
**WESTERN TROY CAPITAL RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED
MAY 31, 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Western Troy Capital Resources Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Western Troy Capital Resources Inc.**Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian dollars)****(Unaudited)**

	As at May 31, 2020	As at November 30, 2019
ASSETS		
Current assets		
Cash	\$ 817	\$ 351
Amounts receivable and other assets (note 3)	25,823	25,471
Total assets	\$ 26,640	\$ 25,822
DEFICIENCY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 9)	\$ 103,543	\$ 47,978
Total liabilities	103,543	47,978
Deficiency		
Share capital (note 4)	12,360,280	12,317,720
Obligation to issue shares (note 4)	-	20,060
Reserves (notes 5 and 6)	65,977	94,032
Accumulated deficit	(12,503,160)	(12,453,968)
Total deficiency	(76,903)	(22,156)
Total deficiency and liabilities	\$ 26,640	\$ 25,822

Nature of operations and going concern (note 1)

Contingencies and commitments (note 10)

Subsequent events (note 11)

Approved on behalf of the Board:"Rex Loesby", Director
_____"Stephen Dunn", Director

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

Western Troy Capital Resources Inc.

Condensed Interim Consolidated Statements of profit (loss) and Comprehensive profit (loss)

(Expressed in Canadian dollars)

(Unaudited)

	Three Months Ended May 31,		Six Months Ended May 31,	
	2020	2019	2020	2019
Operating expenses				
General and administrative (note 8)	\$ 40,654	\$ 55,616	\$ 78,245	\$ 101,946
Total operating expenses	(40,654)	(55,616)	(78,245)	(101,946)
Foreign exchange gain (loss)	1,066	(976)	998	790
Flow-through indemnification reversal	-	138,533	-	138,533
Net (loss) profit and comprehensive (loss) profit for the period	\$ (39,588)	\$ 81,941	\$ (77,247)	\$ 37,377
Net (loss) profit per share				
- basic and diluted (note 7)	\$ (0.00)	\$ 0.01	\$ (0.01)	\$ 0.00
Weighted average number of common shares outstanding - basic and diluted	9,636,002	8,126,802	9,387,670	8,130,816

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

Western Troy Capital Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Six Months Ended	
	May 31,	
	2020	2019
Operating activities		
Net profit (loss) for the period	\$ (77,247)	\$ 37,377
Adjustments for:		
Foreign exchange	895	-
Changes in non-cash working capital items:		
Amounts receivable and other assets	(1,247)	8,397
Amounts payable and other liabilities	78,065	2,722
Net cash provided by operating activities	466	48,496
Net change in cash	466	48,496
Cash, beginning of period	351	58,878
Cash, end of period	\$ 817	\$ 107,374
Supplemental disclosure		
Shares issued for settlement of debt (note 4)	\$ 42,560	\$ -

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

Western Troy Capital Resources Inc.

Condensed Interim Consolidated Statements of Changes in Deficiency

(Expressed in Canadian dollars)

(Unaudited)

	Share capital	Obligation to issue shares	Reserves			Total
			Equity settled share-based payments reserve	Warrant reserve	Accumulated deficit	
Balance, November 30, 2019	\$ 12,317,720	\$ 20,060	\$ 65,977	\$ 28,055	\$ (12,453,968)	\$ (22,156)
Common shares issued for debt settlement (note 4)	42,560	(20,060)	-	-	-	22,500
Warrants expired (note 5)	-	-	-	(28,055)	28,055	-
Net loss for the period	-	-	-	-	(77,247)	(77,247)
Balance, May 31, 2020	\$ 12,360,280	\$ -	\$ 65,977	\$ -	\$ (12,503,160)	\$ (76,903)
Balance, November 30, 2018	\$ 12,317,720	\$ -	\$ 65,977	\$ 28,055	\$ (12,507,792)	\$ (96,040)
Net profit for the period	-	-	-	-	37,377	37,377
Balance, May 31, 2019	\$ 12,317,720	\$ -	\$ 65,977	\$ 28,055	\$ (12,470,415)	\$ (58,663)

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

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended May 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

1. Nature of operations and going concern

Western Troy Capital Resources Inc. (the "Company" or "Western Troy") was incorporated under the laws of the Province of Ontario, Canada, by Articles of Incorporation dated November 8, 1989. The Company pursues interests in business opportunities in, primarily in the resource sector, but will consider opportunities outside that sector. The primary office of the Company is located at The Canadian Venture Building, 82 Richmond St. East, Suite 200, Toronto, Ontario, Canada, M5C 1P1.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume 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 operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Company has incurred losses in the prior periods, with a loss of \$77,247 for the six months ended May 31, 2020 (six months ended May 31, 2019 - profit of \$37,377), and as at May 31, 2020 has an accumulated deficit of \$12,503,160 (November 30, 2019 - \$12,453,968) and working capital deficiency of \$76,903 (November 30, 2019 - \$22,156).

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. Based on current projections and operating plans, the Company may be required to raise additional funds through equity financing. There is, however, no assurance that any such initiatives will be successful and, as a result, there exists material uncertainty casting significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications 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 for the foreseeable future. These adjustments could be material.

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended May 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual consolidated financial statements required by IFRS as issued by the IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of July 24, 2020. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended November 30, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending November 30, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

New accounting standards and interpretations adopted

Lease and right-of-use assets

The Company's accounting policy for leases under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The application of the new standard has no impact on the unaudited condensed interim consolidated financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation became applicable for annual periods beginning on or after January 1, 2019. At December 1, 2019, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

Future accounting pronouncements

IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020.

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended May 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies (continued)

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively.

3. Amounts receivable and other assets

	As at May 31, 2020	As at November 30, 2019
Sales tax receivable - (Canada)	\$ 5,142	\$ 5,686
Other amounts receivable (i)	20,681	19,785
	\$ 25,823	\$ 25,471

- (i) On February 20, 2019, the Company and Cultivation Technologies, Inc. ("CTI") entered into a Letter of Intent ("LOI"), to complete an arm's length Reverse Takeover ("RTO") Transaction.

On August 29, 2019, CTI and the Company agreed to terminate the LOI with CTI agreeing to pay a break-up fee of \$40,076 (US\$30,000). As of May 31, 2020, the balance of the termination fee outstanding is \$20,681 (US\$15,000) (November 30, 2019 - \$19,785 (US\$15,000)).

4. Share capital

- a) Authorized share capital

Unlimited number of common shares, no par value
Unlimited number of Class A shares, no par value

- b) Shares issued

As at May 31, 2020, the issued share capital amounted to \$12,360,280.

	Number of common shares	Amount
Balance, November 30, 2018, May 31, 2019, and November 30, 2019	8,182,994	\$ 12,317,720
Common shares issued for debt settlement (i) (ii)	1,453,008	42,560
Balance, May 31, 2020	9,636,002	\$ 12,360,280

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended May 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

4. Share capital (continued)

b) Shares issued (continued)

- (i) On November 30, 2019, the Company entered into debt settlement agreements whereby the vendors, including related party, agreed to settle accounts payable of \$50,150 with 1,003,008 Common shares of the Company with fair value of \$20,060. These shares were issued and recorded on January 14, 2020.
- (ii) On December 2, 2019, the Company entered into debt settlement agreements with certain related parties to settle accounts payable of \$22,500 with 450,000 Common shares of the Company. These shares were issued and recorded on January 14, 2020.

c) Obligation to issue shares

On November 30, 2019, the Company entered into debt settlement agreements whereby the vendors, including related party, agreed to settle accounts payable of \$50,150 with 1,003,008 Common shares of the Company with fair value of \$20,060. As of November 30, 2019, these shares have not been issued and recorded as an obligation to issue shares. During the year ended November 30, 2019, the Company recorded a gain on settlement of debt of \$30,090. On January 14, 2020 these shares were issued to the vendors.

5. Warrants

The following table reflects the continuity of warrants:

	Number of warrants	Weighted average exercise price (\$)	Grant date fair value of warrants (\$)
Balance, November 30, 2018, May 31, 2019, and November 30, 2019	200,000	0.25	28,055
Expired (i)	(200,000)	(0.25)	(28,055)
Balance, May 31, 2020	-	-	-

- (i) On December 9, 2019, 200,000 warrants with an exercise price of \$0.25 expired unexercised.

As at May 31, 2020, the Company has no warrants outstanding.

6. Stock options

Under the Company's stock option plan (the "Plan"), the directors of the Company can grant options to acquire common shares of the Company to qualified directors, officers, employees and persons providing ongoing services to the Company. The stock options are non-transferable and have no maximum term of grant. The exercise price of the stock options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant. The aggregate number of common shares reserved for issuance under this plan is limited to 10% of the aggregate number of common shares of the Company that are issued and outstanding.

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price (\$)
Balance, November 30, 2018 and May 31, 2019	400,000	0.25
Balance, November 30, 2019 and May 31, 2020	400,000	0.25

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended May 31, 2020
(Expressed in Canadian dollars)
(Unaudited)

6. Stock options (continued)

The following table reflects the stock options issued and outstanding as of May 31, 2020:

Expiry date	Weighted average exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
December 18, 2022	0.25	2.55	400,000	400,000

7. Profit (loss) per common share

The calculation of basic and diluted loss per share for the three and six months ended May 31, 2020 was based on the loss attributable to common shareholders of \$39,588 and \$77,247, respectively (three and six months ended May 31, 2019 - profit of \$81,941 and \$37,377, respectively) and the weighted average number of common shares outstanding of 9,636,002 and 9,387,670, respectively (three and six months ended May 31, 2019 - 8,126,802 and 8,130,816, respectively). When determining the diluted earnings per share as of May 31, 2020, the effect of the exercise of stock options and warrants was excluded because the predetermined target market price thresholds were not met.

8. General and administrative

	Three Months Ended May 31,		Six Months Ended May 31,	
	2020	2019	2020	2019
Management and consulting fees (note 9)	\$ 6,000	\$ 12,179	\$ 12,000	\$ 24,314
Shareholder relations	9,212	20,021	13,894	26,966
Accounting and corporate	8,325	4,911	14,490	10,892
Professional fees	17,078	12,104	37,759	25,344
Office, travel and general	39	3,251	102	8,130
Directors' fees (note 9)	-	3,150	-	6,300
	\$ 40,654	\$ 55,616	\$ 78,245	\$ 101,946

9. Related party balances and transactions

Key management personnel include the persons having authority and responsibility for planning, directing, and controlling the Company's activities as whole. The Company has determined key management personnel consist of members of the Company's Board of Directors and corporate officers.

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Company entered into the following transactions with related parties and key management personnel:

- During the three and six months ended May 31, 2020, the Company expensed consulting fees of \$nil, (three and six months ended May 31, 2019 - \$12,179 and \$24,947, respectively) to a corporation controlled by a director of the Company.

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended May 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

9. Related party balances and transactions (continued)

The Company entered into the following transactions with related parties and key management personnel: (continued)

- (ii) During the three and six months ended May 31, 2020, the Company expensed consulting fees of \$6,000 and \$12,000, respectively, (three and six months ended May 31, 2019 - \$nil) to a corporation controlled by a Chief Executive Officer, Interim Chief Financial Officer, and director of the Company.
- (iii) During the three and six months ended May 31, 2020, the Company expensed directors fees totaling \$nil, (three and six months ended May 31, 2019 - \$3,150 and \$6,300, respectively) to directors and companies controlled by the directors of the Company.
- (iv) See Note 4(b)(ii).

10. Contingencies and commitments

Flow-through and other tax matters

During 2015, the Company received the results of an audit by the Canada Revenue Agency (“CRA”) related to its 2011 flow-through forms filed. The reassessment resulted in certain expenditures being denied by the CRA and a liability of Part XII.6 tax and interest. During the year ended November 30, 2019, CRA and the Company settled the balance of \$48,130 in full.

In addition, as a consequence of the denied expenditures, the Company reimbursed certain investors for income taxes owing as a result of the reduced tax deduction by the investors. On July 5, 2017, the Company paid \$300,000 to an investor so that the investor could pay his potential lost tax benefit to CRA. Due to the settlement with CRA, the Company received a refund of \$nil (six months ended May 31, 2019 - \$138,533) from the investor during the six months ended May 31, 2020.

11. Subsequent events

On July 10, 2020, the Company announced that it has closed a non-brokered private placement of special warrants (the “Special Warrants”) through the issuance of 25,000,000 Special Warrants at a price of \$0.02 per Special Warrant (the “Purchase Price”) for gross proceeds of \$500,000 (the “Offering”).

The Special Warrants shall be automatically exchanged for units (the “Units”) upon satisfaction of the following conditions (collectively the “Exercise Conditions”):

- the completion of a consolidation (the “Consolidation”) of its common shares (each, a “Common Share”) on the basis of one post-Consolidation Common Shares for each three pre-Consolidation Commons Shares. Following the Consolidation;
- receipt of approval of the NEX for the Offering and the Consolidation; and
- receipt of all regulatory and shareholder approvals required for the Offering and the Consolidation.

The Consolidation must be approved by not less than two-thirds of the votes cast by the shareholders at the next meeting of the shareholders of the Company to be held on August 4, 2020.

Western Troy Capital Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended May 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

11. Subsequent events (continued)

Each Special Warrant is exchangeable, for no additional consideration, into one Unit of the Company. Each Unit will be comprised of one Common Share and one Common Share purchase warrant of the Company (each, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share for a period of twelve (12) months after the closing date of the Offering at a price of \$0.15 per Common Share.

In the event that the Exercise Conditions are not satisfied on the date that is six months after the closing date of the Offering, the Special Warrants shall be redeemed at the Purchase Price for the Special Warrants.