

XANDER RESOURCES INC.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

Three and Six months ended September 30, 2020 and 2019

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

The Company's independent auditor Dale Matheson Carr-Hilton Labonte LLP has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim condensed financial statements by an entity's auditor.

XANDER RESOURCES INC.

Unaudited Interim Condensed Statements of Financial Position
As at September 30, 2020 and March 31, 2020
(Expressed in Canadian dollars)

	Note	September 30, 2020	March 31, 2020 (Note 2)	April 1, 2019 (Note 2)
ASSETS				
Current assets				
Cash		\$ 489,029	\$ 452	\$ 31,448
Prepaid expenses		5,709	5,200	5,200
Goods and services tax receivable		27,107	2,800	760
Total assets		\$ 521,845	\$ 8,452	\$ 37,408
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	4	\$ 84,225	\$ 60,745	\$ 24,622
Due to related parties	5	23,395	77,319	42,688
		107,620	138,064	60,745
Liability component of convertible debentures	6	36,236	-	-
Total liabilities		143,856	138,064	60,745
EQUITY (DEFICIENCY)				
Share capital	7	2,508,982	1,106,112	1,091,531
Conversion component of convertible debentures	6	3,648	-	-
Reserves	8	318,400	104,966	231,961
Deficit		(2,453,041)	(1,340,690)	(1,353,394)
Total equity (deficiency)		377,989	(129,612)	1,106,112
Total liabilities and equity (deficiency)		\$ 521,845	\$ 8,452	\$ 37,408

Nature of operations and going concern (Note 1)

Subsequent Event (Note 13)

Approved and authorized for issue by the Board of Directors on November 24, 2020:

"Dwayne Yaretz"

Dwayne Yaretz, Director

"Marsha Panar"

Marsha Panar, Director

Accompanying notes are an integral part of the unaudited interim condensed financial statements

XANDER RESOURCES INC.

Unaudited Interim Condensed Statements of Comprehensive Loss
Three and six months ended September 30, 2020 and 2019
(Expressed in Canadian dollars)

		Three months ended		Six months ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
					(Note 2)
Exploration and evaluation expenditures	3	\$ 390,039	\$ -	\$ 453,211	\$ -
Consulting and management fees	5	169,875	10,500	245,875	21,000
Office and miscellaneous		881	1,393	3,621	2,760
Professional fees		35,576	14,175	43,026	26,283
Share-based payments	5	86,700	3,787	175,700	3,787
Shareholder information		169,860	2,664	189,495	3,448
Loss before other expenses		(852,931)	(32,519)	(1,110,928)	(57,278)
Other expenses:					
Gain on debt settlement		-	-	3,553	-
Interest expenses		(1,068)	-	(2,485)	-
Interest accretion		(2,136)	-	(2,491)	-
Net and comprehensive loss		\$ (856,135)	\$ (32,519)	\$ (1,112,351)	\$ (57,278)
Net loss per share, basic and diluted		\$ (0.05)	\$ (0.003)	\$ (0.08)	\$ (0.005)
Weighted average number of shares outstanding		16,515,980	11,292,541	14,119,007	11,292,541

Accompanying notes are an integral part of the unaudited interim condensed financial statements

XANDER RESOURCES INC.

Unaudited Interim Condensed Statements of Changes in Equity
For the six months ended September 30, 2020 and 2019
(Expressed in Canadian dollars)

	Share capital		Reserves				Deficit	Total
	Number of shares	Amount	Share-based payment reserve	Warrants	Equity component of convertible debentures			
Balance, March 31, 2019	11,292,541	\$1,091,531	\$230,195	\$1,766	\$ -	\$(901,158)	\$422,334	
Net and comprehensive loss	-	-	-	-	-	(57,278)	(57,278)	
Fair value of options vested	7	-	3,787	-	-	-	3,787	
Balance September 30, 2019	11,292,541	\$1,091,531	\$233,982	\$1,766	\$ -	\$(958,436)	\$ 368,843	
Net and comprehensive loss	-	-	-	-	-	(505,955)	(505,955)	
Shares issued for stock options exercised	7	50,000	7,500	-	-	-	7,500	
Reserve transferred for exercise of share options	7	-	7,081	(7,081)	-	-	-	
Fair value of options expired	7	-	(102,672)	-	-	102,672	-	
Fair value of options forfeited	7	-	(21,029)	-	-	21,029	-	
Balance, March 31, 2020	11,342,541	\$1,106,112	\$103,200	\$1,766	\$ -	\$(1,340,690)	\$ (129,612)	
Net and comprehensive loss	-	-	-	-	-	(1,112,351)	(1,112,351)	
Issue of shares pursuant to private placement	7	4,784,000	976,400	-	-	-	976,400	
Share issue costs	7	-	(103,498)	-	53,500	-	(49,998)	
Exercise of warrants	7	458,600	91,720	-	-	-	91,720	
Reserve transferred for exercise of warrants	7	-	1,766	(1,766)	-	-	-	
Exercise of options	7	350,000	17,500	-	-	-	17,500	
Reserve transferred for exercise of options	7	-	14,000	(14,000)	-	-	-	
Conversion component of convertible debentures	6	-	-	-	-	6,755	6,755	
Conversion of convertible debentures	6	696,559	37,935	-	-	(3,107)	34,828	
Shares issued for debt settlement	7	236,842	41,447	-	-	-	41,447	
Shares issued for mineral properties	3	1,185,000	325,600	-	-	-	325,600	
Fair value of options vested	7	-	-	175,700	-	-	175,700	
Balance, September 30, 2020	19,053,542	\$2,508,982	\$264,900	\$53,500	\$3,648	\$(2,453,041)	\$ 377,989	

Accompanying notes are an integral part of the unaudited interim condensed financial statements

XANDER RESOURCES INC.

Unaudited Interim Condensed Statements of Cash Flows
For the six months ended September 30, 2020 and 2019
(Expressed in Canadian dollars)

	Six months ended	
	September 30, 2020	September 30, 2019
Cash Provided By (Used In)		(Note 2)
Operating Activities		
Net and comprehensive loss for the period	\$ (1,112,351)	\$ (57,278)
Items not affecting cash:		
Share-based payments	175,700	3,787
Shares issued for property acquisition	325,600	-
Gain on settlement of debt for shares	(3,553)	-
Interest accretion	2,491	-
Interest paid in shares	328	-
Changes in working capital:		
Goods and services tax receivable	(24,307)	(466)
Prepaid expenses and deposits	(509)	2,600
Accounts payable and accrued liabilities	23,480	18,919
Due to related parties	(8,924)	8,162
Net cash used in operating activities	(622,045)	(24,276)
Financing Activities		
Proceeds received from issuance of shares, net of issue costs	926,402	-
Proceeds from issuance of convertible debentures	75,000	-
Proceeds from exercise of warrants	91,720	-
Proceeds from exercise of options	17,500	-
Net cash provided by financing activities	1,110,622	-
Increase (decrease) in cash	488,577	(24,276)
Cash, beginning	452	31,448
Cash, end	\$ 489,029	\$ 7,172

Additional cash flow information (Note 10)

Accompanying notes are an integral part of the unaudited interim condensed financial statements

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

1. NATURE OF OPERATIONS AND GOING CONCERN

Xander Resources Inc. (the “Company”) was incorporated under the Business Corporations Act of British Columbia, Canada on December 9, 2010. The Company’s shares are listed on the TSX Venture Exchange (the “Exchange”). The head office, principal address and records office of the Company are located at Suite 804 – 750 West Pender Street, Vancouver, BC V6C 2T7. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

These interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has no source of revenues and incurred losses since its inception and had an accumulated deficit of \$2,453,041 at September 30, 2020, which has been funded primarily by issuance of shares and loans from related parties. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These interim condensed financial statements have been prepared with the assumption that the Company 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.

2. BASIS OF PRESENTATION

The financial statements were authorized for issue on November 24, 2020, by the directors of the Company.

Statement of compliance to International Financial Reporting Standards

These unaudited interim condensed financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of preparation

These unaudited interim condensed financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s March 31, 2020, annual financial statements.

Significant accounting estimates and assumptions

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. 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. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the recoverability and measurement of deferred tax asset, and provisions for restoration and environmental obligations. Actual results may differ from current estimates.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

2. BASIS OF PRESENTATION (continued)

Significant accounting judgments

Information about critical judgments, apart from those involving estimates, in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statement are discussed below:

1) Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding availability for its exploration projects and working capital requirements.

Change in accounting policy

During the six month period ended September 30, 2020, the Company retrospectively changed its accounting policy for mineral property and deferred exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of exploration and evaluation assets to the specific exploration and evaluation assets, net of recoveries received.

Under the new policy, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. As required by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the Company included the restated statement of financial position as at April 1, 2019 below. Management considers this accounting policy is more in line with the IFRS conceptual framework.

The Company re-evaluated the policy for accounting for such expenditures as a result of the current economic climate and difficult environment for capital funding in the junior mining industry. The Corporation has determined that such a voluntary change in accounting policy results in financial statements providing more reliable and more relevant information. The change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets, and is an accepted and most widely used accounting policy choice and practice in the mining industry and this change will enhance the comparability of our financial statements to our peers and make our financial statements more relevant to the economic decision making needs of users. The Company concluded that, although the previous accounting treatment was within acceptable accounting standards, it is preferable to expense costs as incurred, given the subjectivity in determining the recoverable amount and technical feasibility and commercial viability, the expected economic life, and the associated depreciation methodology.

This change in accounting policy has been accounted for on a retrospective basis and applied to all of the Company's exploration activities for all properties.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

2. BASIS OF PRESENTATION (continued)Change in accounting policy (continued)**The financial statement impact as at April 1, 2019 is as follows:**

	As at April 1, 2019		
	As previously reported	Effect of change in accounting policy	As restated
Property interest	\$ 452,236	\$ (452,236)	\$ -
Total assets	489,644	(452,236)	37,408
Accumulated deficit	(901,158)	(452,236)	(1,353,394)
Total shareholders equity (deficiency)	422,334	(452,236)	(29,902)
Total liabilities and shareholders' equity (deficiency)	\$ 489,644	\$ (452,236)	\$ 37,408

The financial statement impact as at March 31, 2020 is as follows:

No impact to the statement of financial position as the Company's mineral properties were previously written off as at March 31, 2020, and no expenditures were incurred during the year ended March 31, 2020.

The financial statement impact for the three and six month period ended September 30, 2019 is as follows:

No impact to the statement of financial position as no expenditures were incurred during the three and six month period ended September 30, 2019.

COVID-19

At the end of 2019, a novel strain of coronavirus ("COVID-19") was reported in China. The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections around the world. On March 11, 2020, it was labelled a pandemic by the World Health Organization. During the first quarter of 2020, attempts at containment of COVID-19 have resulted in decreased economic activity, which has adversely affected the broader global economy. The rapid development and fluidity of the situation precludes any prediction as to the ultimate impact of COVID-19; however, the Company seeks to obtain the best possible information to enable the assessment of the risks involved, and implement appropriate measures to respond. During the six month period ended September 30, 2020, the Company has taken a number of measures to safeguard the health of its employees and the local communities where it operates.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

3. EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenses for the Company are summarized as follows:

Six month period ended September 30,	2020	2019
Senneville Properties	\$ 294,262	\$ -
Blue Ribbon Property	158,949	-
Exploration and evaluation expenditures	\$ 453,211	\$ -

Val-d'Or Senneville West Property

On May 18, 2020, the Company entered into an agreements to acquire a 100% interest in the Val-d'Or Senneville West Property (80 claims). Pursuant to the agreements the Company will:

- i. Issue 510,000 common shares (issued) of the Company and pay \$9,600 cash (paid) on or before the closing date;
- ii. Pay \$8,000 cash within 90 days of the closing date;
- iii. Issue 660,000 common shares of the Company and pay \$24,000 cash on the date that is 18 months from the closing date;
- iv. Issue 340,000 common shares of the Company and pay \$48,000 cash on the date that is 30 months from the closing date;
- v. Incur not less than \$625,000 of exploration expenditures within 36 months of the closing date, of which not less than \$175,000 will be incurred within 18 months of the closing date; and
- vi. Grant to the vendors a 2% net smelter return ("NSR") royalty on all mineral products sold from the property.

Val-d'Or Senneville East Property

On May 18, 2020, the Company entered into agreements to acquire a 100% interest in the Val-d'Or Senneville East Property (62 claims). Pursuant to the agreements the Company will:

- i. Issue 450,000 common shares (issued) of the Company and pay \$5,400 cash (paid) on or before the closing date;
- ii. Pay \$4,000 cash within 90 days of the closing date;
- iii. Issue 410,000 common shares of the Company and pay \$12,000 cash on the date that is 18 months from the closing date;
- iv. Issue 230,000 common shares of the Company and pay \$24,000 cash on the date that is 30 months from the closing date;
- v. Incur not less than \$625,000 of exploration expenditures within 36 months of the closing date, of which not less than \$175,000 will be incurred within 18 months of the closing date; and
- vi. Grant to the vendors a 2% net smelter return ("NSR") royalty on all mineral products sold from the property.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

3. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Val-d'Or Senneville South Property

On May 18, 2020, the Company entered into agreements to acquire a 100% interest in the Val-d'Or Senneville South Property (9 claims). Pursuant to the agreements the Company will:

- i. Issue 25,000 common shares (issued) of the Company and pay \$5,000 cash (paid) on or before the closing date;
- ii. Issue 60,000 common shares of the Company and pay \$15,000 cash on the date that is 18 months from the closing date;
- iii. Issue 80,000 common shares of the Company and pay \$20,000 cash on the date that is 30 months from the closing date;
- iv. Incur not less than \$75,000 of exploration expenditures within 36 months of the closing date, of which not less than \$40,000 will be incurred within 18 months of the closing date; and
- v. Grant to the vendors a 2% net smelter return ("NSR") royalty on all mineral products sold from the property.

Blue Ribbon Property

On May 15, 2020, the Company entered into an agreement to acquire a 100% interest in the Blue Ribbon Property (34 mineral claims). Pursuant to the terms of the agreement, on or before the closing date, the Company will issue 200,000 common shares (issued) of the Company and pay cash of \$2,652 (paid). The property is subject to a 2% net smelter return ("NSR") upon commencement of commercial production and the Company will have the right to purchase 0.50% of the NSR at any time for the aggregate amount of \$500,000.

Hot Property

On February 14, 2011, the Company entered into an option agreement to acquire a 100% undivided interest in mineral tenures situated in the province of British Columbia (the "Hot Property").

On June 3, 2011, the agreement was amended to add three mineral tenures.

In order to keep the option granted to the Company related to the Hot Property in good standing, the Company must do the following:

- a) pay to the Optionors \$15,000 (paid), upon signing the agreement.
- b) issue to the Optionors 150,000 common shares (issued on September 25, 2014 and valued at \$22,500) of the Company.
- c) on the first anniversary date of the Company having been listed and called for trading on the Exchange (September 25, 2015), issue to the Optionors 150,000 common shares (issued on July 31, 2015 and valued at \$36,000); and
- d) on the second anniversary date of the Company having been listed and called for trading on the Exchange (September 25, 2016), issue to the Optionors 150,000 common shares (issued on October 12, 2016 and valued at \$73,500).

By issuing the last tranche of shares to the Optionors, the Company has exercised its option and gained ownership of the Hot property. As of report date, 100% ownership in the property has been transferred to the Company.

During the year ended March 31, 2020, the property was written off.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020	March 31, 2020
Accounts payable	\$ 47,883	\$ 49,285
Accrued liabilities	36,342	11,460
	\$ 84,225	\$ 60,745

5. RELATED PARTY TRANSACTIONS

The amounts due to related parties are due to directors and officers of the Company. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

Related party balances

As at September 30, 2020, \$23,395 (March 31, 2020 - \$77,319) were due to related parties as follows:

	September 30, 2020	March 31, 2020
Company controlled by the former CFO	\$ -	\$ 12,350
CFO	1,695	-
Corporate Secretary	21,700	-
CEO	-	64,969
	\$ 23,395	\$ 77,319

Related party transactions and key management compensation

During the six month period ended September 30, 2020 and 2019, the Company incurred the following amounts through transactions with the directors and officers of the Company:

	September 30, 2020	September 30, 2019
Management fees	\$ 47,500	\$ 21,000
Share based payments	48,000	-
	\$ 95,500	\$ 21,000

On October 22, 2019, 50,000 options granted on September 25, 2014, were exercised by a director of the Company at a price of \$0.15 per unit for total cash proceeds of \$7,500.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

6. CONVERTIBLE DEBENTURES

On May 20, 2020, the Company closed a non-brokered private placement of 10% unsecured convertible debentures for total gross proceeds of up to \$75,000 at a price of \$1,000 each. The Convertible Debentures bear interest at 10% per annum, from the date of issuance, payable in arrears annually until the earlier of the Maturity date, two years from the issuance date, or any conversion thereof. Each Convertible Debenture is convertible into one common share at a price of \$0.05 per share, at any time prior to the maturity date. At the time of the interest payment, such interest may be paid, at the option of the Company, in cash or by the issuance of Shares at the price of Share equal to the market price.

The Company may prepay, in cash, any or all of the Convertible Debentures at any time prior to the Maturity Date upon not less than thirty business days prior written notice for an amount equal to the principle amount of the Convertible Debentures then outstanding plus any accrued but unpaid interest.

The liability component of these debentures was calculated, at the date of issuance, as the present value of the principal and interest, at a rate approximating the interest rate that would have been applicable to non-convertible debt at the date the note was issued. The liability component was recorded at amortized cost and is accreted to the principal amount over the term of the convertible note by charges to accretion expense using an effective interest rate of 15%.

During the six month period ended September 30, 2020, the Company issued 696,559 common shares for conversion of \$34,500 in debentures. The fair value of the conversion component of the debentures exercised was \$3,017 resulting in a transfer of \$3,107 from reserves to share capital.

The carrying value of the liability component was \$36,236 as at September 30, 2020 (March 31, 2020 - \$nil). The initial carrying value of the conversion option of \$6,755 has been recorded as a separate component in total equity and amounts to \$3,648 as at September 30, 2020. The Company recorded accretion expense in the amount of \$2,491 (2019 - \$nil) and interest expense of \$1,910 (2019 - \$nil) in relation to the convertible debentures.

7. SHARE CAPITAL

Authorized:

The authorized share capital of the Company consists of unlimited common shares without par value.

Issued:

At September 30, 2020, there were 19,053,542 issued and fully paid common shares (March 31, 2020 – 11,342,541).

During the six month period ended September 30, 2020:

July 27th private placement

On July 27, 2020, the Company closed its non-brokered private placement, issuing a total of four million units at 20 cents per unit for total gross proceeds of \$800,000.

Each unit consists of one common share and one non-transferable common share purchase warrant, with each warrant exercisable for one year from the date of closing at an exercise price of 25 cents per warrant, provided that in the event that the closing price of the company's shares on the exchange (or such other exchange on which the company's shares may become traded) is 33 cents per share or greater during any 15-consecutive-trading-day period at any time subsequent to four months and one day after the closing date, the warrants will expire at 4 p.m. Vancouver time on the 30th day after the date on which the company provides notice of such accelerated expiry to the holders of the warrants.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

7. SHARE CAPITAL (continued)

The company paid finders' fees of \$40,950 and 204,750 finder warrants to finders. The finder warrants are exercisable under the same terms as the private placement warrants. The warrants were ascribed a fair value of \$53,000 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.24%; volatility 166% and an expected life of 12 months.

August 24th private placement

On August 24, 2020, the Company closed its non-brokered private placement, issuing a total of 784,000 units at \$0.225 cents per unit for total gross proceeds of \$176,400.

Each unit consists of one common share and one non-transferable common share purchase warrant, with each warrant exercisable for one year from the date of closing at an exercise price of 26 cents per warrant.

The company paid finders' fees of \$630 and 2,800 finder warrants to finders. The finder warrants are exercisable under the same terms as the private placement warrants. The warrants were ascribed a fair value of \$500 which was valued using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.25%; volatility 172% and an expected life of 12 months.

Exercise of options and warrants

During the six month period ended September 30, 2020, the Company issued 350,000 common shares for total consideration received of \$17,500, pursuant to the exercise of the share options. The fair value of the options exercised was \$14,000 resulting in a transfer of \$14,000 from reserves to share capital.

During the six month period ended September 30, 2020, the Company issued 458,600 common shares for total consideration received of \$91,720, pursuant to the exercise of warrants. The fair value of the warrants exercised was \$1,766 resulting in a transfer of \$1,766 from reserves to share capital.

Settlement of debt

On June 11, 2020, the Company issued 236,842 common shares at a fair value of \$45,000 (\$0.19 per share), to the former CEO of the Company as settlement for a portion of outstanding management fees owed totaling \$45,000. The Company recorded a gain of \$3,553 on the settlement of this debt.

Shares issued for property

On June 16, 2020, the Company issued 200,000 common shares at a fair value of \$52,000 (\$0.26 per share), pursuant to its property option agreement on the Blue Ribbon Property (Note 3).

On July 7, 2020, the Company issued 960,000 common shares at a fair value of \$273,600 (\$0.285 per share), pursuant to its property option agreement on the Senneville East and West properties (Note 3).

During the year ended March 31, 2020:

On October 22, 2019, the Company issued 50,000 common shares valued at \$0.15 per share pursuant to the exercise of the share options by one of its directors (Note 6). The fair value of the options exercised was \$7,081.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

7. SHARE CAPITAL (continued)

Share Options

The Company adopted a share option plan (the "Share Option Plan") under which it may grant options to employees, officers, directors, or consultants for up to 10% of the issued and outstanding common shares. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee in a twelve-month period is limited to 5% of the issued shares of the Company.

Under the plan, the exercise price of an option may not be less than the discounted market price. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors. For share options granted to employees, directors, and consultants, the Company recognizes as an expense, the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

Option grants:

- On September 28, 2020, the Company granted 375,000 stock options to officers, directors and consultants, at an exercise price of \$0.26 per common share for a period ranging from 1 - 5 years expiring on September 28, 2021 to September 28, 2023. The resulting fair value of \$78,000 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 132%-181%; a risk-free interest rate of 0.23% - 0.40%, and an expected average life of 1 - 5 years. The options vested immediately.

- On September 17, 2020, the Company granted 100,000 stock options to an investor relations consultant, at an exercise price of \$0.25 per common share for a period ranging from 1 year and will expiring on September 17, 2021. The resulting fair value of \$17,000 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 179%; a risk-free interest rate of 0.24% and an expected average life of 1 year. The options vest 50,000 immediately and 50,000 after 3 months. The fair value portion vested amounted to \$8,700.

- On May 4, 2020, the Company granted 1,075,000 stock options to officers, directors and consultants, at an exercise price of \$0.05 per common share for a period of 5 years and will expire on May 4, 2025. The resulting fair value of \$43,000 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 123%; a risk-free interest rate of 0.40%, and an expected average life of 5 years. The options vested immediately.

- On June 15, 2020, the Company granted 200,000 incentive stock options to a consultant, at an exercise price of \$0.285 per common share for a period of 1 year and will expire on June 14, 2021. The resulting fair value of \$33,000 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 150%; a risk-free interest rate of 0.25%, and an expected average life of 1 year. The options vested immediately.

- On June 19, 2020, the Company granted 150,000 incentive stock options to a consultant, at an exercise price of \$0.20 per common share for a period of 1 year and will expire on June 14, 2021. The resulting fair value of \$13,000 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 155%; a risk-free interest rate of 0.26%, and an expected average life of 1 year. The options vested immediately.

Option exercises:

On May 22, 2020, 250,000 options granted on May 4, 2020 were exercised at a price of \$0.05 per option for total cash proceeds of \$12,500.

On October 22, 2019, 50,000 options granted on September 25, 2014 were exercised by a director of the Company at a price of \$0.15 per option for total cash proceeds of \$7,500.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

7. SHARE CAPITAL (continued)**Option summary:**

A summary of share options outstanding is as follows:

	Options outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance at March 31, 2019	875,000	\$0.17	0.82
Options exercised	(50,000)	-	-
Options cancelled	(300,000)	-	-
Options expired	(525,000)	-	-
Balance at March 31, 2020	-	-	-
Options granted	1,900,000	0.14	-
Options exercised	(350,000)	0.05	-
Balance at September 30, 2020	1,550,000	0.16	2.88

Details of options outstanding as at September 30, 2020 are as follows:

Outstanding	Exercisable	Exercise Price	Expiry Date	Remaining contractual life (in years)
125,000	125,000	\$0.26	September 28, 2025	4.99
200,000	200,000	\$0.26	September 28, 2023	2.99
50,000	50,000	\$0.26	September 28, 2021	0.99
100,000	50,000	\$0.25	September 17, 2021	0.96
150,000	150,000	\$0.20	June 19, 2021	0.72
200,000	200,000	\$0.285	June 15, 2021	0.71
125,000	125,000	\$0.05	June 5, 2021	0.68
600,000	600,000	\$0.05	May 4, 2025	4.59
1,550,000	1,500,000	\$0.16		2.88

Warrants

A summary of changes in outstanding warrants is as follows:

	Warrants outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance at March 31, 2019 and 2020	583,600	\$0.20	0.42
Warrants issued on July 27 th private placement	4,000,000	\$0.25	-
Warrants issued on August 24 th private placement	784,000	\$0.26	-
Finder warrants issued on private placements	207,550	\$0.25	-
Warrants exercised	(458,600)	\$0.20	-
Warrants expired	(125,000)	\$0.20	-
Balance at September 30, 2020	4,991,550	\$0.25	0.98

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

7. SHARE CAPITAL (continued)

Details of warrants outstanding as at September 30, 2020, are as follows:

Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining contractual life (in years)
4,000,000	\$0.25(1)	July 24, 2021	0.81
784,000	\$0.26	August 24, 2022	1.90
204,750	\$0.25(1)	July 24, 2021	0.81
2,800	\$0.26	August 24, 2022	1.90

(1) These warrants are subject to an acceleration provision that states "in the event that the closing price of the Company's common shares on the TSX Venture is \$0.33 per common shares or greater during any fifteen (15) consecutive trading day period at any time subsequent to four months and one day after the closing date, the warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the warrants.

8. RESERVES

Share-based payment reserve

The share-based payment reserve records items recognized as share-based payments expense until such time that the share options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire or are forfeited, the corresponding amount previously recorded is transferred from share-based payments reserve to deficit. The balance in the share-based payment reserve as on September 30, 2020 was \$264,900 (March 31, 2020 - \$103,200)

Warrants reserve

The warrant reserve records items recognized as warrants until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount previously recorded remains in warrant reserves. The balance in the warrant reserve as on September 30, 2020 was \$53,500 (March 31, 2020 - \$1,766)

9. CAPITAL DISCLOSURE

The Company considers its capital structure to include cash and shareholders' equity. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its operations using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and receivables.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

10. ADDITIONAL CASH FLOW INFORMATION

During the six month period ended September 30, 2020 and 2019, the Company incurred non-cash financing activities as follows:

	September 30, 2020	September 30, 2019
Non-cash financing activities:		
Fair value of options vested	\$ 175,700	\$ 3,787
Fair value of options exercised	14,000	-
Fair value of warrants exercised	1,766	-
Shares issued for property acquisition	325,600	-
Shares issued on conversion of convertible debentures	37,935	-
Shares issued for debt settlement	41,447	-

11. FINANCIAL INSTRUMENTS AND RISKS**Fair Values**

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, and the liability component on convertible debentures. These financial instruments are classified as financial assets at FVTPL and financial liabilities at amortized cost. The fair values of these financial instruments approximate their carrying values at September 30, 2020, due to their short-term nature.

The following table presents the Company's financial instruments, measured at fair value on the statements of financial position as at September 30, 2020 and March 31, 2020 and categorized into levels of the fair value hierarchy:

	Level	September 30, 2020		March 31, 2020	
		Carrying Value	Estimated Fair Value *	Carrying Value	Estimated Fair Value *
		\$	\$	\$	\$
FVTPL					
Cash	1	489,029	489,029	452	452
Other financial liabilities					
Accounts payable and accrued liabilities	2	84,225	84,225	60,745	60,745
Liability component on convertible loans	2	36,236	36,236	-	-

*The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk by holding cash. This risk is minimized by holding cash in large Canadian financial institutions. This risk is assessed as low.

XANDER RESOURCES INC.

Notes to the Unaudited Interim Condensed Financial Statements

(Expressed in Canadian Dollars)

For the three and six month periods ended September 30, 2020 and 2019

11. FINANCIAL INSTRUMENTS AND RISKS (continued)

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by management of its working capital to ensure its expenditures will not exceed available resources. This risk is assessed as high.

d) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have foreign currency denominated financial instruments and is not exposed to foreign exchange risk.

e) Price risk

Price risk is the risk that the risk of a decline in the value of the Company's financial instruments. Although price risk can be mitigated by hedging, the Company currently doesn't apply any hedging techniques as the Company doesn't have securities that are subject to price fluctuation.

12. SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment, the acquisition, exploration and development of mineral properties. All of the Company's assets and expenditures are located in Canada.

13. SUBSEQUENT EVENTS

On October 21, 2020, the Company closed a non-brokered private placement, issuing a total of two million units at 20 cents per unit for total gross proceeds of \$400,000. The sole investor in the private placement was Palisades Goldcorp Ltd.

Each unit consists of one common share and one non-transferable common share purchase warrant, with each warrant exercisable for three years from the date of closing at an exercise price of 30 cents per warrant.