

GSP RESOURCE CORP

Condensed Interim Financial Statements

Three months ended August 31, 2020
Expressed in Canadian Dollars

[Unaudited – prepared by management]

GSP RESOURCES CORP

1610 – 777 Dunsmuir Street, Vancouver, B.C., V7Y 1K4
Telephone (604) 619 7469

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim financial statements.

GSP RESOURCE CORP

Condensed Interim Statement of Financial Position
Expressed in Canadian dollars
[Unaudited – prepared by management]

As at	August 31, 2020	May 31, 2020
	\$	\$
ASSETS		
Current assets		
Cash	838,318	524,187
GST receivable	11,056	6,400
Prepaid expense	57,693	78,636
Total current assets	907,067	609,223
Reclamation bond (Note 4)	27,500	12,105-
Exploration and evaluation assets (Note 5)	684,133	675,190
Total assets	1,618,200	1,296,518
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	13,532	13,070
Due to related parties	1,567	937
Total current liabilities	15,099	14,007
Total liabilities	15,099	24,260
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	1,987,412	1,563,451
Reserves (Note 6)	369,936	242,511
Deficit	(754,247)	(523,451)
Total shareholders' equity	1,603,101	1,282,511
Total liabilities and shareholders' equity	1,618,200	1,296,518

Note 1 - Nature of operations and going concern
Note 8 - Commitments

These financial statements are authorized for issue by the Board of Directors on October 28, 2020

They are signed on the Company's behalf by:

"Simon Dyakowski"
Director

"Chris Dyakowski"
Director

The accompanying notes are an integral part of these financial statements

GSP RESOURCE CORP

Condensed Interim Statement of Loss and Comprehensive Loss
Expressed in Canadian dollars, except for number of shares
[Unaudited – prepared by management]

	Three Months Ended August 31, 2020	Three Months Ended August 31, 2019
	\$	\$
General and administrative expenses		
Advertising	26,094	-
Business development	15,000	-
Consulting	10,000	-
Insurance	1,000	1,000
Management fees (Note 7)	21,000	15,000
Office and miscellaneous	2,626	2,922
Professional fees	6,560	9,101
Regulatory and transfer agent fees	5,667	7,796
Rent	2,500	4,500
Shareholder information	7,450	2,488
Stock based compensation	130,265	-
Travel and promotion	2,334	823
Website	300	-
Loss before income taxes	230,796	43,630
Deferred tax expense (recovery)	-	(1,860)
Net loss and comprehensive loss for the period	230,796	41,770
Basic and diluted loss per share	(0.02)	(0.00)
Weighted average number of common shares		
- Basic and diluted	15,252,511	10,601,500

The accompanying notes are an integral part of these financial statements

GSP RESOURCE CORP

Condensed Interim Statement of Cash Flows
Expressed in Canadian dollars
[Unaudited – prepared by management]

	Three Months Ended August 31, 2020	Three Months Ended August 31, 2019
	\$	\$
Operating activities		
Net loss for the period	(230,796)	(41,770)
Items not affecting cash		
Accrued interest income	105	-
Deferred tax (recovery)	-	(1,860)
Stock based compensation	130,265	-
Changes in non-cash working capital items:		
GST receivable	(4,656)	18,556
Prepaid expenses	(20,944)	(3,545)
Accounts payable and accrued liabilities	461	5,176
Due to related parties	631	-
Net cash flows derived from (used in) operating activities	(83,046)	(23,443)
Investing activities		
Reclamation bond (Note 4)	(15,000)	(12,000)
Exploration and evaluation assets investments (Note 5)	(8,943)	(8,951)
Net cash flows used in investing activities	(23,943)	(20,951)
Financing activities		
Common shares issued for cash, net of share issue costs	421,120	-
Net cash flows used in financing activities	421,120	-
Increase in cash	314,131	(44,394)
Cash, beginning of period	524,187	523,619
Cash, end of period	838,318	479,225

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GSP RESOURCE CORP

Condensed Interim Statements of Changes in Equity
Expressed in Canadian dollars, except for number of shares
[Unaudited – prepared by management]

	Common shares		Reserves	Deficit	Total
	Number	Amount			
		\$	\$	\$	\$
Balance, May 31, 2019	10,601,500	953,801	196,119	(253,859)	896,061
Net loss and comprehensive loss for the period	-	-	-	(41,770)	(41,770)
Balance, August 31, 2019	10,601,500	953,801	196,119	(295,629)	854,291
Flow-through shares issued for cash (Note 6)	1,120,000	168,000	-	-	168,000
Shares issued for mineral property (Notes 5, 6)	275,000	52,250	-	-	52,250
Shares issued pursuant to exercise of warrants (Note 6)	12,705	3,950	(1,409)	-	2,541
Shares issued pursuant to unit offering, net of commission (Note 6)	2,729,837	388,329	11,879	-	35,000
Stock based compensation (Note 6)	-	-	35,922	-	35,922
Net loss and comprehensive loss for the year	-	-	-	(227,822)	(227,822)
Balance, May 31, 2020	14,739,042	1,563,451	242,511	(523,451)	1,282,511
Shares issued pursuant to unit offering (Note 6)	1,333,334	400,000	-	-	400,000
Shares issued pursuant to exercise of warrants (Note 6)	105,602	23,960	(2,840)	-	21,120
Stock based compensation (Note 6)	-	-	130,265	-	130,265
Net loss and comprehensive loss for the year	-	-	-	(230,796)	(230,796)
Balance, August 31, 2020	16,177,978	1,987,411	369,936	(754,247)	1,603,101

The accompanying notes are an integral part of these financial statements

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

1. Nature and Continuance of Operations and Going Concern

GSP Resource Corp. (the “Company”) was incorporated on February 19, 2018 under the Business Corporations Act (British Columbia) under the name GSP Resource Corp. The Company’s principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment.

The head office and principal address of the Company is located at 1610 – 777 Dunsmuir Street, Vancouver, B.C., V7Y 1K4.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and exploration costs is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

These financial statements have been prepared using accounting principles applicable to a going concern which assumes 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 rather than through a process of forced liquidation. The Company emphasises that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern the most significant of these being the Company’s ability to carry out its business objectives dependent on the Company’s ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future. Other uncertainties include the fact that the Company is currently in the exploration stage for its interests in the Olivine Mountain and Alwin properties in British Columbia, Canada (see Note 5), the economic viability of which have not been fully assessed. The Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of capitalized costs on the Olivine Mountain and Alwin properties is uncertain and dependent upon projects achieving commercial production or sale. The outcome of these matters cannot be predicted at this time. The Company is considering a number of alternatives to secure additional capital including obtaining funding facilities or equity financings. Although management intends to secure additional financing there is no assurance management will be successful or that it will establish future profitable operations.

	August 31 2020	May 31 2020
Deficit	\$ (754,247)	\$ (523,451)
Working capital	\$ 891,967	\$ 595,216

If the going concern assumption was not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such amounts would be material.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The Company has not yet experienced a material negative impact to its business, results of operations, or financial position as a result of COVID-19. The future financial effects to the Company, if any, of COVID-19 cannot be reasonably estimated at this time.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

2. Significant Accounting Policies

Statement of Compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard 34 – *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all of the information required for full annual financial statements.

The financial statements were approved by the Board of Directors of the Company on October 28, 2020

Basis of presentation

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

Adoption of new accounting standards

The Company adopted the following new accounting standard and interpretation:

IFRS 9 Financial Instruments (Amendments)

In October 2017, the International Accounting Standards Board (IASB) issued amendments to IFRS 9 *Financial Instruments*, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in November 2017, to address the classification of certain prepayable financial assets.

The amendments clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation may be eligible to be measured at either amortized cost or fair value through other comprehensive income. This classification is subject to the assessment of the business model in which the particular financial asset is held as well as consideration of whether certain eligibility conditions are met.

The amendments are adopted on June 1, 2019. The adoption of this standard did not have material impact on the Company’s financial statements or disclosures.

IFRS 16 Leases (New)

In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

2. Significant Accounting Policies (cont'd...)

Adoption of new accounting standards (cont'd...)

IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor.

The amendments are adopted on June 1, 2019. The adoption did not have any impact on the Company's financial statements or disclosures.

IFRIC 23 Uncertainty over Income Tax Treatments (New)

In June 2017, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Interpretations Committee (IFRIC) interpretation, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in September 2017, to specify how to reflect the effects of uncertainty in accounting for income taxes. IAS 12 *Income Taxes* provides requirements on the recognition and measurement of current or deferred income tax liabilities and assets. However, it does not provide a specific requirement for the accounting for income tax when the application of tax law to a particular transaction or circumstance is uncertain. As a result, the interpretation aims to reduce the diversity in how entities recognize and measure a tax liability or tax asset when there is uncertainty over income tax treatments.

The amendments are adopted on June 1, 2019. The adoption did not have any impact on the Company's financial statements or disclosures.

Conceptual Framework for Financial Reporting (Amendment)

In March 2018, the International Accounting Standards Board (IASB) issued the revised Conceptual Framework for Financial Reporting, incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in October 2018. This revised Conceptual Framework replaces the previous version of the Conceptual Framework issued in 2010. The Conceptual Framework assists entities in developing accounting policies when no IFRS Standard applies to a particular transaction and helps stakeholders to more broadly and better understand the standards.

The revised Conceptual Framework includes the following clarifications and updates:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions and guidance, particularly for the definition of a liability; and,
- Clarifications in important areas such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The amendments are adopted on June 1, 2020. The adoption did not have any impact on the Company's financial statements or disclosures.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

2. Significant Accounting Policies (cont'd...)

Adoption of new accounting standards (cont'd...)

IFRS 7 Financial Instruments: Disclosure (Amendment)

In September 2019, the International Accounting Standards Board (IASB) issued amendments to IFRS 7 *Financial Instruments: Disclosures*, which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in November 2019. The amendments to IFRS 7 arise as a result of amendments made to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 9 *Financial Instruments* to provide temporary relief from applying specific hedge accounting requirements that could have resulted in the discontinuation of hedge accounting solely due to the uncertainty arising from interest rate benchmark reform. Accordingly, IFRS 7 has been amended to provide specific disclosure requirements regarding uncertainty arising from interest rate benchmark reform.

The amendments are adopted on June 1, 2020. The adoption did not have any impact on the Company's financial statements or disclosures.

IAS 1 Presentation of Financial Statements (Amendment) and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment)

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1 and IAS 8 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2019. The amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states:

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are adopted on June 1, 2020. The adoption did not have any impact on the Company's financial statements or disclosures.

Cash

Cash consists of cash on hand and deposits in banks with no restrictions. Cash equivalents include money market instruments that are readily convertible to cash and have maturities at the date of purchase of less than ninety days. There were no cash equivalents as at May 31, 2020 and 2019.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets. Such costs include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

2. Significant Accounting Policies (cont'd...)

Asset retirement obligation

Provisions for the decommissioning, restoration and rehabilitation are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of capital will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. Upon initial recognition of the liability, the corresponding costs are added to the carrying amount of the related asset and amortized as an expense, using a systematic method, over the economic life of the asset. Following initial recognition of the asset retirement obligation, the carrying amount of the liability is adjusted annually for the passage of time and changes to the amount or timing of the underlying cash flows needed to settle the obligation. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. The Company does not have any asset retirement obligation as of August 31, 2020 and May 31, 2020.

Reclamation bond

Reclamation bonds are required by the British Columbia Ministry of Energy and Mines and are represented by Guaranteed Interest Certificates ("GIC") held in the Company's name at a bank. The reclamation bonds cannot be withdrawn by the Company without the consent of the Ministry of Natural Resources.

Mining exploration tax credit

Mining tax credits are recorded as a reduction of the related deferred exploration expenditures upon receipts from the Canada Revenue Agency ("CRA"). These non-repayable mining credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration expenditures.

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.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

Flow-through shares

Flow-through shares expenditure deductions for income tax purposes related to exploratory activities funded by flow-through equity instruments are renounced to investors in accordance with income tax legislation. The proceeds from issuance are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A flow through share premium liability is recognized for this difference and included in deferred tax recovery at the time the qualifying expenditures are made.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

2. Significant Accounting Policies (cont'd...)

A deferred tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled when eligible expenditures have been incurred and management establishes the intent to make renunciation filings with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

Share based payments

Share based payments to directors, officers and consultants are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received. The corresponding amount is recorded to the contributed surplus. The Company applies the fair value method of accounting for share-based payments and the fair value is calculated using the Black-Scholes option pricing model.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized 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. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

2. Significant Accounting Policies (cont'd...)

fulfilled when eligible expenditures have been incurred and management establishes the intent to make renunciation filings with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

3. Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgment has been applied include:

- **Impairment of exploration and evaluation assets (E&E assets)**
In accordance with the Company's accounting policy, the Company's E&E assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Management has assessed for impairment indicators for the Company's E&E assets as of May 31, 2020 and 2019 and has concluded that no indicators of impairment were identified, and the Company plans to continue with its objective of developing the Olivine Mountain and Alwin Mineral Properties.

- **Going concern assessment**
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year as they fall due, and to fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

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3. Significant accounting judgments and estimates (cont'd...)

Significant areas requiring the use of management estimates and assumptions include:

- Fair value calculation of stock-based compensation

The fair value of share-based payments in relation to the agent warrants and options granted is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry average and future forecasts.

- Current and deferred tax taxation

Estimations of the tax asset or liability require assessments to be made based on the potential tax treatment of certain items that will only be resolved once finally agreed with the relevant tax authorities. Assumptions underlying the composition of deferred tax assets and liabilities include estimates of future financial performance and the timing of reversal of temporary differences as well as the tax rates and laws in each respective jurisdiction at the time of the expected reversal. As of May 31, 2020, the Company has recorded deferred tax liability of \$Nil (May 31, 2019 - \$Nil).

4. Reclamation bond

As of August 31, 2020, reclamation bonds in the amount of \$27,000 (May 31, 2020 - \$12,105), plus accrued interest, is held with the British Columbia Ministry of Energy and Mines.

5. Exploration and Evaluation Assets

Alwin Property, Kamloops Mining Division, British Columbia

On January 30, 2020, the Company entered into an option agreement to acquire a 100% interest in 9 mining claims located in the Similkameen Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$250,000 (of which \$25,000 is paid as of August 31, 2020), issue 4,500,000 of the Company's common shares (of which 200,000 are issued as of August 31, 2020) as follows:

Date	Cash	Shares
Upon receipt of TSX Venture Exchange approval of the Option Agreement (the "Approval Date") (paid and issued)	\$ 25,000	200,000
On or before 1 st Anniversary of the Approval Date	\$ 25,000	200,000
On or before 2 nd Anniversary of the Approval Date	\$ 25,000	300,000
On or before 3 rd Anniversary of the Approval Date	\$ 50,000	400,000
On or before 4 th Anniversary of the Approval Date	\$ 50,000	500,000
On or before 5 th Anniversary of the Approval Date	\$ 75,000	900,000
On or before the earlier of a bankable feasibility study and the 8 th Anniversary of the Approval Date	\$ -	2,000,000
	<u>\$ 250,000</u>	<u>4,500,000</u>

During the term of the option, the Company is required to keep the claims in good standing.

These claims are also subject to a 1.8% Gross Smelter Return ("GSR") Royalty to the Optionors. The Company has the option to repurchase 0.8% GSR Royalty for \$1,500,000, leaving the Optionors with a 1% GSR Royalty.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

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5. Exploration and Evaluation Assets (cont'd...)

Olivine Mountain Property, Similkameen Mining Division, British Columbia

On February 23, 2018 (as amended October 17, 2019 and further amended December 24, 2019), the Company entered into an option agreement to acquire a 100% interest in 25 mining claims located in the Similkameen Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$80,000 (of which \$55,000 is paid as of August 31, 2020), issue 275,000 of the Company's common shares (of which 275,000 are issued as of August 31, 2020) and incur aggregate minimum exploration expenditure of \$300,000 on the Olivine Property (all of which has been cumulatively expended as of February 29, 2020) as follows:

Date	Cash	Shares	Minimum Exploration Expenditures
Within 10 days after execution and delivery of the Agreement (paid)	\$ 15,000	-	-
Within 10 days of the "Listing Date" (November 29, 2018), which is five days after the date of the final TSXV bulletin approving the listing of the Company's Common Shares and the acceptance by the TSXV of the Option Agreement. (paid and issued)	\$ 20,000	200,000	-
Six-month anniversary of the Listing Date (paid)	\$ 20,000	-	-
Fifteenth-month anniversary of the Listing Date (issued and incurred)	-	75,000	\$100,000
Twenty-fourth month anniversary of the Listing Date (incurred)	-	-	\$200,000
Thirtieth month anniversary of the Listing Date	\$ 25,000	-	-
	<u>\$ 105,000</u>	<u>275,000</u>	<u>\$300,000</u>

During the term of the option, the Company is required to keep the claims in good standing.

These claims are also subject to a 2% Net Smelter Return ("NSR") Royalty payable commencing from the date upon which the Property is put into commercial production, 100% of which can be acquired at a purchase price of \$1,00,000 for each one-half (50%) of the NSR Royalty, leaving the Optionor with no NSR Royalty after payment of \$2,000,000.

Agreement with Full Metal Minerals Ltd.

The Company entered into a letter agreement pursuant to which Full Metal Mineral Ltd has the option to earn a 60% interest in the Company's Olivine Mountain Property. The Company holds an option in good standing to acquire 100% right, title, and interest in and to the Property. The option may be exercised by Full Metal (i) incurring exploration expenditures of \$500,000 including a minimum \$75,000 within 12 months following the date upon which the Agreement is accepted by the TSX Venture Exchange. (ii) making cash payment totaling \$500,000 (\$80,000 within 12 months of the acceptance date; and (iii) issuing 250,000 common shares of Full Metal (70,000 within 12 months of the acceptance date), over the four-year Option term

The Company entered into an amended letter agreement with Full Metal Mineral Ltd. to extend the acceptance date of the agreement to August 28, 2020, provided that so long as Full Metal is using commercially reasonable efforts to obtain such acceptance, Full Metal may elect to extend the termination date for up to two 30 day periods.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

5. Exploration and Evaluation Assets (cont'd...)

Expenditures related to the properties can be summarized as follows:

	May 31, 2019	Additions	May 31, 2020	Additions	August 31, 2020
	\$	\$	\$	\$	\$
Acquisition costs – additions during the year					
Alwin Project					
Property option payments - cash	-	25,000	25,000	-	25,000
Property option payments - shares	-	38,000	38,000	-	38,000
	-	63,000	63,000	-	63,000
Olivine Property					
Property option payments - cash	55,000	-	55,000	-	55,000
Property option payments - shares	35,000	14,250	49,250	-	49,250
Other claims - cash	991	-	991	-	991
	90,991	14,250	105,241	-	105,241
	90,991	77,250	168,241	-	168,241
Exploration costs – additions during the year					
Alwin Project					
Geological consulting	-	5,694	5,694	6,288	11,972
Travel, supplies and field expenses	-	1,203	1,203	2,215	3,418
	-	6,897	6,897	8,493	15,390
Olivine Property					
Airborne geophysical survey	85,000	-	85,000	-	85,000
Assessment report	8,554	2,000	8,554	-	8,554
Core cutting	8,050	8,050	8,050	-	8,050
Drilling	122,683	122,683	122,683	-	122,683
Fieldwork	7,609	-	7,609	-	7,609
Geological consulting	19,239	14,233	19,239	-	19,239
Geological survey	1,375	-	1,375	-	1,375
Laboratory analysis	67,202	20,806	67,202	450	67,652
Mobilization	8,467	8,467	8,467	-	8,467
Permitting	3,550	3,550	3,550	-	3,550
Project management (Note 6)	28,109	-	28,109	-	28,109
Road clearing	1,000	1,000	1,000	-	1,000
Soil sampling	36,315	-	36,315	-	36,315
Technical report	23,792	-	23,792	-	23,792
Travel, supplies and field expenses	79,097	41,846	79,097	-	79,097
	500,052	222,635	500,052	450	500,502
	506,949	229,532	506,949	450	515,832
Balance, end of period	675,190	306,782	675,190	8,943-	684,133

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

6. Share Capital

a) Authorized:

Unlimited number of common shares with no par value.

b) Issued and Outstanding

As at August 31, 2020, 16,177,978 (May 31, 2020 – 14,739,042) common shares with no par value were issued and outstanding.

During the three months ended August 31, 2020 the Company issued common shares of the Company as follows:

- On July 30, 2020 the Company issued 1,333,334 common shares pursuant to a private placement at \$0.30 per share for gross proceeds in the amount of \$400,000. Each unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to purchase one common share of the Company at a price of \$0.45 per share on or before July 30, 2023.
- The Company issued an additional 105,602 common shares pursuant to the exercise of warrants at \$0.20 per share for proceeds in the amount of \$21,120.

During the year ended May 31, 2020 the Company issued common shares of the Company as follows:

- On November 4, 2019, the Company completed a non-brokered private placement offering by issuance of 1,120,000 flow-through units ("FT Units") at a price of \$0.15 per FT Unit for gross proceeds of \$168,000. Each FT Unit consists of one common share in the capital of the Company issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) and one transferable non-flow through common share purchase warrant ("Warrant"). Each whole warrant entitles the holder to purchase one non flow-through common share of the Company exercisable at a price of \$0.20 for a period of 24 months from the date of issuance, subject to an acceleration clause. The units issued were issued at a price lower than the market trading price on their respective issuance date. Accordingly, \$nil was allocated to reserves or flow-through share premium liability as fair value for the warrants under the residual value method.
- On November 26, 2019, the Company issued 12,705 common shares pursuant to the exercise of agent warrants at a price of \$0.20 per common share for gross proceeds of \$2,541.
- On February 11, 2020, the Company issued 200,000 common shares pursuant to the option agreement of the Alwin Project at a fair value of \$0.19 per common share (Note 5).
- On February 11, 2020, the Company issued 75,000 common shares pursuant to the option agreement of the Olivine Mountain Property at a fair value of \$0.19 per common share (Note 5).
- On May 21, 2020, the Company issued 2,729,837 units pursuant to a private placement at a price of \$0.15 per unit for gross proceeds of \$409,475. Each unit is comprised of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share on or before May 21, 2022. The Company paid aggregate cash finder's fees of \$12,147 and issued 80,979 non-transferable finder warrants to certain brokers on a portion of the private placement. The finder warrants have the same terms as the share purchase warrants.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

6. Share Capital (cont'd...)

c) Escrow shares

As of August 31, 2020, the Company has 2,947,500 (May 31, 2020 – 2,947,500) common shares held in escrow. Common shares held in escrow are released as follows:

- 10% were released on the date the Company's securities were listed on a Canadian exchange (655,000 released on November 29, 2018); and
- 15% (982,500 common shares) released every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – *Escrow for Initial Public Offerings*.

d) Flow-through shares

On November 4, 2019, the Company issued 1,120,000 common shares on a flow-through basis at a price of \$0.15 per share for gross proceeds of \$168,000 (see Note 6b). The Company renounced \$103,443 of the expenditures incurred and renounce the balance of \$64,557 unspent funds under the look-back rules as of December 31, 2019. As of August 31, 2020, the Company has incurred approximately \$115,000 of qualified expenditures leaving approximately \$53,000 as unspent flow-through proceeds to be used in fiscal 2021.

e) Warrants

The following is a summary of warrant transactions for the three months ended August 31, 2020 and for the fiscal year ended May 31, 2020:

	Three months ended		Year ended	
	August 31, 2020		May 31, 2020	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Warrants outstanding, beginning of the year	2,855,314	0.20	302,120	0.20
Warrants issued pursuant to flow-through unit offering and exercisable on or before November 4, 2021*	-	-	1,120,000	0.20
Finder warrants issued and exercisable on before May 21, 2022	-	-	80,979	0.20
Warrants issued pursuant to private placement and exercisable on or before May 21, 2022	-	-	1,364,920	0.20
Warrants issued pursuant to private placement and exercisable on or before July 30, 2020	1,333,334	0.45	-	-
Agent warrants exercised during period	(25,602)	0.20	(12,705)	0.20
Warrants exercised during period	(80,000)	0.20	-	-
Warrants outstanding, end of the period	4,083,046	0.28	2,855,314	0.20

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

6. Share Capital (cont'd...)

e) Warrants (cont'd...)

* Acceleration clause: if after four months from the date of issue, the closing price of the common shares of the Company on any stock exchange or quotation system on which the common shares are then listed or quoted is equal to or greater than \$0.40 for a period of ten (10) consecutive trading days at any time prior to the Expiry Time, the Company will have the right to accelerate the Expiry Time of the Warrants by giving notice to the holder of the Warrants by news release or other form of notice permitted by the certificate representing the Warrants that the Warrants will expire at 4:30 p.m. Vancouver time) on a date that is not less than fifteen (15) days from the date notice is given.

Warrants outstanding and exercisable as of August 31, 2020 are as follow

Number of warrants outstanding	Exercise price per warrant	Years to expiry	Expiry date
	\$		
263,813	0.20	0.25	November 29, 2020
1,040,000	0.20	1.18	November 4, 2021
80,979	0.20	1.72	May 21, 2022
1,364,920	0.20	1.72	May 21, 2022
1,333,334	0.45	2.91	July 30, 2023
4,083,046	0.28	1.88	

As of August 31, 2020, the warrants have a weighted average remaining life of 1.88 years (May 31, 2020 – 1.61 years).

On November 29, 2018, the fair value of 302,120 agent warrants granted was calculated using the Black-Scholes option pricing model for a cumulative total of \$33,512, which was recorded against contributed surplus. During the three months ended August 31, 2020, 25,602 of the agent warrants were exercised. During the fiscal year ended May 31, 2020, 12,705 of the agent warrants were exercised. As of August 31, 2020, there are 263,813 (May 31, 2020 – 289,415) agent warrants outstanding and exercisable. See subsequent event Note 11).

On May 21, 2020, the fair value of 80,979 finder warrants granted was calculated using the Black-Scholes option pricing model for a fair value of \$11,879, which was recorded against contributed surplus. The following assumptions were used in the Black-Scholes model to determine the fair value of the finder warrants granted were as follows: See subsequent event Note 11.

Risk-free interest rate	0.30%
Expected dividend yield	-
Expected volatility	156.87%
Expected terms in years	2 years

On July 30, 2020, the Company issued 1,333,334 warrants pursuant to a unit offering. See Note 6b..

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

6. Share Capital (cont'd...)

f) Stock options

The Company's Plan allows the directors to grant stock options to directors, officers, employees and consultants to purchase up to a total of 10% of the issued and outstanding common shares, provided that stock options in favour of any one individual may not exceed 5% of the issued and outstanding common shares, calculated at the date of the grant. No more than an aggregate of 2% of the issued shares of the Company, calculated at the date the option is granted, may be granted to all employees, and no more than an aggregate of 2% may be granted to all employees and/or consultants conducting investor relates activities. No stock option granted under the Plan is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee.

The exercise price of all stock options granted under the Plan must not be less than the Discounted Market Price (the last closing price of the listed shares before the date of the grant less the applicable discount), and the maximum term of each stock option may not exceed ten years. Vesting is provided at the discretion of the directors and once vested; options are exercisable at any time

The following is a summary of stock option transactions for the three months ended August 31, 2020 and the fiscal year ended May 31, 2020:

	Three months ended August 31, 2020		Year ended May 31, 2020	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Options outstanding, beginning of the year	1,125,000	0.20	975,000	0.20
Cancelled and expired during fiscal 2020	-	-	(75,000)	0.20
Granted and exercisable on or before October 4, 2024	-	-	50,000	0.20
Granted and exercisable on or before October 30, 2024	-	-	100,000	0.20
Granted and exercisable on or before January 29, 2025	-	-	75,000	0.20
Granted and exercisable on or before August 20, 2025	490,000	0.32	75,000	0.20
Options outstanding, end of the period	1,615,000	0.24	1,125,000	0.20

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

6. Share Capital (cont'd...)

f) Stock options (cont'd...)

Stock options outstanding and exercisable as of August 31, 2020 are as follow

Number of options outstanding	Number of options exercisable	Exercise price per option	Years to expiry	Expiry date
		\$		
900,000	900,000	0.20	3.25	November 29, 2023
50,000	50,000	0.20	4.10	October 4, 2024
100,000	100,000	0.20	4.17	October 30, 2024
75,000	75,000	0.20	4.42	January 29, 2025
490,000	490,000	0.32	4.97	August 20, 2025
1,615,000	1,615,000	0.24	3.91	

As of August 31, 2020, the options have a weighted average remaining life of 3.91 years (May 31, 2020 – 3.70 years).

On November 29, 2018, the Company granted 900,000 incentive stock options to directors, officers, and consultants, vesting immediately and expire on or before November 29, 2023 at a price of \$0.20 per share. The fair value of the options granted was calculated using Black-Scholes option pricing model for a cumulative total of \$157,538, which was recorded as stock-based compensation expense in the statement of loss and comprehensive loss.

On October 4, 2019, the Company granted 50,000 incentive stock options to a consultant, exercisable on or before October 4, 2024 at a price of \$0.20 per share. All options vested immediately.

On October 30, 2019, the Company granted 100,000 incentive stock options to a consultant, exercisable on or before October 30, 2024 at a price of \$0.20 per share. 50% vested immediately and 50% vested on January 30, 2020.

On January 29, 2020, the Company granted 75,000 incentive stock options to a consultant, vesting immediately and exercisable on or before January 29, 2025 at a price of \$0.20 per share.

On August 20, 2020, the Company granted 490,000 incentive stock options to directors, officers, and consultants, vesting immediately and expire on or before August 20, 2025 at a price of \$0.20 per share. The fair value of the options granted was calculated using Black-Scholes option pricing model for a cumulative total of \$130,625, which was recorded as stock-based compensation expense in the statement of loss and comprehensive loss.

The following assumptions were used in the Black-Scholes model to determine the fair value of the options granted during the three months ended August 31, 2020 and for the fiscal year ended May 31, 2020:

	August 31, 2020	May 31, 2020
Risk-free interest rate	0.39%	1.32% to 1.46%
Expected dividend yield	-	-
Expected Volatility	122.45%	153.62% to 158.13%
Expected terms in years	5 years	5 years

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

6. Share Capital (cont'd...)

f) Stock options (cont'd...)

During the three months ended August 31, 2020 the Company recorded stock-based compensation in the amount of \$130,265 (2019 - \$Nil).

See subsequent event Note 11.

7. Related Party Balances and Transactions

During the three months ended August 31, 2020, the Company had the following related party transactions and balances:

(a) On December 1, 2018, the Company entered into a consulting agreement, with Max Investments Inc. (a company controlled by Christopher Dyakowski, a Director and Chairman of the Board) to provide management services for \$2,000 per month. During the three months ended August 31, 2020 the Company paid \$6,000 (2019 - \$6,000) to Max Investments Inc.

- Included in due to related parties as of August 31, 2020 is \$1,414 (May 31, 2020 - \$937) due to Christopher Dyakowski for expenses incurred on behalf of the Company.

(b) On December 1, 2018 (as amended April 1, 2020), the Company entered a consulting agreement (the "CEO Agreement") with Simon Dyakowski, the Company's Chief Executive Officer to provide management services for \$3,000 per month (amended to \$5,000 commencing April 1, 2020). During the three months ended August 31, 2020 the Company paid management fees in the amount of \$15,000 (2019 - \$9,000) to the Company's Chief Executive Officer.

- Included in due to related parties as of August 31, 2020 is \$155 (May 31, 2020 - \$Nil) due to Simon Dyakowski for expenses incurred on behalf of the Company.

(c) Included in professional fees is \$4,500 (2019 - \$4,500) paid during the three months ended August 31, 2020 to the Company's Chief Financial Officer (Kenneth Phillippe) for services rendered to the Company.

- Included in accounts payables and accrued liabilities as at August 31, 2020 is \$9,000 (May 31, 2020 - \$4,500).

(d) During the three months ended August 31, 2020, the Company granted 450,000 options to its directors and officers (See Note 6f).

(e) Included in business development expense is a consulting fee in the amount of \$5,000 (2019 - \$Nil) paid to a company controlled by a director of the Company (Jordan Trimble)..

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Commitments

See Notes 5 and 7.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

9. Financial Instruments

Fair value of financial instruments

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's financial instruments are cash, accounts payable and accrued liabilities and due to related parties. All these financial instruments are carried on the statements of financial position at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to Note 1 for further details related to the ability of the Company to continue as a going concern.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2020, the Company had a cash balance of \$838,318 (May 31, 2020 - \$524,187) to settle due to related parties, accounts payable and accrued liabilities of \$15,099 (May 31, 2020 - -\$14,007). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company is exposed to credit-related losses in the event of non-performance by the counterparties. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

Cash is held with reputable banks in Canada. The long-term credit rating of these banks, as determined by Standard and Poor's, was A+.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

GSP RESOURCE CORP

Notes to Condensed Interim Financial Statements

August 31, 2020

Expressed in Canadian dollars

[Unaudited – prepared by management]

10. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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 Olivine Mountain property and the Alwin property claims in which the Company currently has an interest are in the exploration stage, as such the Company has historically relied on the equity markets to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The capital structure of the Company consists of shareholder's equity, comprising issued capital and deficit. The Company is not exposed to any externally imposed requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's approach to capital management during the years ended August 31, 2020 and 2019.

11. Subsequent events

See Olivine Mountain Property, Note 5.

On September 25, 2020 the Company granted 50,000 incentive stock options to a consultants, vesting immediately and exercisable on or before September 25, 2025 at a price of \$0.36 per share.

Subsequent to August 31, 2020 the Company issued an additional 739,363 common shares pursuant to the exercise of warrants (including 33,880 agent warrants and 17,150 finder warrants) at \$0.20 per share for proceeds in the amount of \$147,873.