



**Rover Metals Corp.**

Condensed Interim Financial Statements  
For the Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian dollars – Unaudited)

**Notice of Disclosure of Non-auditor Review of the Condensed Interim Financial Statements for the Three and Nine Months Ended September 30, 2020.**

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

The accompanying unaudited condensed interim financial statements of Rover Metals Corp. (“the Company” or “Rover”) for the interim period ended September 30, 2020, have been prepared in accordance with the International Accounting Standard 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company’s management.

The Company’s independent auditors, Dale Matheson Carr-Hilton LaBonte LLP, have not performed a review of these interim financial statements.

November 27, 2020

**ROVER METALS CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars) - Unaudited

	Note	September 30, 2020	December 31, 2019
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		732,787	2,210
Prepaid expenses and acquisition deposits	4	110,299	223,159
Sales tax receivable		36,091	3,611
<b>Total current assets</b>		<b>879,177</b>	<b>228,980</b>
Restricted cash		117,277	117,277
Exploration and evaluation assets	5	1,189,948	704,128
<b>Total assets</b>		<b>2,186,402</b>	<b>1,050,385</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	7	479,999	248,589
<b>Total current liabilities</b>		<b>479,999</b>	<b>248,589</b>
Loan payable	1	40,000	-
<b>Total liabilities</b>		<b>519,999</b>	<b>248,589</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	3,436,510	2,842,464
Share subscription deposits	6	-	34,700
Warrant reserves	6	956,984	739,223
Stock option reserves	6	391,126	251,827
Contributed surplus	6	575,768	34,740
Deficit		(3,693,985)	(3,101,158)
<b>Total shareholders' equity</b>		<b>1,666,403</b>	<b>801,796</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,186,402</b>	<b>1,050,385</b>

Nature of operations and going concern (Note 1)  
Commitments and contingencies (Note 10)  
Subsequent events (Note 11)

Approved on behalf of the Board of Directors on November 27, 2020:

<u>“R. Judson Culter”</u>	<u>“Keith C. Minty”</u>
Director	Director

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

**ROVER METALS CORP.****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars, except number of shares outstanding) - Unaudited

	Note	Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>Expenses</b>					
Stock-based compensation	6,7	134,211	925	139,299	34,538
Investor relations and marketing consulting		59,758	22,587	128,518	105,992
Administrative fees	7	29,664	48,000	86,914	176,722
Professional fees	7	33,432	15,031	71,698	58,162
Stock transfer agent and filing fees		15,323	336	37,757	10,812
Marketing and events		11,500	31,748	12,000	151,511
Geological management fees	7	3,500	8,300	3,500	34,300
Travel		2,101	6,298	3,905	33,237
Communications		2,096	1,468	3,671	4,545
Insurance		1,788	1,787	5,363	5,037
Office expenses and dues		1,706	1,276	5,195	11,739
Rent and maintenance		1,186	-	1,936	120
Bank fees and interest		935	1,347	2,546	3,029
Meals and entertainment		515	1,099	597	5,979
Foreign exchange		136	103	414	(218)
		<b>297,851</b>	<b>140,305</b>	<b>503,313</b>	<b>635,505</b>
<b>Other expenses (income)</b>					
Write-off of acquisition deal costs	4,5(e)	94,371	-	128,344	-
Interest income		(1,710)	(1,542)	(1,710)	(1,542)
Listing expenses		-	-	-	19,792
Other income		(37,120)	-	(37,120)	-
Reversal of flow-through premium		-	-	-	(8,736)
<b>Net loss and comprehensive loss for the period</b>		<b>353,392</b>	<b>138,763</b>	<b>592,827</b>	<b>645,019</b>
<b>Loss per share</b>					
Basic and diluted		<b>0.01</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>
<b>Weighted average number of common shares outstanding</b>					
Basic and diluted		<b>61,645,303</b>	<b>49,588,636</b>	<b>56,401,195</b>	<b>48,155,321</b>

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

**ROVER METALS CORP.**

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars, except number of shares outstanding) - Unaudited

	Share capital		Share subscription deposits	Warrant reserves	Stock option reserves	Contributed surplus	Deficit	Total shareholders' equity
	Common shares	Amount						
	#	\$	\$	\$	\$	\$	\$	\$
<b>Balance at December 31, 2018</b>	<b>47,426,785</b>	<b>2,736,718</b>	-	<b>575,839</b>	<b>208,212</b>	-	<b>(2,322,304)</b>	<b>1,198,465</b>
\$0.06 unit financing	5,099,751	107,862	-	196,827	-	-	-	304,689
Share issuance costs	-	(2,116)	-	1,297	-	-	-	(819)
Expired warrants	-	-	-	(4,131)	-	4,131	-	-
Stock-based compensation	-	-	-	-	34,538	-	-	34,538
Net loss and comprehensive loss	-	-	-	-	-	-	(645,019)	(645,019)
<b>Balance at September 30, 2019</b>	<b>52,526,536</b>	<b>2,842,464</b>	-	<b>769,832</b>	<b>242,750</b>	<b>4,131</b>	<b>(2,967,323)</b>	<b>891,854</b>
\$0.06 unit financing	-	1,297	-	-	-	-	-	1,297
Amended \$0.06 unit financing (tranche one deposit)	-	-	34,700	-	-	-	-	34,700
Share issuance costs	-	(1,297)	-	-	-	-	-	(1,297)
Expired warrants	-	-	-	(30,609)	-	30,609	-	-
Stock-based compensation	-	-	-	-	9,077	-	-	9,077
Net loss and comprehensive loss	-	-	-	-	-	-	(133,835)	(133,835)
<b>Balance at December 31, 2019</b>	<b>52,526,536</b>	<b>2,842,464</b>	<b>34,700</b>	<b>739,223</b>	<b>251,827</b>	<b>34,740</b>	<b>(3,101,158)</b>	<b>801,796</b>
Amended \$0.06 unit financing	1,911,667	41,207	(34,700)	73,493	-	-	-	80,000
Unit Financing	20,166,666	580,414	-	629,586	-	-	-	1,210,000
Share issuance costs	-	(148,218)	-	55,710	-	-	-	(92,508)
Expired warrants	-	-	-	(541,028)	-	541,028	-	-
Debt settlement	2,412,850	120,643	-	-	-	-	-	120,643
Stock-based compensation	-	-	-	-	139,299	-	-	139,299
Net loss and comprehensive loss	-	-	-	-	-	-	(592,827)	(592,827)
<b>Balance at September 30, 2020</b>	<b>77,017,719</b>	<b>3,436,510</b>	-	<b>956,984</b>	<b>391,126</b>	<b>575,768</b>	<b>(3,693,985)</b>	<b>1,666,403</b>

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

**ROVER METALS CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars) - Unaudited

	Note	Nine months ended September 30,	
		2020	2019
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		(592,827)	(645,019)
Items not affecting cash:			
Stock-based compensation	6,7	139,299	34,538
Unrealized loss on foreign exchange		(154)	16,171
Reversal of flow-through premium	6	-	(8,736)
Write-off of acquisition deal costs		33,973	-
Changes in non-cash working capital items:			
Prepaid expenses and acquisition deposits		78,887	(53,553)
Sales tax receivable		(32,480)	45,164
Accounts payable and accrued liabilities		352,207	(53,167)
Cash used in operating activities		(21,095)	(664,602)
<b>INVESTING ACTIVITIES</b>			
Investment in exploration and evaluation assets	5	(485,820)	(62,536)
Cash used in investing activities		(485,820)	(62,536)
<b>FINANCING ACTIVITIES</b>			
Proceeds from unit financing	6	1,210,000	-
Share issuance costs from unit financing	6	(92,508)	-
Proceeds from loan payable		40,000	-
Proceeds from subscription deposits	6	-	303,870
Cash provided by financing activities		1,237,492	303,870
<b>Increase (decrease) in cash</b>		<b>730,577</b>	<b>(423,268)</b>
<b>Cash, beginning of period</b>		<b>2,210</b>	<b>543,072</b>
<b>Cash, end of period</b>		<b>732,787</b>	<b>119,804</b>

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

**NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN**

Rover Metals Corp. (“Rover” or the “Company”) was incorporated on February 23, 2010 under the laws of the Province of British Columbia, Canada, Business Corporations Act. The head office and principal address of the Company is located at Suite 908 – 938 Howe Street, Vancouver, BC, Canada, V6Z 1N9. Rover is a Canadian natural resource exploration company specializing in precious metal resources located in North America.

Rover completed the listing of its shares on the Toronto Venture Exchange (“TSXV”) as a Tier II Mining Issuer on June 26, 2018, and trades under the symbol “ROVR”. On January 29, 2019, the Company completed its U.S. OTCQB listing and trades under the symbol “ROVMF”.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the Company’s financial results.

These unaudited condensed interim financial statements (“financial statements”) are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three and nine months ended September 30, 2020, the Company incurred a net loss of \$353,392 and \$592,827, respectively (2019 - \$138,763 and \$645,019, respectively). As at September 30, 2020, the Company has a deficit of \$3,693,985 (December 31, 2019 - \$3,101,158) and a working capital surplus of \$399,178 (December 31, 2019 – deficit of \$19,609). There is no certainty that additional financing at terms that are acceptable to the Company will be available, and an inability to obtain financing would have a direct impact on the Company’s ability to continue as a going concern. These conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. Management intends to finance operating costs with the proceeds from equity financings, and its current working capital. During the three months ended September 30, 2020 the Company closed a unit financing (the “Q3-2020 Unit Financing”) for gross proceeds of \$1,210,000 (see Note 6). Additionally, on July 3, 2020, the Company settled \$157,763 in trade accounts payables through debt settlement agreements that resulted in the issuance of \$120,643 worth of common shares and the write-off of \$37,120 in payables (Note 6), and on August 6, 2020, the Company was awarded a \$40,000 Canada Emergency Benefit Account (“CEBA”) loan from the Federal Government of Canada to help bridge the Company through COVID-19 related impacts to operations. The \$40,000 CEBA loan is interest free, and \$10,000 is forgivable if the loan is repaid within 2 years.

These financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

**NOTE 2 – BASIS OF PRESENTATION**

**(a) Statement of compliance**

These financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. IFRS includes International Accounting Standards (“IAS”) and interpretations issued by the IFRS Interpretations Committee. As such, these financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the years ended December 31, 2019 and 2018. These financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 27, 2020.

**NOTE 2 – BASIS OF PRESENTATION (continued)**

**(b) Basis of measurement**

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value, or amortized cost, as applicable. The presentation currency is the Canadian dollar; therefore, all amounts are presented in Canadian dollars unless otherwise noted.

**(c) Significant accounting judgements and key sources of estimate uncertainty**

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

Significant judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the financial statements are as follows:

*i. Going concern*

These financial statements have been 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. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the financial statements, then adjustments to the carrying value of assets and liabilities, the reported expenses and the statement of financial position would be necessary (see Note 1).

*ii. Functional currency*

The functional currency for the Company is the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

*iii. Economic recoverability of future economic benefits of mineral property interests*

Management has determined that exploration and evaluation of mineral properties and related costs incurred, which have been recognized on the statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

*iv. Indications of impairments of assets*

Impairment testing is done at the cash generating unit level and judgment is involved in assessing whether there is any indication that an asset or a cash generating unit may be impaired. The assessment of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables, including metal price trends, exploration plans for properties and the results of exploration and evaluation to date.

**NOTE 2 – BASIS OF PRESENTATION (continued)**

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

*i. Provisions*

Provisions recognized in the financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

*ii. Stock-based compensation*

The Company determines the fair value of stock options granted using the Black Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the option. Changes in these inputs and the underlying assumption used to develop them can materially affect the fair value estimate.

*iii. Income taxes*

The provision for income taxes and composition of income tax assets and liabilities require management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and apply those findings to the Company's transactions.

**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in notes 2 and 3 to the Company's audited annual financial statements for the years ended December 31, 2019 and 2018.

**NOTE 4 – PREPAID EXPENSES AND ACQUISITION DEPOSITS**

	September 30, 2020	December 31, 2019
	\$	\$
Prepaid investor relations and marketing	74,447	54,615
Prepaid events and conferences	30,489	30,000
Prepaid insurance	5,363	3,575
Prepaid acquisition deposits <sup>1</sup>	-	134,969
	<b>110,299</b>	<b>223,159</b>

- Per the Toquima LOI (Note 5(e)) the Company shall advance a non-refundable deposit of USD\$25,000 (\$33,973). In addition, the Company will pay the Shasta Gold Corp. option payments (the "Shasta Option Payments") of USD\$12,500 (\$16,814) per month and all claim renewal fees during the period of time the Toquima LOI is in force. On April 30, 2020, the Company announced that it was terminating the Toquima LOI. As a result of the termination certain prepaid amounts were forfeited, recovered and deemed impaired (see Note 5(e)).

During the year ended December 31, 2019, the Company advanced USD\$100,000 (\$134,969) in prepaid acquisition deposits including USD\$25,000 (\$33,973) for the non-refundable deposit, USD\$50,000 (\$67,253) for the Shasta Option Payments to date, and USD\$25,000 (\$33,743) for claim renewals.

**ROVER METALS CORP.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
September 30, 2020 and 2019  
(Expressed in Canadian dollars, except where noted) - Unaudited

**NOTE 5 – EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation assets are composed of the following at September 30, 2020, and December 31, 2019:

	Cabin Lake	Camp & Slemon Lakes	Up Town Gold	Total
	\$	\$	\$	\$
<b>As at December 31, 2018</b>	102,018	20,763	518,711	641,492
Exploration expenditures	853	-	-	853
Permitting	100	-	-	100
Option payments - cash	-	-	45,000	45,000
Repayment of government grant	16,683	-	-	16,683
<b>As at December 31, 2019</b>	119,654	20,763	563,711	704,128
Claims (recovery)	(4,000)	11,504	-	7,504
Exploration expenditures	478,316	-	-	478,316
<b>As at September 30, 2020</b>	<b>593,970</b>	<b>32,267</b>	<b>563,711</b>	<b>1,189,948</b>

**(a) Cabin Lake Property**

The Company owns a 100% interest in the Cabin Lake gold-in-iron formation property (“Cabin Lake” or “Cabin Lake Property”). Cabin Lake consists of one claim located 110 km northwest of Yellowknife and 60 km southeast of Fortune Minerals and close to the new Tlicho all season road. On July 24, 2018, the Company received a five-year land use permit for exploration at Cabin Lake from the Northwest Territories (“NWT”) Government, the Wek’eezhii Land and Water Board, and the Mackenzie Valley Land and Water Board.

On September 3, 2020 an exploration program commenced at Cabin Lake and continued through September 30, 2020. Exploration results of this program were press released on November 24, 2020 (see Note 11).

On September 28, 2018, the Company issued 500,000 common shares to North Arrow Minerals Inc. to acquire the historical exploration data for Cabin Lake. The 500,000 common shares had a fair market value of \$25,000 on the date of issuance.

The Company provided the following consideration in return for Cabin Lake to the property vendor, Silver Range Resources Inc.:

- \$5,000 cash upon signing of the Cabin Lake LOI; (completed)
- \$35,000 cash when drilling permits for Cabin Lake are issued by the government of the NWT; (completed)
- A 2% Net Smelter Returns royalty (the “Silver Range Royalty”) related to commercial production from Cabin Lake;
- Advance royalty payments, only in the event of exploration activities in 2019, 2020, and 2021, equal to the lessor of \$20,000 or 7% of exploration expenditures incurred by the Company at Cabin Lake during each of the calendar years 2019, 2020, and 2021. The maximum aggregate amount of total advance royalty payments is \$220,000. These advance royalty payments are deemed to be credited against future payments of the Silver Range Royalty. Payments are due by February 28th of the following year.

Following completion of all payments and the completion of a National Instrument 43-101 report (“NI 43-101”) with measured and indicated resources, the Company shall have the irrevocable right to purchase up to 75% (being 1.5% of the 2.0%) of the Silver Range Royalty as follows:

- \$250,000 for each 0.5% interest in the Silver Range Royalty if the NI 43-101 measured and indicated gold resource is less than 1.0 million ounces of gold or gold equivalent; or
- \$500,000 for each 0.5% interest in the Silver Range Royalty if the NI 43-101 measured and indicated gold resource is greater than 1.0 million ounces of gold or gold equivalent.

During the nine months ended September 30, 2020, the Company received a refund of \$4,000 from the Government of the Northwest Territories for previous claim filing fees at Cabin Lake as a result of the exploration work it performed in 2018. During the year-ended December 31, 2019, the Company refunded a portion of its NWT government grant under the NWT Mining Incentive Program. See Note 5(d) below for more details.

**NOTE 5 – EXPLORATION AND EVALUATION ASSETS (continued)**

**(b) Camp and Slemon Lakes Properties**

During November 2017, the Company staked open ground at the Camp Lake and Slemon Lake properties in the NWT. Camp Lake and Slemon Lake are located approximately 10 km and 20 km, respectively, north west of Cabin Lake. The Company spent \$18,428 on staking fees and \$2,335 on permitting at Camp and Slemon Lakes. On July 24, 2018, the Company received a five-year land use permit for exploration at Camp and Slemon Lakes from the NWT Government, the Wek'eezhii Land and Water Board, and the Mackenzie Valley Land and Water Board.

**(c) Up Town Gold Property**

On September 9, 2016 (the "Effective Date"), the Company entered into an agreement (the "Agreement" as amended on August 15, 2017, April 6, 2018, September 5, 2018, and February 18, 2020) with Silver Range Resources Ltd. ("Silver Range") and Panarc Resources Ltd. ("Panarc") to grant the Company an option to earn up to a 100% interest in the Up Town Gold Property (the "Property"). The Property is a high-grade Archean lode gold prospect adjoining the Giant Mine in Yellowknife, Northwest Territories. The Property consists of six claims and borders the west side of the Giant Mine leases. On February 18, 2020, the Company amended the Property Agreement with Silver Range and Panarc. The amendment ensures all mineral claims, mining leases, and other mining interests into which mineral claims may have been converted, are in good standing until the later of (a) one year from the date of termination of the First Option; or (b) December 16, 2022. Per the amendment, Rover must incur expenditures of \$1,200,000 and pay an additional \$120,000 to Silver Range on or before March 16, 2021.

The Agreement consists of the following options:

- "First Option" refers to the sole and exclusive right and option to acquire up to 75% undivided interest in the Property;
- "Second Option" refers to the sole and exclusive right and option to acquire up to 25% undivided interest in the Property.

The Agreement and First Option will terminate if the Company doesn't complete all of the following within the relevant time period:

- Complete all of the following expenditure on the Property within the relevant time period:
  - \$350,000 by the first anniversary of the Effective Date (milestone complete);
  - \$500,000 by February 28, 2021 (\$850,000 cumulative total); and
  - \$1,250,000 by March 16, 2021 (\$1,600,000 cumulative total).
- Pay the following amounts and issue the following shares to Silver Range:
  - 7.5% of the outstanding common shares on a fully diluted basis, as at the Effective Date of the Agreement (payment complete);
  - \$30,000 by March 9, 2017 (payment complete);
  - \$60,000 by the first anniversary of the Effective Date (payment complete);
  - \$45,000 by the second anniversary of the Effective Date (payment complete);
  - \$45,000 by April 30, 2019 (payment complete); and
  - \$120,000 by March 16, 2021.

Once the First Option is fully exercised, the Company shall be deemed to have granted to Silver Range the Second Option, and the Company can exercise the Second Option by issuing Silver Range the lessor of (a) 4.5% of outstanding common shares on a fully diluted basis and (b) 2,500,000 common shares of the optionee, on or before September 30, 2020.

Royalty payments will be performed by both the Company and Silver Range if the First Option is exercised and a Joint Venture formed, or if both the First and Second Options are exercised.

Royalty interest will be a 2% net smelter return royalty; and is buyable down to 1% for \$1,000,000, with advance payments of Royalties for \$50,000 per annum starting on the 5th anniversary of the Effective Date of the Agreement.

**NOTE 5 – EXPLORATION AND EVALUATION ASSETS (continued)**

**(c) Up Town Gold Property (continued)**

As per the Agreement, the Company has completed both the required \$350,000 of property expenditures prior to the first anniversary of the Effective Date, and has paid \$180,000 to Silver Range over 2018 and 2019, which keep the First Option in good standing as of September 30, 2020.

**(d) Government grant**

On September 18, 2017, the Company received notice that it had been awarded a grant of \$75,905 under the Government of the NWT Mining Incentive Program for exploration activities at the Up Town Gold Property. On October 24, 2017, the Company received \$64,519 of the \$75,905 total grant. The purpose of the grant is to provide funding to stimulate and sustain mineral exploration activities throughout the NWT. The grant received was specifically applied for and approved solely for use with the Up Town Property exploration project expenditures and as such has been applied as a credit towards the carrying value of the Up Town Property. On August 2, 2018, the Company received the remaining \$11,386 of the \$75,905 grant.

On August 27, 2018, the Company received notice that it had been awarded a grant of \$85,000 under the Government of the NWT Mining Incentive Program for exploration activities at the Cabin Lake Property. On October 12, 2018, the Company received \$72,250 of the \$85,000 grant. The purpose of the grant is to provide funding to stimulate and sustain mineral exploration activities throughout the NWT. The grant received was specifically applied for and approved solely for use with the Cabin Lake Property exploration project expenditures. On May 9, 2019, \$16,683 of the \$72,250 grant was returned to the Government of the NWT as a result of the Company not meeting the full exploration spend allotment.

**(e) Toquima Property letter of intent**

On April 10, 2019, the Company entered into a non-binding letter of intent (the “Toquima LOI”) to acquire the Toquima silver project from Centennial Mining Inc. in central Nevada, USA (the “Toquima Project”). All advance payments under the Toquima LOI were capitalized to prepaid expenses and acquisition deposits (see Note 4). On April 30, 2020, the Company announced that it terminated the Toquima LOI. As a result of the termination USD\$25,000 (\$33,973) non-refundable advance was written off USD\$4,600 (\$6,625) was recovered, and the remainder of the acquisition deposits totaling USD\$70,400 (\$94,371) were impaired due to collection risk. The write-off and impairment were recorded in other expenses in the Statements of Loss and Comprehensive Loss.

**NOTE 6 – SHARE CAPITAL AND RESERVES**

**(a) Authorized**

Unlimited number of voting common shares without par value.

**(b) Issued share capital**

As at September 30, 2020, 77,017,719 common shares were issued and outstanding.

**(c) Share issuances**

Nine months ended September 30, 2020:

- On January 29, 2020, the Company closed the first tranche of its amended \$0.06 unit financing (the “Amended \$0.06 Unit Financing”) for gross proceeds of \$64,700 issuing 1,078,333 units, of which \$34,700 was in share subscription deposits as at December 31, 2019. Each unit is comprised of one common share and common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.12 for a period of five years from the date of issuance, with an acceleration clause if the Company’s shares trade at \$0.15 per share for five consecutive trading days. The \$41,697 fair value of these warrants was determined using the Black Scholes model (assumptions in Note 6(d)).

**NOTE 6 – SHARE CAPITAL AND RESERVES (continued)**

**(c) Share issuances (continued)**

- On April 24, 2020, the Company received subscription deposits and closed the second and final tranche for gross proceeds of \$50,000 under the Amended \$0.06 Unit Financing issuing 833,334 units. Each unit is comprised of one common share and common share purchase warrant, and each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.12 for a period of five years from the date of issuance, with an acceleration clause if the Company's shares trade at \$0.15 per share for five consecutive trading days. The \$31,796 fair value of these warrants was determined using the Black Scholes model (assumptions in Note 6(d)).
- On July 3, 2020, the Company settled \$157,763 in trade accounts payables through debt settlement agreements that resulted in the issuance of common shares at a price of \$0.05 per common share, which will result in the issuance of 2,412,850 common shares. Officers and advisors of the Company account for \$84,080 of the shares for debt settlements, or 1,681,600 common shares. The remaining shares for debt settlements of \$36,563 relate to arm's length vendors. Pursuant to these shares for debt settlements, \$37,120 in trade accounts payables have also been fully written-off.
- On August 28, September 4 and September 21, 2020, the Company closed three tranches, respectively, of its \$0.06 Q3-2020 Unit Financing for gross proceeds of \$1,210,000. Each unit is comprised of one common share and common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.12 for a period of two years from the date of issuance, and include an acceleration clause if the Company's common shares trade at \$0.20 per common share for five consecutive days. The \$629,586 fair value of these warrants was determined using the Black Scholes model (assumptions in Note 6(d)). Pursuant to the Q32020 Unit Financing, the Company paid cash commissions of \$92,508 and issued 1,541,693 finders' warrants at an exercise price of \$0.12 per warrant share, a life of two years, with an acceleration clause if the Company's common shares trade at \$0.20 per common share for five consecutive days. The \$55,710 fair value of these warrants was determined using the Black-Scholes model (assumptions in Note 6(d)).
- On August 24, 2020, the TSXV approved a common shares for services agreement with one of its directors, for \$2,500 per month in director services for a one-year term. The Company intends to make settlement of the agreement on a quarterly basis, based on the closing share price prevailing at that time (the first settlement shall occur shortly after the three months ended December 31, 2020).

Year ended December 31, 2019:

- On February 28, 2019, the Company renounced \$8,736 (all) of its 2018 flow-through share liability (Note 6(f)).
- On August 29, 2019, the Company closed the \$0.06 unit financing (the "\$0.06 Unit Financing") for gross proceeds of \$305,986 issuing 5,099,751 units. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.12 for a period of five years from the date of issuance. The \$196,827 fair value of these warrants was determined using the Black Scholes model (assumptions in Note 6(d)). The Company also issued 33,600 broker warrants with the same terms and conditions in connection with the closing. The \$1,297 fair value of these broker warrants was determined using the Black Scholes model (assumptions in Note 6(d)). In addition, the Company incurred \$2,116 of share issuance costs relating to this financing.
- As at December 31, 2019, the Company received \$34,700 in subscription deposits relating to the Amended \$0.06 Unit Financing. This deposit was applied to the first tranche close.

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**NOTE 6 – SHARE CAPITAL AND RESERVES (continued)**

**(d) Warrants**

The following table summarizes the common share purchase warrants issued and outstanding as at September 30, 2020:

Expiry Date	Exercise Price	Balance December 31, 2019	Granted	Exercised	Expired / Terminated	Balance September 30, 2020
June 15, 2020	\$0.20	8,993,093	-	-	(8,993,093)	-
June 15, 2020	\$0.50	10,039,800	-	-	(10,039,800)	-
June 15, 2020	\$0.56	519,985	-	-	(519,985)	-
August 28, 2022	\$0.12	-	4,583,334	-	-	<b>4,583,334</b>
September 3, 2022	\$0.12	-	5,832,000	-	-	<b>5,832,000</b>
September 18, 2022	\$0.12	-	11,293,025	-	-	<b>11,293,025</b>
August 23, 2024	\$0.12	5,133,351	-	-	-	<b>5,133,351</b>
January 29, 2025	\$0.12	-	1,078,333	-	-	<b>1,078,333</b>
April 24, 2025	\$0.12	-	833,334	-	-	<b>833,334</b>
<b>Total</b>		<b>24,686,229</b>	<b>23,620,026</b>	-	<b>(19,552,878)</b>	<b>28,797,481</b>
<b>Weighted Average Exercise Price</b>		<b>\$0.31</b>	<b>\$0.12</b>	-	<b>\$0.36</b>	<b>\$0.12</b>

The following table summarizes the common share purchase warrants issued and outstanding as at December 31, 2019:

Expiry Date	Exercise Price	Balance December 31, 2018	Granted	Exercised	Expired / Terminated	Balance December 31, 2019
September 29, 2019	\$0.20	110,240	-	-	(110,240)	-
December 31, 2019	\$0.56	1,377,000	-	-	(1,377,000)	-
June 15, 2020	\$0.20	8,993,093	-	-	-	8,993,093
June 15, 2020	\$0.50	10,039,800	-	-	-	10,039,800
June 15, 2020	\$0.56	519,985	-	-	-	519,985
August 23, 2024	\$0.12	-	5,133,351	-	-	<b>5,133,351</b>
<b>Total</b>		<b>21,040,118</b>	<b>5,133,351</b>	-	<b>(1,487,240)</b>	<b>24,686,229</b>
<b>Weighted Average Exercise Price</b>		<b>\$0.38</b>	<b>\$0.12</b>	-	<b>\$0.53</b>	<b>\$0.31</b>

As at September 30, 2020, the weighted average remaining contractual life of the warrants is 2.46 years (December 31, 2019 - 1.33 years). During the nine months ended September 30, 2020, the expiry of warrants resulted in a \$541,028 (year ended December 31, 2019 - \$ 34,740) reclass to contributed surplus from warrant reserve.

Using a Black Scholes valuation model, the Company calculated the fair value of the warrants issued during the nine months ended September 30, 2020 and for the year ended December 31, 2019, respectively, using the following weighted-average inputs, as applicable:

	September 30, 2020	December 31, 2019
Life	<b>2.24 years</b>	5.00 years
Expected volatility	<b>90.00%</b>	90.00%
Expected dividend yield	-	-
Risk-free rate	<b>0.30%</b>	1.21%
Market price	<b>\$0.08</b>	\$0.07

**NOTE 6 – SHARE CAPITAL AND RESERVES (continued)**

**(e) Incentive stock options**

During the nine months ended September 30, 2020, the Company had the following stock options transactions:

- On July 29, 2020, the Company granted options for 900,000 common shares to certain directors of the Company at an exercise price of \$0.075, with a four-year life, which vested immediately.
- On August 6, 2020, the Company granted options for 350,000 common shares at an exercise price of \$0.080, with a four-year life, which vests monthly over four months, to financial advisors of the Company.
- On August 26, 2020, the Company granted options for 300,000 common shares at an exercise price of \$0.075, with a four-year life, which vested immediately, to a business development advisor of the Company.
- On September 24, 2020, the Company granted options for 300,000 common shares at an exercise price of \$0.085, with a four-year life, which vested immediately, to the CFO (defined below) of the Company.
- On September 24, 2020, the Company granted various options including for 1,000,000 common shares at various exercise prices: 250,000 common shares at an exercise price of \$0.100, 250,000 common shares at an exercise price of \$0.120, and 500,000 common shares at an exercise price of \$0.150, all of which vested immediately. The options were granted to the Company’s financial advisors.

During the year ended December 31, 2019, the Company had the following incentive stock options transactions:

- On September 16, 2019, the Company granted options for 350,000 common shares at an exercise price of \$0.065 vesting over 12 months.
- During the year ended December 31, 2019, a total of 300,000 incentive stock options were cancelled.

Shareholders of the Company approved a ten percent rolling incentive stock option plan. The following table summarizes the common share incentive stock option transactions and issued and outstanding for the nine months ended September 30, 2020 and for the year ended December 31, 2019:

	<b>Nine months ended September 30, 2020</b>		<b>Year ended December 31, 2019</b>	
	<b>Number</b>	<b>Weighted Average Exercise Price</b>	<b>Number</b>	<b>Weighted Average Exercise Price</b>
Balance outstanding, beginning of period	4,092,679	0.13	4,042,679	0.14
Granted	2,850,000	0.09	350,000	0.07
Cancelled	-	-	(300,000)	0.18
<b>Balance outstanding, end of period</b>	<b>6,942,679</b>	<b>0.12</b>	<b>4,092,679</b>	<b>0.13</b>
<b>Balance exercisable, end of period</b>	<b>6,680,179</b>	<b>0.12</b>	<b>3,830,180</b>	<b>0.14</b>

For the three and nine months ended September 30, 2020, the Company recorded stock-based compensation of \$134,211 and \$139,299 (three and nine months ended September 30, 2019 - \$925 and \$34,538).

Using a Black Scholes valuation model, the Company calculated the fair value of the options issued to be \$138,022 for the nine months ended September 30, 2020 and \$14,627 for the year ended December 31, 2019, respectively, using the following weighted-average inputs:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Risk-free interest rate	<b>0.29%</b>	1.52%
Expected life of options	<b>4.00 years</b>	4.00 years
Annualized volatility <sup>1</sup>	<b>90.00%</b>	90.00%
Dividend rate	-	-

1. Expected volatility was determined by reference to historical volatility of similar entities following a comparable period of lives.

**NOTE 6 – SHARE CAPITAL AND RESERVES (continued)**

**(f) Flow-through shares**

Flow-through share arrangements involve resource expenditure deductions for income tax purposes which are renounced to purchasers of common shares in accordance with income tax legislation. Each flow-through share entitles the holder to a 100% tax deduction in respect of qualifying Canadian Exploration Expenses (“CEE”) as defined.

The value of the flow-through share liability was determined using the residual value method, after determining the fair value of the common shares and common shares purchase warrants attached to the Flow-Through Share Unit Financing. The Flow-Through Share Unit Financing premium was valued at \$0.015 per unit, and correspondingly established the flow-through share liability value at \$nil and \$nil as at September 30, 2020 and December 31, 2019, respectively.

On February 28, 2019, the Company renounced its resource expenditures associated with 2018 flow-through shares reducing in full the \$8,736 liability, and on February 2, 2018, the Company renounced its resource expenditures associated with 2017 flow-through shares reducing in full the \$20,655 liability.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

**(a) Related party transactions**

The Company incurred charges to directors and officers, or to companies associated with these individuals, which are included in the following categories, during the three and nine months ended September 30, 2020 and 2019 as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Administrative fees	29,500	48,000	86,750	174,000
Stock-based compensation <sup>1</sup>	58,952	-	58,952	-
Professional fees	13,325	10,250	31,775	41,051
Geological management fees	3,500	6,500	3,500	32,500
	<b>105,277</b>	<b>64,750</b>	<b>180,977</b>	<b>247,551</b>

1. Related party stock-based compensation includes management and directors.

Management consulting fees are paid to companies controlled by the Chief Executive Officer (“CEO”), the President, the Chief Financial Officer (“CFO”), the former Chief Operating Officer, and the former Vice President of Exploration.

**(b) Related party balances**

As at September 30, 2020 and at December 31, 2019, the Company owed \$37,991(including taxes) and \$141,727 (including taxes) respectively, to related parties for services rendered and business expense reimbursements. These balances are non-interest bearing and payable on demand.

**NOTE 8 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**(a) Fair value of financial instruments**

As at September 30, 2020 and December 31, 2019, the Company’s financial instruments consist of cash, prepaid expenses and acquisition deposits, sales tax receivable, restricted cash, and accounts payable and accrued liabilities. Cash, sales tax receivable and restricted cash are measured at amortized cost. Accounts payable and accrued liabilities are measured at amortized cost.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

**NOTE 8 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**(a) Fair value of financial instruments (continued)**

The three levels of hierarchy are:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

As at September 30, 2020, the Company believes that the carrying values of cash, prepaid expenses and acquisition deposits, sales tax receivable, restricted cash, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

**(b) Financial instruments risk**

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board of Directors approves and monitors the risk management processes:

*i. Credit risk*

Credit risk exposure primarily arises with respect to the Company's cash and receivables. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of other receivables.

*ii. Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at September 30, 2020, the Company had cash of \$732,737 (December 31, 2019 – \$2,210) and a working capital surplus of \$399,178 (December 31, 2019 – deficit of \$19,609) with total liabilities of \$519,999 (December 31, 2019 – \$248,589).

*iii. Market risk*

- a. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A change of 100 basis points in the interest rates would not be material to the financial statements.
- b. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables constant, an increase or a decrease of 10% of the US dollar against the Canadian dollar, the net loss of the Company and the equity for the nine months ended September 30, 2020 would have varied by a negligible amount.
- c. The Company had no hedging agreements in place with respect to foreign exchange rates.

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**NOTE 9 – CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, issue debt instruments or return capital to its shareholders. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

The Company does not have any future operating commitments at September 30, 2020, while the only undiscounted liabilities include accounts payable and accrued liabilities (which are due within one year), and the CEBA loan payable which is expected to be repaid within 2 years time, which together total \$519,999 as at September 30, 2020 (December 31, 2019 – \$248,589). As at September 30, 2020, the Company had issued a letter of credit in the amount of \$117,277 (December 31, 2019 – \$117,277) in regard to one of its exploration permits bonds.

**NOTE 11 – SUBSEQUENT EVENTS**

On November 17, 2020, the Company received approval from the TSXV to enter into a shares for services agreement with one of the Company's business development advisors for services dating back to May 16, 2020. Under the approval, the Company will settle trade payables of \$10,000, for the service period of May 16, 2020 to September 15, 2020, by the issuance of 137,189 common shares (50,000 common shares with a deemed value of \$0.050, and 87,189 common shares with a deemed value of \$0.086).

On November 24, 2020, the Company announced the drill fire assay results from its summer-fall 2020 exploration program at the Cabin Lake gold project which indicated favorable results.