

**LAKE WINN RESOURCES CORP.**  
**(previously Equitorial Exploration Corp.)**

**INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020 AND 2019**

**Index**

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**NOTICE – NO Auditor Review of the Interim Financial Statements**

The accompanying unaudited interim financial statements of Lake Winn Resources Corp., previously (Equitorial Exploration Corp.) (“the Company”), for the nine months ended September 30, 2020 have been prepared by management and have not been the subject of a review by the Company’s external independent auditor.

**Lake Winn Resources Corp.**  
**Statements of Financial Position**  
**(Expressed in Canadian dollars)**

	September 30 2020	December 31 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 103,766	\$ 27,133
Accounts receivable (Notes (5) and 8 (d))	19,443	5,569
Prepaid	33,334	-
	<u>156,543</u>	<u>32,702</u>
<b>Non-current assets</b>		
Mineral properties (Note 6)	689,688	689,688
	<u>689,688</u>	<u>689,688</u>
<b>Total assets</b>	<b>\$ 846,231</b>	<b>\$ 722,390</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable	\$ 395,532	\$ 257,111
Accrued liabilities	2,300	12,300
Due to related parties (Note 8)	222,108	120,625
	<u>619,940</u>	<u>390,036</u>
<b>Shareholders' equity</b>		
Share capital (Note 7)	9,579,300	9,579,300
Shares subscribed	183,930	-
Contributed surplus	1,244,264	1,244,264
Deficit	(10,781,203)	(10,491,210)
	<u>226,291</u>	<u>332,354</u>
	<b>\$ 846,231</b>	<b>\$ 722,390</b>

Nature of Operations (Note 1)  
Subsequent Event (Note 12)

Approved on behalf of the Board on November 27, 2020

"Patrick Power"  
Signed

"Binny Jassal"  
Signed

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

**Lake Winn Resources Corp.**  
**Interim Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian dollars)**

	<b>Three Months Ended September 30, 2020</b>	Three Months Ended September 30, 2019	<b>Nine Months Ended September 30, 2020</b>	Nine Months Ended September 30, 2019
<b>Expenses</b>				
Accounting and audit (Note 8)	\$ 15,000	\$ 15,000	\$ 45,122	\$ 45,240
Bank charges	59	286	173	392
Consulting fees (Note 8)	147,965	44,750	202,815	135,121
Exploration expenses (Note 6)	-	15,894	1,641	15,894
Filing fees	1,234	4,501	10,406	16,286
Legal	-	8,521	-	15,581
Office expenses	2,043	1,232	3,723	3,577
Rent (Note 8)	3,578	6,824	12,070	14,055
Share based compensation	-	120,410	-	120,410
Shareholder' information	9,470	40,497	9,470	40,497
Transfer agent fees	721	1,221	2,412	3,383
Travel	1,336	291	2,161	981
	<b>181,406</b>	<b>259,427</b>	<b>289,993</b>	<b>411,417</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (181,406)</b>	<b>\$ (259,427)</b>	<b>\$ (289,993)</b>	<b>\$ (411,417)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of shares outstanding</b>	<b>9,415,084</b>	<b>9,266,387</b>	<b>9,415,084</b>	<b>8,494,460</b>

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

**Lake Winn Resources Corp.**  
**Interim Statements of Changes in Shareholders' Equity**  
**(Expressed in Canadian dollars)**

	Number of Shares	Share Capital & Shares subscribed	Contributed Surplus	Deficit	Shareholders' Equity
<b>Balance December 31, 2019</b>	<b>9,415,084</b>	<b>\$ 9,579,300</b>	<b>\$ 1,244,264</b>	<b>\$ (10,491,210)</b>	<b>\$ 332,354</b>
Shares subscribed		183,930	-	-	183,930
Loss for the period	-	-	-	(289,993)	(289,993)
<b>Balance September 30, 2020</b>	<b>9,415,084</b>	<b>\$ 9,763,230</b>	<b>\$ 1,244,264</b>	<b>\$ (10,781,203)</b>	<b>\$ 226,291</b>
Balance, December 31, 2018	8,040,084	9,163,682	1,118,116	(9,903,715)	378,083
Private placements – net of shares issuance cost	1,245,000	326,282	-	-	326,282
Fair value of brokers warrants granted	-	(14,769)	14,769	-	-
Exercise of stock options	130,000	65,000	-	-	65,000
Fair value of stock options exercised	-	39,105	(39,105)	-	-
Fair value of stock options granted (Note 7)	-	-	150,484	-	150,484
Loss for the year	-	-	-	(587,495)	(587,495)
<b>Balance December 31, 2019</b>	<b>9,415,084</b>	<b>\$ 9,579,300</b>	<b>\$ 1,244,264</b>	<b>\$ (10,491,210)</b>	<b>\$ 332,354</b>

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

**Lake Winn Resources Corp.**  
**Interim Statements of Cash Flows**  
**(Expressed in Canadian dollars)**

	<b>Three Months Ended September 30, 2020</b>	Three Months Ended September 30, 2019	<b>Nine Months Ended September 30, 2020</b>	Nine Months Ended September 30, 2019
<b>Cash flows from (used in)</b>				
<b>Operating activities</b>				
Loss for the period	\$ (181,406)	\$ (259,427)	\$ (289,993)	\$ (411,417)
<b>Items not affecting cash:</b>				
Share based payments	-	120,410	-	120,410
	<b>(181,406)</b>	<b>(139,017)</b>	<b>(289,993)</b>	<b>(291,007)</b>
<b>Changes in non-cash working capital items:</b>				
(Increase) decrease in accounts receivable	<b>(17,129)</b>	(26,491)	<b>(13,874)</b>	(27,095)
(Increase) decrease in prepaid expenses	<b>(33,334)</b>	-	<b>(33,334)</b>	500
Increase (decrease) in accounts payable and accrued liabilities	<b>120,042</b>	(47,285)	<b>125,796</b>	4,343
<b>Net cash used in operating activities</b>	<b>(111,827)</b>	<b>(212,793)</b>	<b>(211,405)</b>	<b>(313,259)</b>
<b>Investing activities</b>				
Due to a related party	<b>24,375</b>	(58,268)	<b>104,108</b>	(37,955)
<b>Net cash provided from investing activities</b>	<b>24,375</b>	<b>(58,268)</b>	<b>104,108</b>	<b>(37,955)</b>
<b>Financing activities</b>				
Common shares issued	-	21,000	-	373,500
Shares subscribed	<b>183,930</b>	-	<b>183,930</b>	-
Shares issuance costs	-	(4,666)	-	(47,218)
Exercise of stock options	-	15,000	-	15,000
<b>Net cash provided from financing activities</b>	<b>183,930</b>	<b>31,334</b>	<b>183,930</b>	<b>341,282</b>
<b>Change in cash during the period</b>	<b>96,478</b>	<b>(239,727)</b>	<b>76,633</b>	<b>(9,932)</b>
<b>Cash, beginning of the period</b>	<b>7,288</b>	<b>241,641</b>	<b>27,133</b>	<b>11,846</b>
<b>Cash, end of the period</b>	<b>\$ 103,766</b>	<b>\$ 1,914</b>	<b>\$ 103,766</b>	<b>\$ 1,914</b>

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

**Lake Winn Resources Corp.**  
**Notes to the Interim Financial Statements**  
**For the periods ended September 30, 2020 and 2019**  
**(Expressed in Canadian dollars)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Lake Winn Resources Corp. (previously Equitorial Exploration Corp.) (the “Company” or “Lake Winn”) was incorporated on September 21, 2010 under the laws of the British Columbia Business Corporations Act. The Company was listed on TSX Venture Exchange (the “TSX-V”) on July 14, 2011. The address of its registered head office is Suite 1100 -1111 Mellville St., Vancouver, British Columbia, V6E 3V3 Canada.

On September 14, 2020, the Company has changed its name Lakewinn Resources Corp and also roll back the shares 10 to 1.

The Company is in the process of exploring its resource properties and has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts shown for exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from the property or proceeds from its disposition.

At September 30, 2020, the Company had working capital deficiency of \$(463,397) (December 31, 2019 - (deficiency) \$357,334), had not yet achieved profitable operations, has accumulated losses of \$10,781,203 (December 31, 2019 - \$10,491,210) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work program on its mineral properties, meet its on-going levels of corporate overhead, keep its property in good standing and discharge its liabilities as they come due. 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 liabilities in the normal course of business. The Company is seeking financial resources to undertake its currently planned work programs and has been successful in the past in obtaining financing. However, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these financial statements.

**2. BASIS OF PRESENTATION**

**(a) Statement of compliance and principles of consolidation**

These interim consolidated financial statements, as at and for the nine months ended September 30, 2020, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of measurement**

These financial statements have been prepared on a historical cost basis except for financial instruments, which are measured at fair value. All financial information in these financial statements is presented in Canadian dollars.

**(b) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less and which are readily convertible into a known amount of cash. The Company’s cash and cash equivalents are invested with major financial institutions in business accounts. Cash may also be invested in guaranteed investment certificates that are available on demand by the Company for

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its

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Cash and cash equivalents (continued)**

program. The Company does not invest in any asset-backed deposits/investments.

**(c) Foreign currency translation**

The functional currency of the Company, as determined by management, is the Canadian dollar and this is also the currency in which it presents these financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the statement of operation and comprehensive operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**(d) Impairment of tangible assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**(e) Deferred income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the

expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

**(f) Provision for decommissioning and restoration**

**Lake Winn Resources Corp.**  
**Notes to the Interim Financial Statements**  
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The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Provision for decommissioning and restoration (continued)**

the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial

recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at September 30, 2020, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

**(g) Share based payments**

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**(h) Earnings (loss) per share**

Basic earnings (loss) per share are calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. For the period presented, dilutive loss per share is equal to basic loss per share.

**(i) Significant accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

Judgments

Title to mineral property interest

**Lake Winn Resources Corp.**  
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Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Significant accounting judgments and estimates (continued)**

Going Concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

Impairment of Non-Current Assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors.

Estimates

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

**(j) Mineral properties**

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or

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when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Minerals Property (continued)**

guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

**(k) Financial instruments**

Effective January 1, 2018, the Company has adopted IFRS 9 Financial Instruments ("IFRS 9") which replaced IAS 39 Financial Instruments and elected to use the exemption to not restate comparative information for prior periods. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement, and there were no quantitative impacts from adoption on the Company's audited financial statements.

As a result of the adoption of IFRS 9, The Company's accounting policy for financial instruments under IFRS 9 has been updated as follows:

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified at FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified and measured at:

(i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. The classification determines the method by which financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Cash and cash equivalents, and accounts receivable are measured at FVTPL with subsequent impairments recognized in the statements of operations and comprehensive loss. Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. Financial liabilities, other than financial liabilities classified as FVTPL, are measured in subsequent periods at amortized cost using the effective interest method. Accounts payable and due to related parties are classified as other financial liabilities and carried on the balance sheet at amortized cost.

**Impairment and uncollectibility of financial assets**

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence that can be estimated reliably indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If a financial asset measured at amortized cost is impaired, an amount equal to the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate is recognized as an impairment loss in the statement of loss and comprehensive loss. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are recognized in the statements of loss and comprehensive loss in the period in

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which they occur.

Impact of change in accounting policy

Upon initial application of IFRS 9, there is no impact to the audited financial statements as of the date of initial

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Financial instruments (continued)**

application. Under IFRS 9, the Company's financial instruments are classified and subsequently measured as follows: cash and cash equivalents and accounts receivable are valued at FVTPL, accounts payable and due to related parties are valued at amortized cost.

**(l) Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**(m) Accounting standards issued but not yet effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2019, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 16 *Leases* ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and nonlease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12-months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. The Company does not expect the implementation of this new standard will have any significant impact to its financial statements.

**4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES**

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

The Company's financial instruments at September 30 2020 consist of cash and cash equivalents, accounts receivables, accounts payables and due from/to related parties. Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The carrying values of accounts receivables, accounts payables and due from/to related parties approximate their fair values because of their nature and respective maturity dates or durations.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2020 as follows:

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		Level 1		Level 2		Level 3		Total
<b>Financial Assets</b>								
Cash and cash equivalents	\$	103,766	\$	-	\$	-	\$	103,766
	<b>\$</b>	<b>103,766</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>103,766</b>

**4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES (continued)**

**(b) Risk Management**

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. The Company's receivables consist of mostly GST receivable due from the Federal Government of Canada. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, and cash and cash equivalent holdings. As the Company does not have operating cash flow and the Company has relied primarily on equity financings to meet its capital requirements.

Foreign currency risk

The Company's functional currency is the Canadian dollar and it transacts major purchases in Canadian dollars and US dollars. In the past years, to fund exploration expenses, it maintains a US dollars-denominated bank accounts containing sufficient funds to support monthly forecasted cash outflows. After the deconsolidation of its foreign subsidiaries, its major transactions are in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is minimal and therefore does not hedge its foreign exchange risk.

Commodity price risk

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

**(c) Capital Management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to

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pursue the development of its mineral properties and to maintain a flexible capital structure which optimises the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes cash, debt and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and adjusts to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new

**4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES (continued)**

**(c) Capital Management (continued)**

shares, issue new debt, and acquire or dispose of assets.

The Company is dependent on the capital markets as its sole source of operating capital. The Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to those markets, and by its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. However, it is subject to any regulations and rules imposed by the TSX Venture Exchange in issuing and/or maintaining debt or equity financings. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**5. ACCOUNTS RECEIVABLE**

	<b>September 30</b>	December 31
	<b>2020</b>	2019
GST receivable	\$ 10,334	\$ 3,119
Due from related party (Note 8 (d))	4,554	-
Other receivables	4,555	2,450
	<b>\$ 19,443</b>	<b>\$ 5,569</b>

**6. MINERAL PROPERTIES**

**(a) Li Property**

On July 25<sup>th</sup>, 2016 the Company purchased from Strategic Metals Ltd. ("Strategic") 100% interest of the Li Property, which is located in the North West Territories.

As consideration of the purchase and sale, the Company has issued to Strategic 5,000,000 common shares of the Company on the closing date; and paid \$100,000 towards expenditures required for the 2016 work program on the Property and grant a 2% NSR Royalty to Strategic. The Company will have the right to buy down half of the NSR Royalty (equal to 1% of the Net Smelter Returns) in consideration for \$2,000,000. Within one year of the closing date, the Company would issue to Strategic 2,500,000 common shares (issued) of the Company and 2,500,000 common share purchase warrants (issued) of the Company; with each warrant entitling Strategic to

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purchase one common share of the Company at a price of \$0.10 per share for a period of 24 months from the date of issue of the warrants. The company has also issued 500,000 shares as finder's fee.

**6. MINERAL PROPERTIES (continued)**

**(b) Cat Property**

On October 24, 2017, the Company has been granted an exclusive option to acquire a 100% recorded and beneficial interest in 3 claims (Catail Claims).

As per the agreement, the Company has paid the sum of \$25,000 on execution of this agreement and has issued 500,000 common shares in consideration for the assignment of the underlying agreement to W.S. Ferreira Ltd. ("Ferreira")

The Company will assume further payments:

- on or before December 31, 2018, make a cash payment of CDN\$25,000 to Ferreira (not yet paid); and
- on or before December 31, 2018, a work commitment of \$5,000 to earn 100% interest in the property;

A 2% Gross Overriding Royalty, "GOR" shall be granted to Ferreira. The Company shall have the right to purchase a 1% GOR from Ferreira at any time prior to production for CDNS1,000,000 leaving Ferreira with a 1% retained GOR.

The Company is currently in default of the option agreement as result of failing to make the option payment of \$25,000 on or before December 31, 2018.

During the year ended December 31, 2019 management of the Company has written down the acquisition cost of this optioned property down to \$Nil.

**(c) Cloud Project**

On September 16<sup>th</sup>, 2020, the Company signed purchase agreement with W.S. Ferreira Ltd. (the "**Vendor**") to acquire the Cloud Project in Manitoba, consisting of four mining claims as well as an area of interest (the "**Property**").

The Property is being acquired in consideration of: (i) the issuance of 2,000,000 common shares of Lake Winn to the Vendor, (ii) a cash payment to the Vendor in the amount of \$265,000 and (iii) the issuance to the Vendor of a net smelter royalty of 2% on production generated on the Property which 1% may be purchased by Lake Winn for a total cash payment to the Vendor in the amount of \$1,000,000.

The breakdown of payments and issuance of shares are follows.

- (a) Pay on or before September 28, 2020 payment of CDN\$65,000 to Ferreira.
- (b) Subject to approval of the TSX Venture Exchange ("Exchange") issue 500,000 common shares to W.S. Ferreira Ltd. on or before September 28, 2020. Do a Work Commitment of CDN \$50,000.00 on or before April 1, 2021.

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- (c) Pay on or before September 28, 2021 payment of CDN \$ 100,000,00 to FERREIRA and pending approval by the exchange issue 500,000 common shares to William S. Ferreira on or before September 28, 2021, if the OPTIONEE consolidates the common share structure after September 28, 2020, then the common shares shall be post-consolidated common shares paid by the OPTIONEE to William S. Ferreira on or before September 28, 2021.
- (d) Pay on or before September 28, 2022 a payment of CDN \$ 100,000 to FERREIRA and pending approval by the exchange to issue 1,000,000 common shares to William S. Ferreira on or before September 28,

**6. MINERAL PROPERTIES (continued)**

**(c) Cloud Project (continued)**

2022, if the OPTIONEE consolidates the common share structure after September 28, 2020, then the common shares shall be post-consolidated common shares paid by the OPTIONEE to William S. Ferreira on or before September 28, 2022

The transaction has been approved by TSX.

During the period ended September 30, 2020, the Company incurred property acquisition costs as follows:

	Canada Li Property \$	Canada Cat Property \$	Total \$
<b>Mineral properties</b>			
Balance, December 31, 2018	689,688	1	689,689
Acquisition costs incurred during the year	-	-	-
Written-off	-	(1)	(1)
Balance, December 31, 2019	689,688	-	689,688
Acquisition costs incurred during the period	-	-	-
Written-off	-	-	-
<b>Balance, September 30, 2020</b>	<b>689,688</b>	<b>-</b>	<b>689,688</b>

During the period ended September 30, 2020, the Company incurred exploration expenditures as follows:

	Canada, Li Property \$	Total \$
<b>Exploration and related expenditures</b>		
Consulting	1,641	1,641
<b>Total exploration expenditure</b>	<b>1,641</b>	<b>1,641</b>

During the period ended September 30, 2019, the Company incurred exploration expenditures as follows:

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	Canada, Li Property	Total \$
Exploration and related expenditures		
Consulting	15,894	15,894
<b>Total exploration expenditure</b>	<b>15,894</b>	<b>15,894</b>

**7. SHARE CAPITAL**

On September 14, 2020, the Company has rolled back its shares 10 to 1. Therefore, all the shares, warrants and options have been adjusted accordingly.

(a) The Company issued shares as follows:

**The Company did not issue any shares during the period ended September 30 2020.**

During the year ended December 31, 2019

- i On May 31, 2019, the Company completed a private placement of 275,000 (pre roll back 2,750,000) units at a price of \$0.03 per unit for gross proceeds of \$82,500 and paid share issuance costs of \$5,160. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.50 (pre roll back \$0.05) for a period of two years. The Company paid \$11,765 legal fees and also issued 17,200 (pre roll back 172,000) finder's warrants at a price of \$0.50 (pre roll back \$0.05) per warrant share for a period of two years from the date of closing. The warrants were valued at \$1,782 using the Black-Scholes option pricing model with an average risk-free interest rate of 1.67%, expected life of 2 years, volatility of 88.86% and a dividend yield of 0%.
- ii On June 28, 2019, the Company completed a private placement of 900,000 (pre roll back 9,000,000) units at a price of \$0.03 per unit for gross proceeds of \$270,000 and paid share issuance costs of \$21,600. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.50 (pre roll back \$0.05) for a period of two years. The Company paid 4,027 legal fees and also issued 72,000 (pre roll back 720,000) finder's warrants at a price of \$0.50 (pre roll back \$0.05) per warrant share for a period of two years from the date of closing. The warrants were valued at \$12,032 using the Black-Scholes option pricing model with an average risk-free interest rate of 1.35%, expected life of 2 years, volatility of 88.76% and a dividend yield of 0%.
- iii On July 29, 2019, the Company completed a private placement of 70,000 (pre roll back 700,000) units at a price of \$0.03 per unit for gross proceeds of \$21,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.50 (pre roll back \$0.05) for a period of two years. The Company paid 2,986 legal fees, \$1,680 finder's fees and also issued 5,600 (pre roll back 56,000) finder's warrants at a price of \$0.50 (pre roll back \$0.05) per warrant share for a period of two years from the date of closing. The warrants were valued at \$955 using the Black-Scholes option pricing model with an

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average risk-free interest rate of 1.58%, expected life of 2 years, volatility of 74.40% and a dividend yield of 0%.

- iv On September 23, 2019, the Company issued 30,000 (pre roll back 300,000) shares for a gross proceed of \$15,000 pursuant to an exercise of stock options. The fair value of the options exercised \$9,031 was reclassified to share capital from contributed surplus.
- v On October 8, 2019, the Company issued 100,000 (pre roll back 1,000,000) shares for a gross proceed of \$50,000 pursuant to an exercise of stock options. The fair value of the options exercised \$30,074 was reclassified to share capital from contributed surplus.

**7. SHARE CAPITAL (continued)**

**(b) Stock options**

As at September 30, the Company had 805,000 (pre roll back 8,050,000) options outstanding (December 31, 2019 – 805,000) (pre roll back 8,050,000).

The Company has a stock option plan (the “Plan”) for directors, senior officers, employees, consultants, and management. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. Options granted to directors, senior officers, employees, and consultants vest fully upon the expiry of the hold period of four months from the award date. Options granted to consultants performing investor relations activities vest over a period of time.

**No options were granted during the period ended September 30, 2020.**

The following options were granted during the year ended December 31, 2019

400,000 (pre roll back 4,000,000) options granted to consultants and directors with an exercise price of \$0.50 (pre roll back \$0.05) per option expiring on August 1, 2024. The options vest immediately on grant date. As at December 31, 2019, the options were valued at \$120,410 using the Black-Scholes option pricing model with an average risk-free interest rate of 1.37%, expected life of 5 years, volatility of 107.53% and a dividend yield of 0%.

100,000 (pre roll back 1,000,000) options granted to a consultant with an exercise price of \$0.50 (pre roll back \$0.05) per option expiring on October 7, 2024. The options vest immediately on grant date. As at December 31, 2019, the options were valued at \$30,074 using the Black-Scholes option pricing model with an average risk-free interest rate of 1.43%, expected life of 5 years, volatility of 107.30% and a dividend yield of 0%.

- (i) As at September 30, 2020, the Company had stock options outstanding and exercisable enabling holders to acquire the following:

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
20,000	\$1.20	May 24, 2023
60,000	\$0.90	November 25, 2020
110,000	\$0.55	January 27, 2022

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100,000	\$0.80	November 13, 2022
40,000	\$0.85	November 13, 2022
75,000	\$0.80	April 26, 2023
30,000	\$0.60	July 19, 2023
370,000	\$0.50	August 1, 2024
<b>805,000</b>		

**7. SHARE CAPITAL (continued)**

**(b) Stock options (continued)**

- (ii) A summary of the status of the Company's stock options as at September 30, 2020 and December 31, 2019 and changes during those periods are presented below:

	<b>Options Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life Years</b>
Balance, December 31, 2018	527,500	\$0.80	3.64
Granted	500,000	0.50	-
Exercised	(130,000)	0.50	-
Expired/Cancelled	(92,500)	(0.80)	-
Balance, December 31, 2019	<b>805,000</b>	<b>\$0.64</b>	3.49
Granted	-	-	-
Exercised	-	-	-
Expired/Cancelled	-	-	-
<b>Balance September 30, 2020</b>	<b>805,000</b>	<b>\$0.64</b>	<b>2.74</b>

**(c) Share purchase warrants**

- (i) As at September 30, 2020, the Company had warrants outstanding enabling holders to acquire the following:

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
292,200	\$0.50	May 31, 2021
972,000	\$0.50	June 28, 2021
75,600	\$0.50	July 29, 2021
<b>1,339,800</b>		

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- (ii) A summary of the Company's issued and outstanding share purchase warrants as at September 30, 2020 and December 31, 2019 and changes during those periods are presented below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - Years
Balance, December 31, 2017	1,003,937	\$1.50	1.19
Granted	1,339,800	\$0.50	-
Exercised	-	-	-
Expired	-	-	-
Balance, December 31, 2019	<b>2,343,737</b>	<b>\$0.50</b>	<b>1.06</b>
Granted	-	-	-
Exercised	-	-	-
Expired	(1,003,937)	1.49	-
<b>Balance September 30, 2020</b>	<b>1,339,800</b>	<b>\$0.50</b>	<b>0.75</b>

**8. RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The value of transactions relating to key management personal were as follows:

- (a) During the period ended September 30, 2020, the Company incurred consulting fees of \$86,250 (September 30, 2019: \$72,000 to companies controlled by Directors of the Company.
- (b) During the period ended September 30, 2020, payment of rent of \$8,492 (September 30, 2019: \$14,055) pertains to rent paid to a company related by a common officer for shared office premises.
- (c) During the period ended September 30, 2020, the Company incurred accounting fees of \$45,000 (September 30, 2019 \$45,000) to a company controlled by the CFO and Director of the Company.
- (d) As at September 30, 2020, accounts receivable and advances included \$4,554 (December 31, 2019: \$nil) pertains to rent due from a company related by a common officer for shared office premises.

As at September 30, 2020, the amounts due to related parties were \$222,108 (December 31, 2019: \$120,625).

The amounts due from or to the related parties are unsecured and without interest or stated terms of repayment. All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

**9. SEGMENTED INFORMATION**

The Company conducts all of its operations in acquisition, exploration and development of mineral properties. The geographical division of the Company's total assets are as follows:

Assets	September 30,	December 31,
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	2020	2019
Canada	\$ 846,231	\$ 722,390
USA	-	-
<b>Total</b>	<b>\$ 846,231</b>	<b>\$ 722,390</b>

**10. SUPPLEMENTAL CASH FLOW INFORMATION**

The following significant non-cash transactions have been excluded from the statements of cash flows:

**During the period ended September 30, 2020 - \$nil**

*During the year ended December 31, 2019*

In connection to the private placement dated May 31, 2019, the Company issued 172,000 finder's warrants, which were valued at \$1,782 using the Black-Scholes option pricing model.

In connection to the private placement dated June 28, 2019, the Company issued 720,000 finder's warrants, which were valued at \$12,032 using the Black-Scholes option pricing model.

In connection to the private placement dated July 29, 2019, the Company issued 56,000 finder's warrants, which were valued at \$955 using the Black-Scholes option pricing model.

The Company transferred \$39,105 from contributed surplus to share capital pursuant to the exercise of 1,300,000 stock options.

**11. COVID-19**

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 physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. 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 financial results and condition of the Company in future periods.

**12. EVENTS AFTER THE REPORTING PERIOD**

- (a) Closed the non-flow through private placement for gross proceeds of \$665,000 by issuing 6,650,000 units at \$0.10 per

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unit. Each unit will be comprised of one common share and one common share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.20 for a period of two years from closing. All securities will be subject to a four-month hold period from the closing date. The Company paid cash finders fees of \$30,120 and also issued 301,200 warrants @ \$0.20 for a period of two years from closing.

- (b) Closed the flow through private placement for gross proceeds of \$1,250,000 by issuing 12,500,000 units at \$0.10 per unit. Each unit will be comprised of one common share and one half common share purchase warrant, with each warrant exercisable into one common share at a price of \$0.30 for a period of two years from closing. All securities will be subject to a four-month hold period from the closing date. The Company paid cash finders fees of \$44,310 and also issued 442,800 warrants @ \$0.30 for a period of two years from closing.
- (c) Closed the non-flow through private placement for gross proceeds of \$835,000 by issuing 6,958,335 units at \$0.12 per unit. Each unit will be comprised of one common share and one common share purchase warrant, with each warrant exercisable into one common share at a price of \$0.16 for a period of three years from closing. All securities will be subject to a four-month hold period from the closing date. The Company paid cash finders fees of \$7,078 and also issued 58,980 warrants @ \$0.16 for a period of three years from closing.

**12. EVENTS AFTER THE REPORTING PERIOD (continued)**

- (d) Settled \$79,125 by issuing 659,375 shares regarding debt owed to insiders @ \$0.12.
- (e) Settled \$166,061 by issuing 1,383,842 shares regarding debt owed to trade payables @ \$0.12.
- (f) Granted 2,900,000 options at \$0.23 to directors, officers and consultants.