



SEARCHLIGHT RESOURCES INC.

Interim Consolidated Financial Statements
Three Months Ended September 30, 2020 and 2019
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

The accompanying unaudited interim financial statements have been prepared by Management of Searchlight Resources Inc. and have not been reviewed by the Company's auditors

SEARCHLIGHT RESOURCES INC.

Interim consolidated statements of financial position

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	September 30, 2020 \$	June 30, 2020 \$
ASSETS		
Current assets		
Cash	662,534	883,717
Marketable securities (Note 3)	301,530	274,118
Amounts receivable	31,701	17,044
Prepaid expenses and deposits	45,460	35,110
Total current assets	1,041,225	1,209,989
Non-current assets		
Mineral properties (Note 4)	233,569	233,569
Total assets	1,274,794	1,443,558
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities	73,713	50,271
Loans payable (Note 6)	97,500	97,500
Flow-through share premium (Note 13)	48,579	66,472
Total current liabilities	219,792	214,243
Shareholders' equity (deficit)		
Share capital (Note 7)	22,842,383	22,842,383
Contributed surplus	9,058,164	9,058,164
Deficit	(30,845,545)	(30,671,232)
Total shareholders' equity (deficit)	1,055,002	1,229,315
Total liabilities and shareholders' equity (deficit)	1,274,794	1,443,558

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on November 26, 2019:

/s/ "John Kerr"

John Kerr, Director

/s/ Alfred Stewart"

Alfred Stewart, Director

(The accompanying notes are an integral part of these interim consolidated financial statements)

SEARCHLIGHT RESOURCES INC.

Interim consolidated statements of operations

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three months ended September 30, 2020 \$	Three months ended September 30, 2019 \$
Expenses		
Investor relations	27,419	12,134
Management and consulting fees (Note 5)	26,000	35,950
Mineral exploration costs (Note 4)	123,456	4,330
Office and miscellaneous	11,048	9,338
Professional fees (Note 5)	27,049	21,480
Rent	3,930	3,145
Transfer agent and filing fees	716	1,099
Total expenses	219,618	87,476
Loss before other income (expense)	(219,618)	(87,476)
Other income (expense)		
Amortization of deferred financing costs	-	(2,989)
Mineral property option payments received in excess of capitalized costs (Note 4)	-	363,529
Settlement of flow-through premium liability	17,893	-
Unrealized gain (loss) on marketable securities	27,412	(122,072)
Total other income (expense)	45,305	238,468
Net (loss) income and comprehensive (loss) income for the period	(174,313)	150,992
Income (loss) per share, basic and diluted	(0.01)	(0.01)
Weighted average shares outstanding	75,362,017	23,685,444

(The accompanying notes are an integral part of these interim consolidated financial statements)

SEARCHLIGHT RESOURCES INC.

Interim consolidated statements of changes in equity

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Share capital		Contributed surplus \$	Deficit \$	Total Shareholders' equity (deficit) \$
	Number of shares	Amount \$			
Balance, June 30, 2019	24,932,908	21,559,029	8,722,509	(30,528,137)	(246,599)
Shares issued pursuant to mineral property option agreements	4,790,000	239,500	-	-	239,500
Flow-through premium	-	(5,000)	-	-	(5,000)
Net income for the period	-	-	-	150,992	150,992
Balance, September 30, 2019	29,722,908	21,793,529	8,696,561	(30,377,145)	138,892
Balance, June 30, 2020	75,362,027	22,842,383	9,058,164	(30,671,232)	1,229,315
Net loss for the period	-	-	-	(174,313)	(174,313)
Balance, September 30, 2020	29,722,908	21,778,529	8,722,509	(30,845,545)	1,055,002

(The accompanying notes are an integral part of these interim consolidated financial statements)

SEARCHLIGHT RESOURCES INC.

Interim consolidated statements of cash flows

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three months ended September 30, 2020 \$	Three months ended September 30, 2019 \$
Operating activities		
Net (loss) income for the period	(174,313)	150,992
Items not involving cash:		
Amortization of deferred financing costs	-	2,989
Mineral property option payments received in excess of capitalized cost	-	(323,529)
Unrealized (gain) loss on marketable securities	(27,412)	122,072
Settlement of flow-through premium liability	(17,893)	-
Changes in non-cash operating working capital:		
Prepaid expenses and deposits	(10,350)	(101,722)
Accounts receivable	(14,657)	(4,708)
Accounts payable and accrued liabilities	23,442	(1,892)
Net cash used in operating activities	(221,183)	(155,798)
Investing Activities		
Acquisition of mineral properties	-	-
Net cash provided by investing activities	-	-
Financing activities		
Proceeds from issuance of common shares	-	239,500
Advances payable	-	32,000
Net cash provided by financing activities	-	271,500
Change in cash	(221,183)	115,702
Cash, beginning of period	883,717	24,827
Cash, end of period	662,534	140,529
Non-cash investing and financing activities		
Marketable securities received pursuant to mineral property option agreement	-	323,529
Supplemental disclosures:		
Interest paid	-	-
Income taxes paid	-	-

(The accompanying notes are an integral part of these interim consolidated financial statements)

SEARCHLIGHT RESOURCES INC.

Notes to the interim consolidated financial statements

September 30, 2020

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. Nature of Operations and Continuance of Business

Searchlight Resources Inc. (formerly Canyon Copper Corp.), (the “Company”), was incorporated in the State of Nevada, U.S.A. on January 21, 2000 under the name Aberdene Mines Limited. On August 7, 2006, the Company changed its name to Canyon Copper Corp. On May 31, 2013, the Company changed its incorporation jurisdiction to be British Columbia, Canada. On July 25, 2018, the Company changed its name to Searchlight Resources Inc. The Company’s principal business plan is to acquire, explore and develop mineral properties and ultimately seek earnings by exploiting mineral claims. The Company’s registered office is Suite 408, 1199 West Pender Street, Vancouver, British Columbia, V6E 2R1.

These interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at September 30, 2020, the Company has not generated any revenue and has accumulated losses of \$30,845,545 since inception. There is no guarantee that the Company will be able to complete any of the above objectives. These factors indicate the existence of a material uncertainty that may cast substantial doubt on the Company’s ability to continue as a going concern. These interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

These interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, “*Interim Financial Reporting*”.

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Canyon Copper (USA) Ltd., a company incorporated in the state of Nevada. All inter-company balances and transactions have been eliminated on consolidation.

These interim consolidated financial statements have been prepared on a historical cost basis. These interim consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

(b) Future Accounting Standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s interim consolidated financial statements.

SEARCHLIGHT RESOURCES INC.

Notes to the interim consolidated financial statements

September 30, 2020

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. Marketable Securities

The Company holds shares in publicly traded companies. The fair value of common shares held has been determined by reference to public price quotations in an active market.

	June 30, 2020	Acquired	Realized gains	Unrealized gains	September 30, 2020
	Fair value				Fair value
	\$	\$	\$	\$	\$
Marketable securities	274,118	-	-	27,412	301,530

4. Mineral Properties

Mineral property acquisition costs:

	English Bay Property	Bootleg Lake Property	Munro Warden Property	Cameron Cobalt Property	Duddridge Lake Property	Total
	\$	\$	\$	\$	\$	\$
Balance, June 30, 2020	15,000	177,069	-	20,000	21,500	233,569
Balance, September 30, 2020	8,000	177,069	-	20,000	21,500	233,569

Mineral exploration costs:

	Three months ended September 30, 2020	Three months ended September 30, 2019
	\$	\$
Claims maintenance	(17,296)	-
General exploration	14,884	4,330
Geological and geophysics	53,445	-
Labour, field and camp site	39,474	-
Staking	32,949	-
	123,456	4,330

(a) Bootleg Lake Gold Property, Saskatchewan, Canada

On May 10, 2017, the Company entered into an option agreement (“Option Agreement”) with New Moon Minerals Corp. (“New Moon”) to earn up to a 75% interest in the Bootleg Lake Gold Property (the “Property”) located near Creighton, Saskatchewan, Canada by making the following cash payments, share issuances and exploration expenditures:

- (i) Cash payment of \$5,000 upon signing of agreement (paid);
- (ii) Cash payment of \$5,000 and issuing 83,333 shares within 5 days of the date of TSXV acceptance (paid and issued);
- (iii) The Company could earn a 51% interest upon completing the following:
 - Cash payment of \$40,000 and issuing 83,333 shares (83,000 issued) before June 30, 2018;
 - Cash payment of \$50,000 and issuing 166,667 shares before June 30, 2019;

SEARCHLIGHT RESOURCES INC.

Notes to the interim consolidated financial statements

September 30, 2020

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

4. Mineral Properties *(continued)*

- Incurring initial exploration expenditures of \$100,000 before December 31, 2018, and incurring further exploration expenditures of \$150,000 before December 31, 2019, for a cumulative total of \$250,000 of exploration expenditures; and

(iv) The Company will earn a 75% interest upon completing the following:

- Cash payment of \$50,000 and issuing 166,667 shares before June 30, 2020 (issued);
- Cash payment of \$100,000 and issuing 166,667 shares before June 30, 2021;
- Incurring additional exploration expenditures of \$200,000 before December 31, 2020, and incurring further exploration expenditures of \$300,000 before December 31, 2021, for a cumulative total of \$750,000 of exploration expenditures.

The Company can, at its option, accelerate the cash payments and common shares issuances described above. Any excess exploration expenditures incurred on the Property within an earn-in time period will be credited to successive earn-in time periods.

Under the terms of the Option Agreement, the Company will pay a 1% Net Smelter Return royalty (the “First NSR”) to New Moon on commencement of commercial production. The Company will have the right, at any time, to purchase 50% of the first NSR for \$500,000. There is an existing 1% net smelter return royalty in favour of the underlying optionors.

On October 16, 2018, the Company and New Moon executed an amended option agreement (“Amended Agreement”) pursuant to which the Company can earn a 51% interest in the Property by issuing 1,425,000 shares in lieu of additional cash payments.

On June 25, 2020, the Company and New Moon executed an amended option agreement pursuant to which the Company could make a cash payment of \$30,000 and issue 473,859 shares to meet its obligation prior to June 30, 2020 under item (iv) above.

(b) Cameron Cobalt Property, Ontario, Canada

On November 13, 2017, the Company acquired 100% interest in the Cameron Cobalt Project located in the Brigstocke Township (the “Property”) located in the north of North Bay, Ontario, in consideration for \$20,000.

(c) Duddridge Lake Property, Saskatchewan, Canada

On November 30, 2018, the Company entered into a purchase agreement to acquire a 100% interest in the Duddridge Lake Property located northwest of La Ronge, Saskatchewan. In consideration, the Company is to make the following cash payment and share issuance:

- (i) \$2,000 (paid) on the effective date; and
- (ii) \$2,000 (paid) and issue 500,000 common shares (issued) on the closing date.

Under the terms of the agreement, the Company will pay a 1% net smelter return royalty on commencement of commercial production. The Company will have the right, at any time prior to a feasibility study on the property or within six months after a feasibility study, to purchase 0.5% of the net smelter return for \$1,000,000 and to purchase 0.5% of the net smelter return for \$1,500,000.

(d) English Bay Property, Saskatchewan, Canada

On February 18, 2019, the Company entered into an option agreement to earn up to a 100% interest in the English Bay Property located in Saskatchewan. Under the terms of the option agreement, the Company has the option to acquire up to a 100% interest in the property by making the following cash payments, share issuances and exploration expenditures:

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4. Mineral Properties (continued)

- (i) Cash payment of:
 - \$1,000 (paid) on effective date;
 - \$2,000 (paid) on the closing date;
 - \$3,000 on the first anniversary of effective date; and
 - \$4,000 on the second anniversary of effective date.
- (ii) Issue shares of:
 - 100,000 on the closing date (issued);
 - 100,000 on the first anniversary of closing date (issued);
 - 100,000 on the second anniversary of closing date, and
- (iii) Complete the following exploration expenditures:
 - \$10,000 in exploration expenditures prior to the first anniversary of effective date;
 - \$75,000 in additional exploration expenditures, prior to April 30, 2021, for a cumulative total of \$85,000; and
 - \$165,000 in additional exploration expenditures, prior to April 30, 2022, for a cumulative total of \$250,000.

The Company can, at its option, accelerate the cash payments and common shares issuances described above. Any excess exploration expenditures incurred on the property within an earn-in time period will be credited to successive earn-in time periods.

Under the terms of the option agreement, the Company will pay a 2% net smelter return royalty the optionors on commencement of commercial production. The Company will have the right, at any time, to purchase one-half of the net smelter return for \$1,000,000.

(e) Flin Flon North Project, Saskatchewan, Canada

In August 2019, the Company entered into an option agreement to earn up to a 100% interest in the Flin Flon North Project located in Saskatchewan. Under the terms of the option agreement, the Company must maintain the claims in good standing and complete twelve years of assessment work. The property is subject to a 2% NSR.

5. Related Party Transactions

- (a) During the three months ended September 30, 2020, the Company incurred management fees of \$30,000 (2019 – \$30,000) to the CEO of the Company.
- (b) During the three months ended September 30, 2020, the Company incurred professional fees of \$15,000 (2019 – \$15,000) to a company controlled by the CFO of the Company.
- (c) During the three months ended September 30, 2020, the Company incurred consulting fees of \$15,000 (2019-\$nil) to a Director of the Company.
- (d) As at September 30, 2019, the Company was indebted to the Chief Executive Officer (“CEO”) of the Company for \$33,858 (June 30, 2020 – \$49,831), which is included in accounts payable and accrued liabilities. The amount is non-interest bearing, unsecured and due on demand.

6. Loans Payable

As at September 30, 2020, the Company was indebted to a non-related third party for \$97,500 (June 30, 2020 – \$97,500), which is non-interest bearing, unsecured and due on demand.

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7. Share Capital

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

- (a) On August 16, 2017, the Company completed a 3-for-1 share consolidation of its common shares. All share and per share amounts have been retroactively restated to reflect the share consolidation.

8. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, June 30, 2020	35,282,000	0.05
Expired	-	-
Balance, September 30, 2019	35,282,000	0.05

As at September 30, 2020, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
3,790,000	0.05	September 18, 2021
1,340,000	0.05	October 25, 2021
7,292,000	0.05	May 26, 2021
22,860,000	0.05	May 26, 2023
35,282,000		

In addition, there are 2,201,080 broker warrants outstanding exercisable at \$0.05 with 1,020,880 broker warrants expiring on May 26, 2021 and 1,180,200 broker warrants expiring on May 26, 2023.

9. Stock Options

On August 21, 2009 (as amended on May 4, 2011), the Board of Directors of the Company adopted the Company's 2009 Stock Option Plan (the "Plan"). The Plan is administered by the Board of Directors. Stock options granted under the Plan have a maximum term of five years. The aggregate number of shares of the Company's common stock available for issuance under the 2009 Plan is 10% of the Company's issued and outstanding shares.

The following table summarizes the continuity of the Company's stock options:

SEARCHLIGHT RESOURCES INC.

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9. Stock Options (continued)

	Number of options	Weighted average exercise price \$
Outstanding, June 30, 2020	6,325,000	0.06
Expired	-	0.00
Granted	-	0.00
Outstanding, September 30, 2020	6,325,000	0.06

Additional information regarding stock options outstanding as at September 30, 2020, is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.05	875,000	4.6	0.05
0.17	100,000	3.4	0.17
0.20	200,000	3.3	0.20
0.05	5,150,000	4.9	0.05
	6,325,000	4.6	0.06

10. Financial Instruments

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2020, as follows:

	Fair Value Measurements Using			Balance, September 30, 2019 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	662,534	-	-	662,534
Marketable securities	301,530	-	-	301,530
	964,064	-	-	964,064

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, amounts due to related parties, accrued interest on loans payable to related parties, and loans payable to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

SEARCHLIGHT RESOURCES INC.

Notes to the interim consolidated financial statements

September 30, 2020

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

10. Financial Instruments (continued)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company operates in Canada and United States. Future exploration programs and option payments may be denominated in U.S. dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

(d) Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. The Company is exposed to price risk with the marketable securities held in publicly traded companies. The Company's marketable securities are subject to risks associated with fluctuations in the market price of the marketable securities.

11. Capital Management

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

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2020.

SEARCHLIGHT RESOURCES INC.

Notes to the interim consolidated financial statements
September 30, 2020
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

12. Segmented Information

The Company operates in one reportable segment, being the acquisition, exploration and development of mineral properties, with all current exploration activities conducted in Canada and the United States.

	September 30, 2020		
	Canada \$	United States \$	Total \$
Mineral properties	233,569	-	233,569

The Company had no other non-current assets as at September 30, 2020.

13. Commitments and Contingencies

The following is a continuity schedule of the liability portion of the flow-through share issuances:

Balance June 30, 2020	\$ 66,472
Settlement of flow-through share liability on Incurring expenditures	(17,893)
Balance September 30, 2020	\$ 48,579

The Company needs to incur a remaining \$291,473 in exploration and expenditure costs as at September 30, 2020 related to the remaining balance of the liability.

Covid 19

The Company's business could be adversely affected by the effects of health epidemics, including the global COVID-19 pandemic. In December 2019, a novel strain of COVID-19 was reported in China. Since then, the COVID-19 has spread globally. The spread of COVID-19 from China to other countries has resulted in the World Health Organization (WHO) declaring the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease, on March 11, 2020. Many countries around the world, including Canada, have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus, and have closed non-essential businesses. The spread of COVID-19, which has caused a broad impact globally, may materially affect the Company economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing the Company's ability to access capital, which could in the future negatively affect the Company's liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect the Company's business and the value of the Company's common shares. The global outbreak of COVID-19 continues to rapidly evolve. The extent to which COVID-19 may impact the Company's business, operations and clinical trials will depend on future developments, including the duration of the outbreak, travel restrictions and social distancing in Canada and other countries, the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease and whether Canada and other countries are required to move to complete lock-down status. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.