

# **YORKTON VENTURES INC.**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

**Three Month Period Ended**

**September 30, 2019**

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

The Company's independent auditor has not performed a review of these condensed interim financial statements. The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**YORKTON VENTURES INC.**

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	September 30, 2019	June 30, 2019
	(\$)	(\$)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	900,847	906,164
GST receivable	2,572	2,356
Prepays	6,550	2,600
Interest receivable (Note 4)	34,479	31,455
Loans receivable (Note 4)	150,000	150,000
	1,094,448	1,092,575
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	27,711	23,311
<b>Shareholders' equity</b>		
Share capital (Note 5)	1,524,566	1,524,566
Share-based reserves	303,099	303,099
Deficit	(760,928)	(758,401)
	1,066,737	1,069,264
	1,094,448	1,092,575

**Nature of operations and continuance of business (Note 1)****Subsequent Event (Note 10)**

On behalf of the Board of Directors:

"Nick Watters" Director"Andrew Smith" Director*The accompanying notes are an integral part of these financial statements.*

**YORKTON VENTURES INC.**

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Three Month Period Ended September 30, 2019</b>	<b>Three Month Period Ended September 30, 2018</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>EXPENSES</b>		
General and administrative	1,802	4,910
Management and consulting fees (Note 8)	3,000	24,000
Professional fees (Note 8)	750	9,000
<b>Loss from operations</b>	<b>(5,552)</b>	<b>(37,910)</b>
Interest income	3,025	3,025
<b>Loss and comprehensive loss for the period</b>	<b>(2,527)</b>	<b>(34,885)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average common shares outstanding</b>	<b>12,000,000</b>	<b>12,000,000</b>

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

**YORKTON VENTURES INC.**

Condensed Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Number of Shares</b>	<b>Amount (\$)</b>	<b>Share-based Reserves (\$)</b>	<b>Deficit (\$)</b>	<b>Total Shareholders' Equity (\$)</b>
<b>Balance at July 1, 2018</b>	<b>12,000,000</b>	<b>1,524,566</b>	<b>303,099</b>	<b>(688,673)</b>	<b>1,138,992</b>
Loss for the period	-	-	-	(34,885)	(34,885)
<b>Balance at September 30, 2018</b>					
Loss for the period	-	-	-	(34,843)	(34,843)
<b>Balance at June 30, 2019</b>	<b>12,000,000</b>	<b>1,524,566</b>	<b>303,099</b>	<b>(758,401)</b>	<b>1,069,264</b>
Loss for the period	-	-	-	(2,527)	(2,527)
<b>Balance at September 30, 2019</b>	<b>12,000,000</b>	<b>1,524,566</b>	<b>303,099</b>	<b>(760,928)</b>	<b>1,066,737</b>

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

**YORKTON VENTURES INC.**

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Three Month Period Ended September 30, 2019 (\$)</b>	<b>Three Month Period Ended September 30, 2018 (\$)</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(2,527)	(34,885)
Changes in non-cash working capital items:		
GST receivable	(216)	(21)
Prepays	(3,950)	-
Interest receivable	(3,024)	(3,025)
Accounts payable and accrued liabilities	4,400	(208)
<b>Cash used in operating activities</b>	<b>(5,317)</b>	<b>(38,139)</b>
<b>Change in cash during the period</b>	<b>(5,317)</b>	<b>(38,139)</b>
<b>Cash, beginning of period</b>	<b>906,164</b>	<b>968,327</b>
<b>Cash, end of period</b>	<b>900,847</b>	<b>930,188</b>

During the three month periods ended September 30, 2019 and 2018, the Company had no significant non-cash investing or financing activities.

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

**1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS**

Yorkton Ventures Inc. ("the Company") was incorporated on August 30, 2006 under the Business Corporations Act of British Columbia as Brookbank Mining Corp., and changed its name to Yorkton Ventures Inc. on October 9, 2009. The Company has historically been engaged in the acquisition, exploration, and development of prospective oil and gas properties. The Company intends to work to identify and evaluate other properties and exploration programs and/or other business models and opportunities. The Company's head office is located at 6012 - 85 Avenue, Edmonton, AB, T6B 0J5, Canada.

These financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at September 30, 2019, the Company had an accumulated deficit of \$760,928 since inception. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company currently has sufficient resources to funds its operations for more than a year.

**2. BASIS OF PRESENTATION**

**Statement of compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2019, prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Board of Directors of the Company on November 29, 2019.

**Basis of presentation**

These condensed interim financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information.

**Functional and presentation currency**

These condensed interim financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

**2. BASIS OF PRESENTATION** (continued)

**Use of Estimates and Judgments**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Actual results could differ from these estimates.

The significant assumption about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relates to, but is not limited to, the following:

Deferred income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. Deferred tax assets, including those arising from tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. The Company has adequately provided for all income tax obligations; however, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for deferred income taxes.

There were no significant judgments made by management for the reporting period.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements have been prepared using the same accounting policies as those used in the Company's annual financial statements at September 30, 2019 with the exception of the newly adopted standards noted below.

During the period ended September 30, 2019, the Company adopted the following accounting standard:

*IFRS 16, Leases*

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of loss will be recognized on the statement of financial position.

There was no impact on the Company's financial statements from the adoption of this standard.

**4. LOANS RECEIVABLE**

- a) On June 27, 2016, the Company entered into a promissory note receivable agreement for \$75,000 with an unrelated company. The loan receivable bears interest at 6% per annum, is unsecured, and is due on demand. During the three month period ended September 30, 2019, the Company recorded \$1,134 (2018 - \$1,134) in interest income.
- b) On February 8, 2017, the Company entered into a promissory note receivable agreement for \$75,000 with an unrelated company. The loan receivable bears interest at 10% per annum, is unsecured, and is due on demand. During the three month period ended September 30, 2019, the Company recorded \$1,890 (2018 - \$1,890) in interest income.

**5. SHARE CAPITAL**

**a) Authorized share capital**

Unlimited common shares without par value.

**b) Issued share capital**

Three Month Period Ended September 30, 2019

There was no share capital activity.

Year ended June 30, 2019

There was no share capital activity.

**c) Stock options**

On April 30, 2010, the Company implemented a stock option plan pursuant to which stock options may be granted to directors, officers, employees and consultants of the Company. The Company may grant stock options to a maximum of 10% of the issued shares of the Company at the date of granting the stock options. The minimum exercise price of each stock option must not be less than the discounted market price (as permissible by TSX Venture Exchange Policy). Stock options are exercisable over periods up to ten years and vesting periods can be imposed at the discretion by the Board of Directors.

There were no stock options issued or outstanding during the three month period ended September 30, 2019 or the year ended June 30, 2019.

**d) Share purchase warrants**

There were no share purchase warrants issued or outstanding during the three month period ended September 30, 2019 or the year ended June 30, 2019.

## **6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### *Financial risk management*

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 Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, interest receivable, loans receivable and accounts payable and accrued liabilities.

The fair value of cash is measured using level one of the fair value hierarchy. The fair value of interest receivable, loans receivable and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

### *Financial instrument risk exposure*

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes.

### *Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments. The Company manages credit risk for cash by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist of goods and services tax due from the Canada Revenue Agency. The Company does not believe it has a material exposure to credit risk.

### *Liquidity risk*

The Company seeks to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. As at the balance sheet date, the Company had sufficient cash to meet its current obligations and was not exposed to significant liquidity risk.

### *Interest rate risk*

The Company's exposure to interest rate risk relates to its ability to earn short-term interest on cash balances at variable rates. The Company does not have any variable interest rate liabilities.

**6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)

*Currency risk*

The Company is not exposed to significant foreign currency risk.

*Commodity price risk*

The Company is not significantly exposed 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 closely monitors commodity prices of precious and base metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

**7. MANAGEMENT OF CAPITAL**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period ended September 30, 2019.

**8. RELATED PARTY TRANSACTIONS**

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and certain directors and officers and companies controlled or significantly influenced by them.

- a) During the three month period ended September 30, 2019, the Company incurred management fees of \$3,000 (2018 - \$3,000) to a company controlled by the former President of the Company.
- b) During the three month period ended September 30, 2019, the Company incurred management and professional fees of \$Nil (2018 - \$30,000) to a companies controlled by the former Chief Financial Officer of the Company.

As at September 30, 2019 there was \$10,500 (June 30, 2019 - \$7,350) owing to corporation controlled by the former President of the Company for management fees.

**YORKTON VENTURES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**  
**THREE MONTH PERIOD ENDED SEPTEMBER 30, 2019**

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**9. SEGMENTED INFORMATION**

The Company operates in one business segment, being the acquisition and exploration of mineral exploration and evaluation assets in Canada.

**10. SUBSEQUENT EVENT**

On October 25, 2019, the Company received proceeds of \$13,316 for payment of accrued interest receivable on the loan receivable described in Note 3. In addition, the Company obtained the pledge of marketable securities owned by the borrower as collateral for this loan.