



**CONDENSED INTERIM FINANCIAL STATEMENTS**

**(formerly Gespeg Copper Resources Inc.)**

(Stated in Canadian dollars)

**October 31, 2019**

**(Unaudited – Prepared by Management)**

**NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited interim financial statements have been prepared by management.

The corporation's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Statements of Financial Position**

As at,	October 31, 2019	April 30, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 19,897	\$ 34,137
Reclamation deposit	21,600	21,600
Other receivables and prepaid expenses	4,901	18,662
	<b>46,398</b>	<b>74,399</b>
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 3)	98,889	14,192
<b>Total assets</b>	<b>\$ 145,287</b>	<b>\$ 88,591</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 439,142	\$ 373,856
<b>Total liabilities</b>	<b>439,142</b>	<b>373,856</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (Note 4)	11,200,393	11,120,393
Contributed surplus (Note 4)	1,350,193	1,350,193
Deficit	(12,844,441)	(12,755,851)
	<b>(293,855)</b>	<b>(285,265)</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>\$ 145,287</b>	<b>\$ 88,591</b>

Description of business and going concern (Note 1)

**Approved and authorized on behalf of the Board of Directors on December 13, 2019:**

\_\_\_\_\_  
 "Sylvain Laberge"

\_\_\_\_\_  
 "Andrew Davidson"

The accompanying notes are an integral part of these financial statements

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Statements of Loss and Comprehensive Loss**

<b>For the three and six months ended October 31,</b>	For the three months ended October 31		For the six months ended October 31	
	2019	2018	2019	2018
<b>Operating Expenses</b>				
General and administration (Note 7)	\$ 7,961	\$ 9,145	\$ 13,372	\$ 31,923
Management fees (Note 7)	22,500	17,500	45,000	40,000
Professional fees	12,814	31,311	22,286	44,340
Property investigation costs	-	40,973	-	69,314
Transfer agent and filing fees	5,212	1,779	7,932	4,782
	<b>48,487</b>	<b>100,708</b>	<b>88,590</b>	<b>190,359</b>
<b>Loss from operating expenses</b>	<b>(48,487)</b>	<b>(100,708)</b>	<b>(88,590)</b>	<b>(190,359)</b>
Gain on disposal of exploration and evaluation asset	-	46,737	-	46,737
Other income on settlement of flow-through premium liability (Note 4)	-	4,186	-	13,039
	<b>\$ (48,487)</b>	<b>\$ (49,785)</b>	<b>\$ (88,590)</b>	<b>\$ (130,583)</b>
<b>Net loss and comprehensive loss</b>				
	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Basic and diluted loss per common share</b>				
	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>86,127,366</b>	<b>82,401,681</b>	<b>86,127,366</b>	<b>80,593,576</b>

The accompanying notes are an integral part of these financial statements

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Statements of Changes in Shareholders' Equity (Deficiency)**

	<b>Number of Common Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Shareholders' Equity (Deficiency)</b>
<b>Balance, May 1, 2018</b>	<b>72,666,845</b>	<b>\$ 10,869,415</b>	<b>\$ 1,218,993</b>	<b>\$ (12,594,231)</b>	<b>\$ (505,823)</b>
Private placements	9,691,667	162,750	128,000	-	290,750
Share issue costs	-	(19,080)	-	-	(19,080)
Broker warrants issued	-	(3,200)	3,200	-	-
Shares issued for mineral property	100,000	3,500	-	-	3,500
Net loss	-	-	-	(130,583)	(130,583)
<b>Balance, October 31, 2018</b>	<b>82,458,512</b>	<b>\$ 11,013,385</b>	<b>\$ 1,350,193</b>	<b>\$ (12,724,814)</b>	<b>\$ (361,236)</b>
	<b>Number of Common Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Shareholders' Equity (Deficiency)</b>
<b>Balance, May 1, 2019</b>	<b>86,039,934</b>	<b>\$ 11,120,393</b>	<b>\$ 1,350,193</b>	<b>\$ (12,755,851)</b>	<b>\$ (285,265)</b>
Shares issued for mineral property	8,000,000	80,000	-	-	80,000
Net loss	-	-	-	(88,590)	(88,590)
<b>Balance, October 31, 2019</b>	<b>94,039,934</b>	<b>\$ 11,200,393</b>	<b>\$ 1,350,193</b>	<b>\$ (12,844,441)</b>	<b>\$ (293,855)</b>

The accompanying notes are an integral part of these financial statements

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Statements of Cash Flows**

<b>For the six months ended October 31,</b>	2019	2018
<b>Cash flows used in Operating Activities</b>		
Net loss for the period	\$ (88,590)	\$ (130,583)
Items not affecting cash:		
Gain on disposal of exploration and evaluation asset	-	(46,737)
Other income on settlement of flow-through premium liability	-	(13,039)
Net changes in non-cash working capital items:		
Increase in accounts payable and accrued liabilities	13,761	(26,996)
Increase in other receivables and prepaid expenses	65,286	(64,054)
<b>Cash flows used in Operating Activities</b>	<b>(9,543)</b>	<b>(281,409)</b>
<b>Cash flows used in Investing Activities</b>		
Proceeds from disposal of exploration and evaluation asset	-	46,737
Purchase Exploration and evaluation asset	(4,697)	-
Quebec exploration income tax credit received	-	188
<b>Cash flows used in Investing Activities</b>	<b>(4,697)</b>	<b>46,925</b>
<b>Cash flows provided by Financing Activities</b>		
Issuance of common shares and units	-	275,750
Share issue costs, net of tax	-	(19,080)
<b>Cash flows provided by Financing Activities</b>	<b>-</b>	<b>256,670</b>
<b>Net change in cash during the period</b>	<b>(14,240)</b>	<b>22,186</b>
Cash, beginning of period	34,137	50,378
Cash, end of period	<b>\$ 19,897</b>	<b>\$ 72,564</b>
<b>Non-cash transactions</b>		
Issuance of warrants and broker warrants	\$ -	\$ 3,200
Issuance of common shares for property	\$ 80,000	\$ 3,500

The accompanying notes are an integral part of these financial statements

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Notes to the Financial Statements**  
**October 31, 2019**

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**1. Description of business and going concern**

Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.) (the “Corporation”) was incorporated under the laws of British Columbia, Canada on May 31, 2006 and is listed on the TSX Venture Exchange (“TSX-V”). The principal business of the Corporation is the identification, exploration and development of mineral properties.

The address of the Corporation’s corporate office and principal place of business is Suite 602 – 224 4<sup>th</sup> Avenue South, Saskatoon, Saskatchewan S7K 5M5. These financial statements were approved by the Corporation’s board of directors on December 13, 2019.

**Going concern**

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operation. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. The use of these principles may not be appropriate.

To date, the Corporation has not earned significant revenue and is considered to be in the exploration and evaluation stage.

The investment in, and expenditures on, exploration and evaluation assets comprise a significant portion of the Corporation’s assets. Mineral exploration and development is highly speculative and involves inherent risks. Realization of the Corporation’s investment in these assets is dependent upon the renewed legal ownership of the claims and whether an economically viable operation can be established.

In addition, it has not yet been determined whether the Corporation’s properties contain ore reserves that are economically recoverable. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

As at October 31, 2019, the Corporation’s current cash resources are insufficient to cover the expected expenditures in fiscal 2020. The Corporation’s ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

The Corporation reported net losses in first six months of fiscal 2020 and fiscal 2019 of \$88,590 and \$161,620 respectively. These recurring losses and the need for continued financing to further successful exploration may cast significant doubt as to the Corporation’s ability to continue as a going concern.

These financial statements do not include any adjustments to the carrying values of assets and liabilities that might be necessary, if the Corporation is unable to continue as a going concern. Such adjustments could be material.

**2. Significant accounting policies**

The significant accounting policies used in the preparation of these condensed interim financial statements are set out below. These policies have been consistently applied to all the periods presented.

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Notes to the Financial Statements**  
**October 31, 2019**

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**2. Significant accounting policies (continued)**

**Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, has been omitted or condensed.

The same accounting policies and methods of computation were followed in the preparation of these condensed interim financial statements as were followed in the preparation and described in Note 2 of the annual audited financial statements as at and for the year ended April 30, 2019. Accordingly, these condensed interim financial statements for the three and six month periods ended October 31, 2019 and 2018 should be read together with the annual financial statements as at and for the year ended April 30, 2019.

**Basis of preparation**

These financial statements have been prepared on a historical cost basis and are prepared and presented in Canadian dollars, which is the Corporation’s functional currency. In addition, these financial statements are based on the accrual method of accounting, with the exception of cash flow information.

**New and amended IFRS pronouncements**

During the period, the Corporation adopted certain new and amended accounting pronouncements and standards, none of which had a material impact on the Corporation's financial statements.

**3. Exploration and evaluation assets**

Exploration and evaluation asset expenditures by nature are detailed as follows:

<b>Period ended October 31,</b>		<b>2019</b>	<b>2018</b>
Geology, technical reports, data compilation and maps	\$	-	\$ 1,257
Property acquisition and rent		84,697	3,500
Resource tax credit refund		-	(188)
	\$	84,697	\$ 4,569

The Corporation considers property acquisition costs as tangible costs and all other exploration and evaluation expenditures are intangible.

Exploration and evaluation assets by properties are detailed as follows:

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Notes to the Financial Statements**  
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**3. Exploration and evaluation assets (continued)**

	Balance as at May 1, 2018		Additions	Impairment/ Disposals	Balance as at April 30, 2019	
Vortex	\$	1	\$ 9,434	\$ -	\$	9,435
Port Daniel		39,712	11,746	(51,458)		-
Lac Arsenault		-	4,757	-		4,757
	\$	39,713	\$ 25,937	\$ (51,458)	\$	14,192

	Balance as at May 1, 2019		Additions	Impairment/ Disposals	Balance as at October 31, 2019	
Vortex	\$	9,435	\$ 22,500	\$ -	\$	31,935
Chandler		-	52,197	-		52,197
Ruisseau		-	10,000	-		10,000
Port Daniel		-	-	-		-
Lac Arsenault		4,757	-	-		4,757
	\$	14,192	\$ 84,697	\$ -	\$	98,889

**Vortex**

The Vortex project is a copper molybdenum exploration opportunity in the Gaspé region of Quebec and is the site of the former Gaspé Copper mine and smelter. The project encompasses 80 sq. km of land and is comprised of three main claim groups:

- a) The Sullipek deposit, situated on the western edge of the project area;
- b) The Sullipek East property, a skarn/porphyry copper opportunity; and
- c) The Madeleine des Vercheres claim group.

On July 23, 2013, the Corporation and ASPM Inc. (the "Vendor") executed a term extension on the Madeleine des Vercheres claim group. Under the terms of the extension, the Corporation was required to make a one-time payment of \$30,000 to the Vendor (paid).

Also, considered a part of the Vortex is the In-between project, a copper molybdenum exploration opportunity in the Gaspé region of Quebec. It covers lands between Vortex to the west and Murdochville to the east.

**Chandler**

The project is a copper molybdenum exploration opportunity in the Gaspé region of Quebec.

**Ruisseau**

The project is a copper molybdenum exploration opportunity in the Gaspé region of Quebec.

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Notes to the Financial Statements**  
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**3. Exploration and evaluation assets (continued)**

**Port Daniel**

Port Daniel is a copper mineral opportunity located in the south region of the Gaspé Peninsula of Quebec.

On August 27, 2013 (the “Effective Date”), the Corporation entered into an option agreement with Dan Lepage and Pierre Ross (the “Optionors”) whereby the Corporation can acquire a 100% interest in the Port Daniel claims for consideration as follows:

- a. Making a cash payment of \$3,000 to the Optionor on the Effective Date (paid);
- b. Incurring minimum aggregate exploration expenditures on the claims as follows:
  - i. \$25,000 prior to January 1, 2014 (incurred);
  - ii. \$250,000 on or before January 1, 2015;
  - iii. \$350,000 on or before January 1, 2016;
  - iv. \$450,000 on or before January 1, 2017; and
  - v. \$750,000 on or before January 1, 2018.
- c. Issuing common shares to the Optionor as follows:
  - i. 500,000 common shares on or before the 12 month anniversary of the Effective Date (issued at a fair value of \$30,000);
  - ii. 500,000 common shares on or before the 24 month anniversary of the Effective Date (issued at a fair value of \$22,500);
  - iii. 500,000 common shares on or before the 36 month anniversary of the Effective Date (issued at a fair value of \$22,500); and
  - iv. 500,000 common shares on or before the 48 month anniversary of the Effective Date. (issued at a fair value of \$30,000).

On July 21, 2015, the Corporation amended the option agreement with the Optionor whereby the exploration expenditure requirements would be negated for a cash payment of \$10,000 (not paid as at April 30, 2019) and issuance of 1,000,000 common shares (issued at a fair value of \$45,000).

During the year ended April 30, 2018 the Corporation entered into an agreement to acquire 3 additional mineral claims in the sector of Port Daniel, Quebec for consideration as follows:

- i) 200,000 common shares on closing of the agreement (issued at a fair value of \$7,000).
- ii) 300,000 common shares on or before the 12 months anniversary of the agreement (issued at a fair value of \$9,000).

During the year ended April 30, 2019, the Corporation reviewed its exploration and evaluation assets and determined economic conditions, commodity prices and the Corporation's future expenditure plans supported the need to impair the property and accordingly the Corporation recorded a write down in the amount of \$51,458.

**Lac Arsenault**

During the year ended April 30, 2019 the Corporation entered into an agreement to acquire 15 mining claims in the southern part of the Gaspé Peninsula, Quebec in exchange for 100,000 common shares of the Corporation (issued at a fair value of \$3,500).

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Notes to the Financial Statements**  
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**3. Exploration and evaluation assets (continued)**

**Montauban**

Montauban is a gold mineral opportunity located in the regions of Chavigny and Portneuf townships of Quebec.

On June 9, 2017 and September 26, 2017, the Corporation signed a binding letter agreement with DNA Canada Inc (“DNA”), whereby the Corporation will acquire up to a 50% undivided interest in 65 mining claims for consideration as follows:

- a. Earn a 10% interest; by delivering a compliant 43-101 report on all existing tailings and issuing 3,000,000 common shares;
- b. Earn an additional 15% interest; obtaining all required permits and issuing 5,000,000 common shares
- c. Earn an additional 25% interest; by starting production of the tailings and issuing 10,000,000 common shares

On May 2, 2019, the Company cancelled the letter agreement (Note 9).

**Net smelter royalty**

As part of the acquisition of the Vortex claims, the Corporation entered into an agreement with 49 North Resources Inc. to grant a 2% net smelter return “NSR” royalty from the sale of all copper-molybdenum lands portion of the property, excluding the Port Daniel property. The Corporation may, at any time reduce the NSR from 2% to 0.5%, by making a cash payment of \$1,000,000 to 49 North Resources Inc.

**4. Common shares and contributed surplus**

The Corporation is authorized to issue an unlimited number of common shares without par value.

**Common shares issued**

On June 14, 2018, the Corporation completed a financing of 2,866,667 units at an issue price of \$0.03 per unit for gross proceeds of \$86,000. Each unit subscription entitles the holder to one non-flow-through common share of the Corporation and one common share purchase warrant with an exercise price of \$0.06 and a term of 24 months. In connection with the May and June financings, the Corporation issued 160,000 broker warrants (valued at \$3,200) and paid cash share issue costs totaling \$19,514.

On August 13, 2018, the Corporation issued 100,000 common shares pursuant to a property purchase agreement. The shares were valued at \$3,500, in total.

On March 4, 2019, the Corporation issued 3,281,422 common shares pursuant to shares for debt settlements, approved by the shareholders on January 11, 2019. The shares were issued at a value of \$98,442, resulting in a gain on shares for debt settlement of \$230,093.

On April 8, 2019, the Corporation issued 300,000 common shares pursuant to a property purchase agreement. The shares were valued at \$9,000, in total.

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Notes to the Financial Statements**  
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**4. Common shares and contributed surplus (continued)**

On October 29, 2019, the Corporation issued 8,000,000 common shares pursuant to a property purchase agreement. The shares were valued at \$80,000, in total.

**Stock option plan**

The directors of the Corporation have adopted, and the shareholders have approved a stock option plan (the “2013 Option Plan”), pursuant to which the directors may from time to time grant options for up to 10% of its issued and outstanding shares. The purpose of the Option Plan is to attract, retain and motivate directors, employees and consultants of the Corporation and to advance the interests of the Corporation by providing such persons with the opportunity, through stock options, to acquire an equity interest in the Corporation. All stock options granted to officers and directors vest immediately upon issuance; whereas stock options granted to consultants have vesting terms defined at the discretion of the Corporation's board of directors.

No stock options are issued or outstanding in the period or comparative period.

**Warrants**

A summary of the outstanding warrants is as follows:

	October 31, 2019		April 30, 2019	
	Warrants	Exercise Price	Warrants	Exercise Price
<b>Outstanding, beginning of period</b>	10,058,333	\$ 0.06	3,966,666	\$ 0.15
Warrants granted	-	-	9,691,667	0.06
Warrants expired	-	-	(3,600,000)	0.15
<b>Outstanding, end of period</b>	<b>10,058,333</b>	<b>\$ 0.06</b>	<b>10,058,333</b>	<b>\$ 0.06</b>

During the year ended April 30, 2018, the Company received TSX-V approval to extend the expiry date of these warrants to August 11, 2018. The Corporation used the Black-Scholes option pricing model to fair value the warrant extension (recorded as share-based compensation expense), which was estimated to be \$95,000. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 158.94%, and a risk free rate of 1.27%. During the year ended April 30, 2019, these warrants expired unexercised.

On October 17, 2017, the Corporation issued 366,666 common share purchase warrants as part of a financing completed. Each warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.10 for a period of 36 months and vest immediately. In accordance with the Corporation's accounting policy in regards to unit bifurcation, the Corporation calculated the relative fair value of these warrants at \$12,000. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 162.48%, and a risk free interest rate of 1.48%. These warrants expire on October 17, 2020.

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Notes to the Financial Statements**  
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**4. Common shares and contributed surplus (continued)**

On May 31, 2018, the Corporation issued 6,825,000 common share purchase warrants as part of a financing completed. Each warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.06 for a period of 24 months and vest immediately. In accordance with the Corporation's accounting policy in regards to unit bifurcation, the Corporation calculated the relative fair value of these warrants at \$91,000. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 162.85%, and a risk free interest rate of 1.87%. These warrants expire on May 31, 2020.

On June 14, 2018, the Corporation issued 2,866,667 common share purchase warrants as part of a financing completed. Each warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.06 for a period of 24 months and vest immediately. In accordance with the Corporation's accounting policy in regards to unit bifurcation, the Corporation calculated the relative fair value of these warrants at \$37,000. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 158.89%, and a risk free interest rate of 1.92%. These warrants expire on June 14, 2020.

**Broker warrants**

A summary of the outstanding broker warrants and units is as follows:

	<b>October 31, 2019</b>		<b>April 30, 2019</b>	
	<b>Warrants</b>	<b>Price</b>	<b>Warrants</b>	<b>Price</b>
<b>Outstanding, beginning of period</b>	160,000	\$ 0.06	37,187	\$ 0.10
Broker warrants granted	-	-	160,000	0.06
Broker warrants expired	-	-	(37,187)	0.10
<b>Outstanding, end of period</b>	<b>160,000</b>	<b>\$ 0.06</b>	<b>160,000</b>	<b>\$ 0.06</b>

On May 31, 2018, the Corporation issued 160,000 broker warrants as part of a financing completed. Each broker warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.06 for a period of 24 months and vest immediately. The fair value of these warrants was estimated at \$3,200 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility of 162.85%, and a risk free interest rate of 1.87%. These warrants expire on May 31, 2020.

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Notes to the Financial Statements**  
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**4. Common shares and contributed surplus (continued)**

**Contributed surplus**

The fair values of certain stock options and broker warrants have been valued using the Black-Scholes option pricing model. The fair value on the grant of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital. A summary of the contributed surplus activity is as follows:

	<b>October 31, 2019</b>	<b>April 30, 2019</b>
<b>Balance, beginning of period</b>	<b>\$ 1,218,993</b>	<b>\$ 1,218,993</b>
Private placements - warrants	128,000	128,000
Private placements - broker warrants	3,200	3,200
<b>Balance, end of period</b>	<b>\$ 1,350,193</b>	<b>\$ 1,218,993</b>

**Other income on settlement of flow-through premium liability**

During the year ended April 30, 2019, the Corporation reduced the liability to \$nil and recognized other income in the amount of \$13,039.

**5. Deferred income taxes**

The significant components of the Corporation's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	<b>2019</b>	<b>Expiry Date Range</b>	<b>2018</b>	<b>Expiry Date Range</b>
Share issue costs	\$ 30,000	2040 to 2043	\$ 26,000	2039 to 2042
Exploration and evaluation assets	\$ 3,941,000	No expiry date	\$ 3,825,000	No expiry date
Non-capital losses available for future period	\$ 3,422,000	2027 to 2039	\$ 3,395,000	2027 to 2038

Tax attributes are subject to review, and potential adjustment, by tax authorities.

**6. Related party transactions**

**Compensation of key executive personnel**

<b>For the six months ended October 31,</b>	<b>2019</b>		<b>2018</b>	
Consulting fees to officers	\$	45,000	\$	40,000
	\$	45,000	\$	40,000

Consulting fees paid or accrued to directors and officers or companies controlled by directors and officers are recorded as management fees.

During the period ended October 31, 2019, \$45,000 (2018 - \$40,000) was recorded for consulting services provided by a companies controlled by directors and officers of the Corporation. As at October 31, 2019 the Corporation owed \$168,354 (April 30, 2019 - \$102,862) related to such services, which is included in accounts payable and accrued liabilities.

## **7. Capital management**

The Corporation's objectives when managing capital are:

- (a) to allow the Corporation to respond to changes in economic and/or marketplace conditions by maintaining the Corporation's ability to continue its exploration programs;
- (b) to provide sustained growth and value by increasing equity; and
- (c) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Corporation manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Corporation maintains or adjusts its capital level to enable it to meet its objectives by:

- (a) raising capital through equity financings; and
- (b) borrowing funds in the form of advances from related parties.

The Corporation is not subject to any capital requirements imposed by a regulator. There were no changes in the Corporation's approach to capital management during the current year. The Corporation's management is responsible for the management of capital and monitors the Corporation's use of various forms of leverage on a daily basis.

## **8. Financial instruments**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy 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 fair value of the Corporation's other receivables and accounts payable and accrued liabilities approximate their carrying values. The Corporation's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below:

### Credit Risk

The Corporation's credit risk is primarily attributable to cash. The Corporation has no significant concentration of credit risk arising from operations. Cash is held with reputable financial institutions, from which management believes the risk of loss to be remote.

**Gespeg Resources Ltd. (formerly Gespeg Copper Resources Inc.)**  
**Notes to the Financial Statements**  
**October 31, 2019**

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**8. Financial instruments (continued)**

*Liquidity Risk*

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2019, the Corporation had a cash balance of \$19,897 to settle accounts payable and accrued liabilities of \$439,142.

The Corporation has historically relied on equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital and debt to finance its activities. There can be no assurance the Corporation will be able to obtain the required financing in the future on acceptable terms.

*Interest rate risk*

The Corporation is not exposed to risk in the event of interest rate fluctuations. The Corporation has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations.