

**SKRR EXPLORATION INC.**  
(formerly Canex Energy Corp.)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Unaudited)  
(Expressed in Canadian Dollars)

**FOR THE SIX MONTHS ENDED OCTOBER 31, 2020**

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

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

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

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

**SKRR Exploration Inc.**  
(formerly Canex Energy Corp.)  
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
(Expressed in Canadian Dollars)

	As at October 31, 2020	As at April 30, 2020
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	2,520,623	1,522,752
GST receivables	40,693	20,050
Short-term investment (Note 4)	307,000	91,500
Prepaid expenses	376,115	37,500
<b>Total current assets</b>	<b>3,244,431</b>	<b>1,671,802</b>
<b>Exploration and evaluation asset (Notes 5 &amp; 7)</b>	<b>1,453,958</b>	<b>619,527</b>
<b>Total assets</b>	<b>4,698,389</b>	<b>2,291,329</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	132,814	73,435
<b>Equity</b>		
Capital stock (Note 6)	10,492,118	7,701,355
Reserves (Note 6)	463,830	373,030
Deficit	(6,390,373)	(5,856,491)
<b>Total equity</b>	<b>4,565,575</b>	<b>2,217,894</b>
<b>Total liabilities and equity</b>	<b>4,698,389</b>	<b>2,291,329</b>

Nature and continuance of operations (Note 1)

Approved and authorized on August 25, 2020 on behalf of the Board:

\_\_\_\_\_  
“SHERMAN DAHL”  
Director

\_\_\_\_\_  
“ROSS MCELROY”  
Director

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

**SKRR EXPLORATION INC.**  
(formerly Canex Energy Corp.)  
**CONDENSED INTEIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	<b>For the three months ended October 31, 2020</b>	For the three months ended October 31, 2019	<b>For the six months ended October 31, 2020</b>	For the six months ended October 31, 2019
	\$	\$	\$	\$
<b>EXPENSES</b>				
Consulting fees	7,500	78,075	10,000	158,488
Filing fees	15,417	4,618	43,654	9,780
Interest expense	-	-	-	1,197
Investor relations and marketing	302,359	-	347,534	-
Office and administration	15,033	1,012	19,558	3,800
Professional fees	34,341	1,945	73,136	1,945
Stock-based compensation	70,000		70,000	
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(444,650)</b>	(85,650)	<b>(563,882)</b>	(175,210)
Gain on forgiveness of debt	-		-	-
Unrealized gain on short-term investment	30,000	-	30,000	-
<b>Net loss and comprehensive loss for the period</b>	<b>(414,650)</b>	(85,650)	<b>(533,882)</b>	(175,210)
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	\$ 0.00	<b>\$ (0.02)</b>	\$ (0.04)
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>26,412,785</b>	4,104,289	<b>22,710,492</b>	4,104,289

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**SKRR EXPLORATION INC.**  
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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIT)  
(Expressed in Canadian Dollars)

	Capital stock		Reserves	Deficit	Total equity (deficit)
	Shares	Amount			
<b>Balance, April 30, 2019</b>	<b>4,104,289</b>	<b>5,038,428</b>	<b>50,255</b>	<b>(5,873,152)</b>	<b>(784,469)</b>
Loss and comprehensive loss for the period	-	-	-	(175,210)	(175,210)
<b>Balance, October 31, 2019</b>	<b>4,104,289</b>	<b>5,038,428</b>	<b>50,255</b>	<b>(6,048,362)</b>	<b>(959,679)</b>
<b>Balance, April 30, 2020</b>	<b>18,050,752</b>	<b>7,701,355</b>	<b>373,030</b>	<b>(5,856,491)</b>	<b>2,217,894</b>
Private placement, gross	17,109,885	4,531,838	-	-	4,531,838
Private placement funds received subsequently	-	(2,032,354)	-	-	(2,032,354)
Finders fees - cash	-	(102,869)	-	-	(102,869)
Finders fees - warrants	-	(20,800)	20,800	-	-
Finders fees – shares	313,530	-	-	-	-
Other share issuance costs	-	(48,463)	-	-	(48,463)
Warrant exercises	138,285	28,411	-	-	28,411
Shares issued for mineral property	1,000,000	435,000	-	-	435,000
Stock-based compensation	-	-	70,000	-	70,000
Net loss and comprehensive loss for the period	-	-	-	(533,882)	(533,882)
<b>Balance, October 31, 2020</b>	<b>36,612,452</b>	<b>10,492,118</b>	<b>463,830</b>	<b>(6,390,373)</b>	<b>4,565,755</b>

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**SKRR EXPLORATION INC.**  
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CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
(Expressed in Canadian Dollars)

	<b>For the Six Months Ended October 31, 2020</b>	For the Six Months Ended October 31, 2019
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the period	(533,882)	(175,210)
Non-cash items:		
Unrealized gain on short term investment	(30,000)	-
Stock-based compensation	70,000	-
Changes in non-cash working capital items:		
Increase in GST receivables	(20,643)	(1,502)
Increase in prepaid expenses	(338,615)	-
Increase in accounts payable and accrued liabilities	59,379	127,034
Net cash flows used in operating activities	<u>(793,761)</u>	<u>(49,678)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(399,431)	-
Short-term investment	(185,500)	-
Net cash flows used in investing activities	<u>(584,931)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Private placement gross proceeds received by October 31, 2020	2,499,484	-
Finders fees and share issuance costs	(151,332)	-
Warrant exercises	28,411	-
Net cash flows provided by financing activities	<u>2,376,563</u>	<u>-</u>
<b>Change in cash for the period</b>	<b>997,871</b>	<b>(59,678)</b>
<b>Cash, beginning of period</b>	<b><u>1,522,752</u></b>	<b><u>194,091</u></b>
<b>Cash, end of period</b>	<b><u>2,520,623</u></b>	<b><u>134,413</u></b>

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

SKRR Exploration Inc. (formerly Canex Energy Corp.) (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on September 20, 2006. The registered address, head office, principal address and records office of the Company are located at 605-815 Hornby Street, Vancouver, British Columbia, V6Z 2E6. On January 13, 2020, the Company received approval by the TSX Venture regarding its reactivation and application for graduation to Tier 2. Effective, January 23, 2020, the Company’s common shares commenced trading under the symbol SKRR.

### Going concern of operations

During the year ended April 30, 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company’s operations.

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at October 31, 2020, the Company has had significant losses and has a working capital of \$3,111,617 (April 30, 2020 - \$1,598,367). In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares, and short-term loans. In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. As such, there is a material uncertainty that raises significant doubt about the Company’s ability to continue as a going concern.

## 2. BASIS OF PRESENTATION

### Statement of compliance

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of December 11, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended April 30, 2020 except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending April 30, 2021 could result in the restatement of these condensed interim financial statements.

### Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**3. NEWLY ADOPTED, AMENDED AND NOT YET EFFECTIVE ACCOUNTING STANDARDS**

**New accounting standards and amendments to existing standards adopted**

**IFRS 16 – Leases ("IFRS 16")** was issued by the IASB on January 13, 2016, and replaced IAS 17, *Leases*. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. The adoption of IFRS 16 on May 1, 2019 had no significant impact on the Company.

**New accounting standards and amendments to existing standards issued but not yet effective**

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's April 30, 2020 reporting period:

**Amendments to IFRS 3, Business Combinations** assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits.

These amendments are effective for reporting periods beginning on or after January 1, 2020.

**4. SHORT-TERM INVESTMENT**

October 31, 2020		April 30, 2020	
Cost	Fair value	Cost	Fair Value
\$ 230,500	\$ 307,500	\$ 45,000	\$ 91,500

On January 31, 2020, the Company subscribed to 500,000 units of Taiga Gold Corp. ("Taiga") at a price of \$0.09 per unit for a total of \$45,000. Each unit consisted of one Taiga common share and one Taiga share purchase warrant. Each Taiga share purchase warrant is exercisable at a price of \$0.18 per share for the earlier of i.) February 7, 2022 or ii.) the date following the expiry of 4 months from the date of this warrant certificate and occurring 30 days from the date that the trading price of the common shares has closed each day for a period of 10 consecutive trading days at \$0.50 per common share or higher.

On or around October 23, 2020, the Company purchased 2,000,000 shares of MAS Gold Corp. in the open market for \$185,500

During the period ended October 31, 2020, the Company recognized an unrealized gain of \$3,000 (2020 – \$46,500).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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FOR THE PERIOD ENDED OCTOBER 31, 2020

**5. EXPLORATION AND EVALUATION ASSET**

Exploration and evaluation assets comprise the following accumulated expenditures:

	<b>Cathro Gold</b>	<b>Ithingo Lake</b>	<b>Olson Gold</b>	<b>Leland Project</b>	<b>Irving Project</b>	<b>Manson Bay Project</b>	<b>TOTAL</b>
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at April 30, 2019</b>	-	-	-	-	-	-	-
Acquisition costs	91,500	445,057	64,000	-	-	-	600,557
Staking	-	-	-	-	-	-	-
Geological	-	-	7,720	-	-	-	7,720
Management, legal and admin	3,750	3,750	3,750	-	-	-	11,250
Tenure and maintenance	-	-	-	-	-	-	-
<b>Balance at April 30, 2020</b>	<b>95,250</b>	<b>448,807</b>	<b>75,470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>619,527</b>
Acquisition costs	-	-	-	112,500	15,500	362,726	490,726
Drilling	-	-	237,972	-	-	-	237,972
Field and camp costs	-	-	12,987	-	-	-	12,987
Geological	8,824	27,027	5,629	106	9,570	-	51,155
Management, legal and admin	2,500	7,500	2,500	5,860	2,500	2,500	23,360
Report and survey	-	-	13,231	-	-	5,000	18,231
<b>Balance, October 31, 2020</b>	<b>106,574</b>	<b>483,34</b>	<b>347,789</b>	<b>118,466</b>	<b>27,570</b>	<b>370,226</b>	<b>1,453,958</b>

**Olson Gold Property**

On October 24, 2019, the Company entered into an option agreement with Eagle Plains Resources Ltd. (“Eagle Plains”), under which the Company may acquire up to 75% of Eagle Plains’ Olson gold property, consisting of nine (9) mineral dispositions, located approximately 100 km east of La Ronge, Saskatchewan, in the Deschambault Lake area.

Under the agreement, the Company may earn-in up to a 51% interest in the property by making certain staged cash payments, share payments of common shares in the capital of the Company to Eagle Plains and exploration expenditures over a period as follows:

- (i) \$10,000 in cash upon execution of a letter of intent in respect of the transaction (paid);
- (ii) \$20,000 in cash and 200,000 common shares upon TSXV approval of the transaction and the agreement (shares issued; cash paid);
- (iii) \$40,000 in cash, 200,000 common shares and \$200,000 in exploration expenditures on or before December 31, 2020;
- (iv) \$80,000 in cash, 200,000 common shares and \$500,000 in exploration expenditures on or before December 31, 2021; and
- (v) \$100,000 in cash, 200,000 common shares and \$800,000 in exploration expenditures on or before December 31, 2022.

The Company may earn-in up to a an additional 24% (75% total) interest in the property by making additional exploration expenditures of \$1,500,000 on the property and issuing 200,000 common shares of the Company to Eagle Plains on or before December 31, 2023.

**5. EXPLORATION AND EVALUATION ASSET (continued)**

**Cathro Gold Property**

On January 12, 2020, the Company entered into an option agreement to acquire 100% of the Cathro gold property located 50 kilometres northeast of the La Ronge, Saskatchewan from Eagle Plains.

Under the terms of the agreement, the Company may acquire 100% interest of the property by making the following payments:

Cash payable

\$4,000 upon receipt of TSX Venture Exchange approval (the “Approval Date”) (paid).

Common shares

- i. 250,000 on the Approval Date (issued);
- ii. 250,000 on or before the 1st anniversary of the Approval Date;
- iii. 100,000 on or before the 2nd anniversary of the Approval Date;
- iv. 100,000 on or before the 3rd anniversary of the Approval Date;
- v. 100,000 on or before the 4th anniversary of the Approval Date; and
- vi. 100,000 on or before the 5th anniversary of the Approval Date.

Net Smelter Royal (“NSR”)

2.0% NSR to Eagle Plains with the Company’s option to repurchase 1.0% NSR for \$1 million, leaving Eagle Plains with a 1.0% NSR.

**Ithingo Lake Property**

On March 11, 2020, the Company entered into a non-arm’s length option agreement to acquire 100% of the Ithingo Lake property from a private company owned by a director of the Company (“Edge”).

Under the terms of the agreement, the Company may acquire 100% interest of the property by making the following payments:

Cash payable

\$50,000 upon receipt of TSX Venture Exchange approval (paid).

Common shares

1,633,977 common shares within 30 days of TSX Venture Exchange approval (issued).

Net Smelter Royal (“NSR”)

2.0% NSR to Edge with the Company’s option to repurchase 1.0% NSR for \$1 million, leaving Edge with a 1.0% NSR.

Work Expenditures

- i. \$100,000 of expenditures on the property on or before the 1st anniversary of the option agreement;
- ii. \$300,000 of cumulative expenditures on the property on or before the 2nd anniversary of the option agreement; and
- iii. \$500,000 of cumulative expenditures on the property on or before the 3rd anniversary of the option agreement.

**5. EXPLORATION AND EVALUATION ASSET (continued)**

**Irving Lake Property**

On April 26, 2020, the Company entered into a non-arm's length option agreement to acquire 100% of the Irving Lake property, comprising ten (10) mineral claims, located in the province of Saskatchewan, approximately 110 km northeast of the town of La Ronge from a private company controlled by a director of the Company. On May 13, 2020, five (5) additional claims were added to the option agreement. To exercise the option, the Company must incur total exploration expenditures of \$1,050,000 over a three-year period instead of \$600,000 originally agreed upon on April 26, 2020, and \$83,000 in cash to the optionor by the first anniversary (\$15,500 paid). May 22, 2020, the Company received approval for the option agreement and its amendment. The optionor is a Director of the Company.

**Leland Gold Property**

On May 20, 2020, the Company entered into an option agreement to earn up to a 75% interest in the Leland gold property located 100 km east of La Ronge, northern Saskatchewan.

The Company may exercise an option to acquire 51% interest in the Leland gold property by making certain staged cash payments, share payments of common shares in the capital of the Company to the optionor and exploration expenditures over a period as follows:

- (i) \$30,000 in cash (paid) and 250,000 shares (issued) upon final TSX Venture Exchange approval of the Agreement;
- (ii) \$100,000 in exploration expenditures, \$25,000 in cash, and 250,000 shares on or before December 31, 2020;
- (iii) \$600,000 in exploration expenditures, \$165,000 in cash and 250,000 shares on or before December 31, 2021; and
- (iv) \$800,000 in exploration expenditures (totalling \$1,500,000), \$280,000 in cash (totalling \$500,000 in cash), and 250,000 shares (totalling 1,000,000 shares) on or before December 31, 2022.

**Manson Bay Property**

On August 31, 2020, the Company acquired 100% interest in Eagle Plains Resources Ltd.'s ("EPL") Manon Bay South Property comprising nine mineral claims totaling 4,228 hectares, in addition to acquiring 100% in Edge Geological Inc.'s ("Edge") Manson Bay Property comprising four adjacent mineral claims totaling 64.537 hectares. Edge is owned and operated by a director of the Company. EPL agreement and the Edge agreement together will be referred to as the "Acquisition Agreements".

Under the terms of the Acquisition Agreements, the Company will acquire a 100% interest in the Manson Bay South Property and the Manson Bay Property by making a cash payments of \$10,000 and issuing 750,000 common shares of the Company to each of EPL and Edge (for aggregate consideration of \$20,000 of cash and 1,500,000 common shares) upon Exchange approval. Edge has not been issued shares or cash from this arrangement as at October 31, 2020. The Acquisition Agreements provide for an over-riding 2% net smelter return royalty in favour of EPL and Edge, respectively (subject to a buy down to 1% for CAD\$1,000,000). Pursuant to the Acquisition Agreements, EPL will be the initial operator on both the Manson Bay and Manson Bay South claim packages, and EPL and Edge will alternate as operator every two years thereafter.

**6. CAPITAL STOCK AND RESERVES**

**a) Authorized**

Unlimited number of common shares, without par value.

**b) Share issuances**

**During the period ended October 31, 2020**

During the period ended October 31, 2020, 138,285 broker warrants exercised for gross proceeds of \$28,411.

On October 28, 2020, the Company completed a non-brokered private placement of 8,478,885 flow through shares at a price of \$0.28 per flow through share for gross proceeds received totaled \$2,374,088. The Company paid a cash finder's fee of \$37,939 and issued 313,530 finder shares. \$2,032,354 in cash proceeds was received subsequent to October 31, 2020.

On August 25, 2020, the Company completed a non-brokered private placement of 4,701,000 Units at a price of \$0.25 per Unit comprising one common share and one-half share purchase warrant exercisable at a price of \$0.50 per share for a period of 18 months from the date of issuance. Gross proceeds received totaled \$1,175,250. The Company paid a cash finder's fee of \$35,750 and issued 108,500 broker warrants with the same terms as the attached warrants of the same private placement.

On July 13, 2020, the Company completed a non-brokered private placement of 3,930,000 Units at a price of \$0.25 per Unit comprising one common share and one-half share purchase warrant exercisable at a price of \$0.50 per share for a period of 18 months from the date of issuance. Gross proceeds received totaled \$982,500. The Company paid a cash finder's fee of \$18,400 and issued 36,400 broker warrants with the same terms as the attached warrants of the same private placement.

**During the year ended April 30, 2020**

On January 21, 2020, the Company completed a non-brokered private placement of 5,714,896 Units at a price of \$0.17 per Unit comprising one common share and one-half share purchase warrant exercisable at a price of \$0.25 per share for a period of two years from the date of issuance. Gross proceeds received totaled \$971,532. The Company paid a cash finder's fee of \$37,124 and issued 214,872 broker warrants with the same terms as the attached warrants of the same private placement.

On January 21, 2020, the Company completed a debt settlement of \$1,095,992 of outstanding debt through the issuance of 2,595,590 common shares at a price of \$0.17 per share for a total value of \$441,250. The debt comprised \$109,705 in interest bearing notes payables (Note 8), \$25,000 in non-interest-bearing notes payables (Note 8), and \$961,287 in historical vendor payables.

On February 28, 2020, the Company completed a non-brokered private placement of 3,400,000 Units at a price of \$0.25 per Unit comprising one common share and one-half share purchase warrant exercisable at a price of \$0.50 per share for a period of 18 months from the date of issuance. Gross proceeds received totaled \$850,000. The Company paid a cash finder's fee of \$48,650 and issued 194,600 broker warrants with the same terms as the attached warrants of the same private placement.

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FOR THE PERIOD ENDED OCTOBER 31, 2020

**Stock options**

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the then issued and outstanding common stock of the Company. Under the policies, the exercise price of each shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSX-V. The options can be granted for a maximum term of ten years.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price \$
<b>Balance, April 30, 2019</b>	<b>200,000</b>	0.40
Granted	1,597,375	0.28
<b>Balance, April 30, 2020</b>	<b>1,797,375</b>	0.30
Granted	500,000	0.35
Expired	(200,000)	0.40
<b>Balance, October 31, 2020</b>	<b>2,097,375</b>	0.30

On January 23, 2020, 1,050,000 options were granted to officers, directors and consultants of the Company. The options are exercisable at \$0.30 per share for five years from date of grant. The fair value of the options was estimated at \$232,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$0.30, expected volatility – 97.47% (based on historical volatility), risk-free interest rate – 1.43%, exercise price of \$0.30 and an expected average life of 5 years.

On April 15, 2020, 547,375 options were granted to consultants of the Company. The options are exercisable at \$0.25 per share for three years from date of grant. The fair value of the options was estimated at \$64,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$0.23, expected volatility – 83.03% (based on historical volatility), risk-free interest rate – 0.38%, exercise price of \$0.25 and an expected average life of 3 years.

On August 28, 2020, 250,000 options were granted to a third party consultant of the Company. The options are exercisable at \$0.37 per share for five years from date of grant. The fair value of the options was estimated at \$70,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$0.37, expected volatility – 109.449% (based on historical volatility), risk-free interest rate – 0.378%, exercise price of \$0.37 and an expected average life of 5 years.

On September 25, 2020, 250,000 options were granted to an investor relations consultant of the Company. The options are exercisable at \$0.32 per share for two years from date of grant. The fair value of the options was estimated at \$45,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$0.32, expected volatility – 110% (based on historical volatility), risk-free interest rate – 0.245%, exercise price of \$0.32 and an expected average life of 2 years.

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FOR THE PERIOD ENDED OCTOBER 31, 2020

**6. CAPITAL STOCK AND RESERVES (continued)**

As at October 31, 2020, the Company's stock options are summarized as:

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of Options</b>
\$ 0.30	January 23, 2025	1,050,000
\$ 0.25	April 15, 2023	547,375
\$ 0.37	August 28, 2025	250,000
\$ 0.32	September 25, 2022	250,000
<b>TOTAL</b>		<b>2,097,375</b>

**c) Warrants**

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price \$
<b>Balance, April 30, 2019</b>	<b>1,923,077</b>	0.17
Issued	4,966,920	0.35
Exercised	(152,000)	0.17
<b>Balance, April 30, 2020</b>	<b>6,737,997</b>	0.30
Issued	4,467,400	0.50
Exercised	(138,285)	0.21
<b>Balance, October 31, 2020</b>	<b>11,067,112</b>	0.38

On October 28, 2020, 7,000 broker warrants were issued to agents of the Company. The warrants are exercisable at \$0.28 per share for 18 months from date of grant. The fair value of the options was estimated at \$1,100, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$0.30, expected volatility – 107.33% (based on historical volatility), risk-free interest rate – 0.247%, exercise price of \$0.28 and an expected average life of 18 months.

On August 25, 2020, 108,500 broker warrants were issued to agents of the Company. The warrants are exercisable at \$0.50 per share for 18 months from date of grant. The fair value of the options was estimated at \$15,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$0.33, expected volatility – 105.10% (based on historical volatility), risk-free interest rate – 0.247%, exercise price of \$0.50 and an expected average life of 18 months.

On July 13, 2020, 36,400 broker warrants were issued to agents of the Company. The warrants are exercisable at \$0.50 per share for 18 months from date of grant. The fair value of the options was estimated at \$4,700, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$0.31, expected volatility – 115.20% (based on historical volatility), risk-free interest rate – 0.25%, exercise price of \$0.50 and an expected average life of 18 months.

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**6. CAPITAL STOCK AND RESERVES (continued)**

On February 28, 2020, 194,600 broker warrants were issued to agents of the Company. The warrants are exercisable at \$0.50 per share for 18 months from date of grant. The fair value of the options was estimated at \$15,500, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$0.27, expected volatility – 97.47% (based on historical volatility), risk-free interest rate – 1.495%, exercise price of \$0.50 and an expected average life of 18 months.

On January 21, 2020, 214,872 broker warrants were issued to agents of the Company. The warrants are exercisable at \$0.25 per share for two years from date of grant. The fair value of the options was estimated at \$11,275, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield – Nil%, share price of \$0.17, expected volatility – 76.18% (based on historical volatility), risk-free interest rate – 1.651%, exercise price of \$0.25 and an expected average life of 2 years.

As at October 31, 2020, the Company’s share purchase warrants are summarized as:

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of Warrants</b>
\$ 0.17	February 28, 2021	1,771,077
\$ 0.25	January 21, 2022	2,857,448
\$ 0.25	January 21, 2022	214,872
\$ 0.50	August 28, 2021	1,700,000
\$ 0.50	August 28, 2021	194,600
\$ 0.50	January 13, 2022	1,965,000
\$ 0.50	January 13, 2022	36,400
\$ 0.50	February 25, 2022	2,350,500
\$ 0.50	February 25, 2022	108,500
\$ 0.28	April 28, 2022	7,000
<b>TOTAL</b>		<b>11,067,112</b>

As at October 31, 2020, the weighted average remaining life of share purchase warrants is 1.04 years (2020 – 1.20 years).

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**7. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

	<b>For the six months ended October 31, 2020</b>	For the six months ended October 31, 2019
	\$	\$
Exploration and evaluation	<b>89,155</b>	-
Consulting	<b>5,000</b>	170,000
Office and administration	<b>6,250</b>	-
Professional	<b>30,000</b>	-

As at October 31, 2020, \$Nil (2020 - \$19,051) was owing to related parties for expenses incurred on behalf of the Company and unpaid service fees. All amounts payable to related parties are unsecured, non-interest bearing and due on demand.

See Note 5 and 8 for additional related party disclosure.

**8. NOTES PAYABLE**

As at January 21, 2020, the Company settled the following principal amounts of note payable owing through the issuance of 705,883 common shares (Note 6). Accrued interest of totalling \$14,705 was forgiven by the lenders.

On August 10, 2017, the Company entered into a \$5,000 promissory note with the Chief Executive Officer of the Company. The promissory note was interest free, unsecured, and was due on demand.

On August 16, 2017, the Company entered into a \$10,000 promissory note with a current director of the Company. The promissory note was interest free, unsecured, and was due on demand.

On August 17, 2017, the Company entered into a \$10,000 promissory note with a former director of the Company. The promissory note was interest free, unsecured, and was due on demand.

On July 21, 2016, the Company entered into a \$10,000 promissory note with a private company controlled by the former Chief Financial Officer of the Company. The promissory note bore an interest rate of 5% per annum calculated monthly, was unsecured, and was due on demand.

On July 26, 2016, the Company entered into a \$25,000 promissory note with significant shareholder of the Company. The promissory note bore an interest rate of 5% per annum calculated monthly, was unsecured, and was due on demand.

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On July 26, 2016, the Company entered into a \$10,000 promissory note with a Chief Executive Officer of the Company. The promissory note bore an interest rate of 5% per annum calculated monthly, was unsecured, and was due on demand.

On July 27, 2016, the Company entered into a \$25,000 promissory note with significant shareholder of the Company. The promissory note bore an interest rate of 5% per annum calculated monthly, was unsecured, and was due on demand.

**8. NOTES PAYABLE (continued)**

On November 22, 2016, the Company entered into a \$25,000 promissory note with private company controlled by a former director of the Company. The promissory note bore an interest rate of 5% per annum calculated monthly, was unsecured, and was due on demand.

**9. FINANCIAL INSTRUMENTS AND RISKS**

**Fair value**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

The following table sets forth the company's financial assets measured at fair value by levels within the fair value hierarchy:

<b>October 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Cash	2,520,623	-	-	2,520,623
Short term investments – shares	283,000	-	-	283,000
Short term investments – warrants	-	-	24,000	24,000

<b>April 30, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Cash	1,522,752	-	-	1,522,752
Short term investments – shares	67,500	-	-	67,500
Short term investments – warrants	-	-	24,000	24,000

There were no transfers between level 1 and 2 during the period October 31, 2020 and the year ended April 30, 2020. The methodology and assessment of inputs for determining the fair values of financial assets and liabilities as well as the levels of hierarchy remain unchanged.

### **Financial risk factors**

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

#### *Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

## **9. FINANCIAL INSTRUMENTS AND RISKS (continued)**

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2020, the Company had a cash balance of \$2,520,623 (April 30, 2020 - \$1,522,752) to settle current liabilities of \$132,814 (April 30, 2020- \$73,435). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company will need to raise money through debt or equity issuances.

#### *Market risk*

a) Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. Such fluctuations may be significant. The Company's notes payable have fixed interest rate.

#### *b) Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

#### *c) Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at October 31, 2020, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

#### *d) Price risk*

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's short term investments are subject to price risk.

**10. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from prior year.

**11. TAX LOSSES**

At April 30, 2020, the Company has non-capital losses of approximately \$2,522,000 (2019 - \$2,754,000) which may be available to offset future income for income tax purposes. These losses expire on various years from 2034 to 2040. In addition, there are resource-related expenditures of approximately \$3,654,000 (2019 - \$3,046,000) which may be used to offset future taxable resource income indefinitely, subject to annual rates prescribed by the Canadian Income Tax Act.

Deferred tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements.