairman, for consulting services.

As at July 31, 2020, the Company owes an amount of \$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 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.

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16. RELATED PARTY DISCLOSURES (continued)

As at July 31, 2020, the Company owes an amount of \$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 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:

	Years ended July 31,	
	2020	2019
Management salaries and fees	\$ 467,829	\$ 568,196
Directors fees	94,583	81,597
Share-based payments	4,203	49,029
	<u>\$ 566,615</u>	<u>\$ 698,822</u>

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 July 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.

Sulliden Mining Capital Inc.

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16. RELATED PARTY DISCLOSURES (continued)

	Security Description	Cost	Estimated Fair Value
African Gold Group	i. 5,750,000 common shares	1,032,177	1,667,500
	7,232,143 warrants	629,953	1,128,689
Black Iron Inc.	ii. 175,371 common shares	15,833	26,306
Blue Sky Energy Inc.	iii. 955,000 common shares	911,770	138,475
Brazil Potash Corporation	iv. 233,363 common shares	308,903	1,173,001
EarthRenew Inc.	v. 2,048,484 common shares	1,246,701	604,303
Euro Sun Mining Inc.	vi. 30,825 common shares	26,213	16,954
Flora Growth Corp.	vii. 490,196 common shares	500,000	420,517
Fura Gems Inc.	viii. 14,168,000 common shares	4,063,502	1,487,640
Jourdan Resources Inc.	ix. 3,000,000 common shares	189,474	60,000
Origin Gold Corporation	x. 3,750,000 common shares	278,175	1,200,000
Q-Gold Resources Ltd.	xi. 7,000,000 common shares	1,025,000	1,750,000
QuestCap Inc.	xii. 986,000 common shares	105,711	207,060
Yukoterre Resources Inc.	xiii. 1,950,000 common shares	195,000	195,000
		\$ 10,528,412	\$ 10,075,445

- i. 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.
- ii. The Company's executive chairman, Stan Bharti and former director of the Company, Pierre Pettigrew serve as executive officer and director of this company.
- iii. The Company's former director Pierre Pettigrew serves as a director of this company.
- 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.

17. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$390,000 (as at July 31, 2019 - \$427,500) and additional contingent payments of approximately \$2,370,000 (as at July 31, 2019 - \$2,670,000) 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 11.

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.

Sulliden Mining Capital Inc.

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18. 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 years ended July 31,	
	2020	2019
	\$	\$
Income/(Loss) before income taxes	805,466	(21,826,770)
Statutory rate	26.5%	26.5%
Expected income tax expense/(recovery) based on statutory rate	213,448	(5,784,094)
Adjustment to expected income tax benefit:		
Share-based payments	9,875	11,410
Expenses not deductible for tax purposes	10,107	13,215
Change in tax benefit/expense not recognized	(233,430)	5,759,469
Deferred income tax provision (recovery)	-	-

b) Deferred income tax balances

The following table summarizes the components of deferred income tax:

	For the years ended July 31,	
	2020	2019
	\$	\$
Deferred income tax assets and (liabilities):		
Capital and non-capital tax losses carried forward	4,843,772	3,289,912
Share issue costs	2,426	1,295
Investments	(285,287)	(130,502)
Mineral property	1,103,785	1,103,957
Others	27,670	305,410
Net deferred income tax assets	5,692,365	4,570,072
Unrecognized deferred tax assets	(5,692,365)	(4,570,072)
Deferred income tax (liability)	-	-

As a result of the Company's flow-through share issuance in December 2019, the Company had recognized a liability based on the premium of the flow-through shares compared to the current market price at the time of issuance. During the year ended July 31, 2020, upon renunciation, the Company reversed the liability and recorded other income of \$24,594 on the consolidated statement of operations (2019: \$nil).

19. SUBSEQUENT EVENTS

See Note 6 for amendments to certain loan receivable agreements and certain loans which were repaid subsequent to July 31, 2020.