

**CYON EXPLORATION LTD. (FORMERLY TRUE GRIT RESOURCES LTD.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

**(Expressed in Canadian Dollars)**

**(Unaudited – Prepared by Management)**

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim 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 consolidated financial statements have been prepared by and are the responsibility of the management. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”), consistent with International Financial Reporting Standards (“IFRS”) appropriate in the circumstances.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**CYON EXPLORATION LTD. (FORMERLY TRUE GRIT RESOURCES LTD.)**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian dollars)**  
**(Unaudited – Prepared by Management)**  
**AS AT**

	September 30, 2020	March 31, 2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 49,444	\$ 11,609
Receivables	20,864	23,474
Subscriptions receivable (Note 9)	1,240,000	-
Prepays	21,000	40,000
	<u>1,331,308</u>	<u>75,083</u>
Exploration and evaluation assets (Note 6)	589,221	-
	<u>\$ 1,920,529</u>	<u>\$ 75,083</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 326,394	\$ 257,421
Loans payable (Note 7)	35,000	455,000
Interest payable on loans (Note 7)	-	52,444
Subscriptions received in advance (Note 9)	-	230,000
	<u>361,394</u>	<u>994,865</u>
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 9)	8,122,407	5,399,288
Contributed surplus (Note 9)	677,033	610,933
Deficit	<u>(7,240,305)</u>	<u>(6,930,003)</u>
	<u>1,559,135</u>	<u>(919,782)</u>
	<u>\$ 1,920,529</u>	<u>\$ 75,083</u>

**Nature and continuance of operations (Note 1)**  
**Subsequent events (Note 11)**

Approved on behalf of the Board:

**"Byron Coulthard"**  
 Director –

**"Nicolas Barr"**  
 Director –

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

**CYON EXPLORATION LTD. (FORMERLY TRUE GRIT RESOURCES LTD.)**  
**Condensed Interim Consolidated Statements of Operations and Comprehensive Loss**  
**(Expressed in Canadian dollars)**  
**(Unaudited – Prepared by Management)**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Expenses</b>				
Accounting and audit <i>(Note 10)</i>	\$ 11,738	\$ 16,471	\$ 64,519	\$ 26,568
Consulting	85,168	(5,142)	115,620	(5,142)
Financing expense <i>(Note 7)</i>	512	4,108	4,675	8,172
Foreign exchange gain	(23,482)	(1,255)	(24,919)	(2,212)
Management fees <i>(Note 10)</i>	30,000	7,500	60,000	15,000
Office operations	11,967	309	12,427	792
Regulatory (recovery)	-	-	-	(965)
Shareholder communication	475	-	475	-
Travel	35,727	-	35,727	-
Transfer agent	41,407	1,087	41,778	2,045
<b>Comprehensive loss for the period</b>	<b>\$ (193,512)</b>	<b>\$ (23,078)</b>	<b>\$ (310,302)</b>	<b>\$ (44,258)</b>
<b>Loss per common share – basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>	<b>\$ (0.04)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>8,462,438</b>	<b>5,618,419</b>	<b>7,032,658</b>	<b>5,618,419</b>

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

**CYON EXPLORATION LTD. (FORMERLY TRUE GRIT RESOURCES LTD.)**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**  
**(Expressed in Canadian Dollars)**  
**(Unaudited – Prepared by Management)**

	Shares	Amount	Contributed Surplus	Share-based Payments Reserve	Deficit	Total
<b>Balance, March 31, 2019</b>	5,618,419	\$ 5,399,288	\$ 610,933	\$ 15,502	\$ (6,707,733)	\$ (682,010)
Loss for the period	-	-	-	-	(44,258)	(44,258)
<b>Balance, September 30, 2019</b>	5,618,419	5,399,288	610,933	15,502	(6,751,991)	(726,268)
Options expired	-	-	-	(15,502)	15,502	-
Loss for the period	-	-	-	-	(193,514)	(193,514)
<b>Balance, March 31, 2020</b>	5,618,419	5,399,288	610,933	-	(6,930,003)	(919,782)
Private placements	19,985,000	1,998,500	-	-	-	1,998,500
Share issuance costs - cash	-	(86,400)	-	-	-	(86,400)
Share issuance costs - warrants	-	(66,100)	66,100	-	-	-
Shares issued for mineral properties	4,000,000	400,000	-	-	-	400,000
Shares issued for debt settlement	4,771,190	477,119	-	-	-	477,119
Loss for the period	-	-	-	-	(310,302)	(310,302)
<b>Balance, September 30, 2020</b>	34,374,609	\$ 8,122,407	\$ 677,033	-	\$ (7,240,305)	\$ 1,559,135

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

**CYON EXPLORATION LTD. (FORMERLY TRUE GRIT RESOURCES LTD.)**  
**Condensed Interim Consolidated Statements of Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited – Prepared by Management)**

	<b>Six months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Loss for the period	\$ (310,302)	\$ (44,258)
Items not affecting cash:		
Financing expense	4,675	8,172
<b>Change in non-cash working capital items:</b>		
Receivables	2,610	(3,477)
Prepays	19,000	-
Accounts payable and accrued liabilities	(17,427)	42,053
<b>Cash used in operating activities</b>	<b>(301,444)</b>	<b>2,490</b>
<b>Investing activities</b>		
Exploration and evaluation assets	(189,221)	-
<b>Cash used in financing activities</b>	<b>(189,221)</b>	<b>-</b>
<b>Financing activities</b>		
Private placements	528,500	-
Loan repayments	-	(1,779)
<b>Cash provided by financing activities</b>	<b>528,500</b>	<b>(1,779)</b>
Change in cash during the period	37,835	711
Change in cash, beginning of the period	11,609	793
Change in cash, end of the period	\$ 49,444	\$ 1,504
<b>SUPPLEMENTARY INFORMATION</b>		
Cash paid for interest paid	\$ -	\$ -
Cash paid for taxes paid	\$ -	\$ -
Shares issued for exploration and exploration assets	\$ 400,000	\$ -
Subscriptions receivable	\$ 1,998,500	\$ -
Fair value of finder's warrants	\$ 66,100	\$ -
Loans payable assigned to accounts payable and accrued liabilities	\$ 100,000	\$ -
Share issuance costs in accounts payable and accrued liabilities	\$ 86,400	\$ -

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

**CYON EXPLORATION LTD (FORMERLY TRUE GRIT RESOURCES LTD)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the period ended September 30, 2020**  
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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Cyon Exploration Ltd. (formerly True Grit Resources Ltd.) (the “Company”) is engaged in the acquisition and exploration of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 1710, 1177 West Hastings Street, Vancouver, BC. The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol TGI.H.

On September 21, 2020, the Company consolidated its share capital on a six to one basis. These condensed interim consolidated financial statements reflect the share consolidation.

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

As at September 30, 2020 the Company has a working capital of \$969,914 (March 31, 2020 – deficit of \$919,782) and has accumulated losses since inception of \$7,240,305 (March 31, 2020 - \$6,930,003). These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

**2. BASIS OF PRESENTATION, STATEMENT OF COMPLIANCE AND CONSOLIDATION**

These condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting”. The accounting policies set out in Note 3 have been applied consistently to all years presented in these condensed consolidated interim financial statements unless otherwise indicated. These condensed consolidated interim financial statements have been prepared on an accrual basis and presented in Canadian dollars, the Company’s functional currency and were approved by the Board of Directors on November 30, 2020.

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, True Grit Lithium Inc., a US company, True Grit Nevada LLC, a US company, LRS Oil and Gas Ltd. (inactive), a US company, and Minera Lorica S.A. de C.V. (inactive), a Mexican company. All intercompany accounts and transactions have been eliminated.

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**Notes to Condensed Interim Consolidated Financial Statements**  
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**3. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the Company's significant accounting policies:

(a) Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments and estimates exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these financial statements include:

Income taxes – In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

(b) Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rates prevailing at the end of the reporting period date; non-monetary items are translated into the functional currency at the rates on the date of transaction. Expenses are translated at the exchange rate approximating those in effect on the date of the transactions. Exchange gains and losses arising on the translation are included in profit and loss in the period in which they occur.

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**3. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)**

(c) Exploration and evaluation assets (“E&E”)

Once the legal right to explore a property has been obtained, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. As a result those E&E costs, in excess of estimated recoveries, are written off to profit or loss.

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

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

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

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**3. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)**

(d) Provisions for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year. The Company had no provisions for environmental rehabilitation as at September 30, 2020.

(e) Financial instruments

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

*Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

*Measurement*

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

*Equity investments at FVOCI*

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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**3. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)**

- (e) Financial instruments (continued)

*Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*Derecognition*

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

*Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company's financial assets and liabilities are recorded and measured as follows:

<b>Asset or liability</b>	<b>Category</b>	<b>Measurement</b>
Cash	FVTPL	Fair value
Receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Loans payable	Other liabilities	Amortized cost
Interest payable on loans	Other liabilities	Amortized cost

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs.

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**3. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)**

(f) Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and non-employees. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payment reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(h) Share capital

Share capital issued for non-consideration is recorded at the closing price of the Company's shares on the date of issuance.

(i) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The dilutive effect on loss per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(j) Segmented information

The Company has one operating segment, being mineral exploration, and operates in United States.

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**3. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)**

- (k) New accounting standards adopted

On April 1, 2019, the Company adopted all of the requirements of IFRS 16 – Leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The adoption of this new accounting standard had no material impact on the Company's consolidated financial statements for the current period.

**4. FINANCIAL INSTRUMENTS**

The Company has classified its cash as FVTPL (using level 1 of the fair value hierarchy); receivables (excluding tax arrangements) at amortized cost; and accounts payable and accrued liabilities, and loans and interest on loans payable at amortized cost.

The carrying values of cash, receivables, accounts payable and accrued liabilities, loans payable and loan interest payable approximate their fair values due to the short-term maturity of these financial instruments.

The Company's financial instruments as at September 30, 2020 and March 31, 2020 follow:

	<b>September 30, 2020</b>		<b>March 31, 2020</b>	
<b>Financial assets</b>				
Cash	\$	49,444	\$	11,609
Receivables		20,864		23,474
Prepaid		21,000		40,000
Subscriptions receivable		1,240,000		-
	<b>\$</b>	<b>1,331,308</b>	<b>\$</b>	<b>75,083</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$	326,394	\$	257,421
Loans payable		35,000		455,000
Interest payable on loans		-		52,444
Subscriptions received in advance		-		230,000
	<b>\$</b>	<b>361,394</b>	<b>\$</b>	<b>994,865</b>

**5. FINANCIAL RISK MANAGEMENT**

- (a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and receivables, other than Goods and Services Tax ("GST"). The maximum exposure to loss arising from receivables is equal to their carrying amounts.

The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution.

- (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk as it relates to its accounts payable and accrued liabilities, and loans payable.

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**5. FINANCIAL RISK MANAGEMENT**

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

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

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk as its monetary assets and liabilities are predominantly in Canadian dollars. Any fluctuation would have a negligible impact on profit and loss.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

There were no changes in the Company's approach to managing the above risks.

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**6. EXPLORATION AND EVALUATION ASSETS**

A summary of capitalized acquisition and exploration costs follows:

	<b>Black Rock Canyon Project</b>	<b>Total</b>
<b>Balance – March 31, 2019 and 2020</b>	\$ -	\$ -
Acquisition costs		
Cash	172,776	172,776
Shares	400,000	400,000
	<u>572,766</u>	<u>572,766</u>
Exploration expenditures		
Geo-consulting	16,455	16,455
<b>Balance – September 30, 2020</b>	<b>\$ 589,221</b>	<b>\$ 589,221</b>

**Black Rock Canyon Property**

During the year ended March 31, 2020, the Company entered in a mineral option agreement to acquire a 100% interest in the Black Rock Canyon Property.

Under the terms of the option agreement, the Company may earn an initial undivided 75% interest in the property by issuing shares and incurring exploration expenditures at the property as follows:

- (a) Share issuances
  - i) 4,000,000 common shares upon the execution of the agreement (“Execution Date”) (issued and valued at \$400,000) (Note 9).
  - ii) issuing 8,000,000 common shares on or before the 6-month anniversary of the Execution Date.
  - iii) issuing 4,000,000 common shares on or before the 13-month anniversary of the Execution Date.
- (b) Exploration expenditures
  - (i) incur exploration expenditure of USD \$600,000 over a 12 month period.
  - (ii) incur exploration expenditure of USD \$1,500,000 over a 24 month period.

The Company has the option to acquire the remaining 25% by issuing an additional 15,000,000 common shares on or before the 36-month anniversary of the Execution Date.

The property is subject to a 2.5% net smelter return (“NSR”) and can be repurchased by the Company in consideration of USD \$2,000,000 cash.

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**7. LOANS PAYABLE**

Details of the Company's loans follow:

- 2014 Notes #2: During July and August, 2014, the Company arranged loans by way of promissory notes for total proceeds of \$100,000. The 2014 Notes #2 matured in one year and bear interest of 10% per annum. During the year ending March 31, 2017, one lender agreed to write off accrued interest, and ceased to accrue any further interest. During the period ended September 30, 2020, the loan was fully settled through the issuance of common shares (Note 9).
- 2015 Notes #1: During March, 2015, the Company arranged for a loan by way of promissory note for total proceeds of \$10,000. The 2015 Notes #1 matured in one year and bear interest of 10% per annum. During the year ending March 31, 2017, the lender agreed to write off accrued interest and ceased to accrue any further interest. During the period ended September 30, 2020, the loan was fully settled through the issuance of common shares (Note 9).
- 2015 Notes #2: During April, 2015, the Company arranged for loans by way of promissory notes for total proceeds of \$50,000. The 2015 Notes #2 matured in one year and bear interest of 10% per annum. During the period ended September 30, 2020, the loan and interest were fully settled through the issuance of common shares (Note 9).
- 2016 Notes #1: During June, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$20,000. The 2016 Notes #1 matured in one year and are non-interest bearing. During the period ended September 30, 2020, the loan and interest were fully settled through the issuance of common shares (Note 9).
- 2016 Notes #2: During July, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$10,000. The 2016 Notes #2 matured in one year and bear interest of 10% per annum. During the period ended September 30, 2020, the loan and interest were fully settled through the issuance of common shares (Note 9).
- 2016 Notes #3: During July, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$10,000. The 2016 Notes #3 bears interest at 10% per annum and matured in one year. During the year ended March 31, 2017, the lender agreed to write off accrued interest and ceased accruing any further interest. During the period ended September 30, 2020, the loan was fully settled through the issuance of common shares (Note 9).
- 2016 Notes #4: During August, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$15,000. The 2016 Notes #4 is non-interest bearing and matured in one year. During the period ended September 30, 2020, the loan and interest were fully settled through the issuance of common shares (Note 9).
- 2016 Notes #5: During October, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$5,000. The 2016 Notes #5 is non-interest bearing and matured in one year. During the period ended September 30, 2020, the loan and interest were fully settled through the issuance of common shares (Note 9).
- 2017 Notes #1: During December, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$80,000. The 2017 Notes #1 is non-interest bearing and matured in one year. During the period ended September 30, 2020, amount of \$60,000 was reassigned to an arm's length vendor and reclassified as accounts payable, the remaining loan was fully settled through the issuance of common shares (Note 9).
- 2017 Notes #3: During February, 2017, the Company arranged for loans by way of promissory notes for total proceeds of \$30,000. \$20,000 matures in one year and bears interest of 10% per annum, and \$10,000 is non-interest bearing and matured in one year. During the period ended September 30, 2020, the loan and interest were fully settled through the issuance of common shares (Note 9).

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- 2017 Notes #4 During April, 2017, the Company arranged for loans by way of promissory notes for total proceeds of \$80,000. The 2017 Notes #4 matured in one year and bear interest of 10% per annum. During the period ended September 30, 2020, the loan and interest were fully settled through the issuance of common shares (Note 9).
- 2017 Notes #5 During July, 2017, the Company arranged for loans by way of promissory notes for total proceeds of \$15,000. The 2017 Notes #5 is unsecured, non-interest bearing with no specified term of repayment. During the period ended September 30, 2020, amount of \$10,000 was reassigned to an arm's length vendor and reclassified as accounts payable, the remaining loan was fully settled through the issuance of common shares (Note 9).
- 2017 Notes #6 During August, 2017, the Company arranged for loans by way of promissory notes for total proceeds of \$1,779. The 2017 Notes #6 is unsecured, non-interest bearing with no specified term of repayment. During the year ended March 31, 2020, this note was repaid in full.
- 2018 Notes #1 During April, 2018, the Company arranged for loans by way of promissory notes for total proceeds of \$30,000. The 2018 Notes #1 matured in one year, are unsecured, and non-interest bearing. During the period ended September 30, 2020, amount of \$30,000 was reassigned to an arm's length vendor and reclassified as accounts payable.
- 2018 Notes #2 During September, 2018, the Company arranged for loans by way of promissory notes for total proceeds of \$105,000. \$50,000 with no specified term of repayment and bears interest of 8% per annum, \$20,000 matured in one year and bears interest of 8% per annum, and \$35,000 is non-interest bearing with no specified term of repayment. During the year ended March 31, 2020, \$35,000 of the loan was forgiven by the lender. During the period ended September 30, 2020, the loan was fully settled through the issuance of common shares (Note 9).
- 2019 Notes #1 During April and July, 2019, the Company arranged for loans by way of promissory notes for total proceeds of \$35,000. The 2019 Note #1 is non-interest bearing with no specified term of repayment.

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**7. LOANS PAYABLE (CONTINUED)**

At September 30, 2020, the Company had the following loans:

	Principal	Value of bonus shares	Amortized values of bonus shares	Principal net of unamortized value of bonus shares	Interest	Reassigned	Settled	Total
2014 Notes #2	\$ 55,000 <sup>(1)(3)</sup>	\$ (20,000) <sup>(2)</sup>	\$ 20,000	\$ 55,000	\$ 17,020	\$ -	\$ (72,020)	\$ -
2015 Notes #1	10,000	-	-	10,000	-	-	(10,000)	-
2015 Notes #2	10,000	-	-	10,000	5,340	-	(15,340)	-
2016 Notes #1	20,000	-	-	20,000	-	-	(20,000)	-
2016 Notes #2	10,000 <sup>(2)</sup>	-	-	10,000	3,885	-	(13,885)	-
2016 Notes #3	10,000	-	-	10,000	-	-	(10,000)	-
2016 Notes #4	15,000	-	-	15,000	-	-	(15,000)	-
2016 Notes #5	5,000	-	-	5,000	-	-	(5,000)	-
2017 Notes #1	80,000	-	-	80,000	-	(60,000)	(20,000)	-
2017 Notes #3	30,000	-	-	30,000	6,633	-	(36,633)	-
2017 Notes #4	60,000	-	-	60,000	13,609	-	(73,609)	-
2017 Notes #5	15,000	-	-	15,000	-	(10,000)	(5,000)	-
2018 Notes #1	30,000	-	-	30,000	-	(30,000)	-	-
2018 Notes #2	70,000	-	-	70,000	10,632	-	(80,632)	-
2019 Notes #1	35,000	-	-	35,000	-	-	-	35,000
	\$ 455,000	\$ (20,000)	\$ 20,000	\$ 455,000	\$ 57,119	\$ (100,000)	\$ (377,119)	\$ 35,000

(1) after taking into account the reduction of \$45,000 on May 31, 2017

(2) includes value of \$5,000 in respect of 100,000 issued to parties related to the Company

(3) The 2014 Notes #2, 2015 Notes #1, and 2015 Notes #2 have been rolled-over with the same terms until such time as the Company achieves financing sufficient to settle the amount owing

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**7. LOANS PAYABLE (CONTINUED)**

During the period ended September 30, 2020, the Company had the following transactions:

	As of March 31, 2020		Interest	Reassignment	Settlement/ Write off	As of September 30, 2020
2014 Notes #2	\$ 71,541	(1)	\$ 479	\$ -	\$ (72,020)	\$ -
2015 Notes #1	10,000	(1)	-	-	(10,000)	-
2015 Notes #2	14,937	(1)	403	-	(15,340)	-
2016 Notes #1	20,000		-	-	(20,000)	-
2016 Notes #2	13,693	(2)	192	-	(13,885)	-
2016 Notes #3	10,000		-	-	(10,000)	-
2016 Notes #4	15,000		-	-	(15,000)	-
2016 Notes #5	5,000		-	-	(5,000)	-
2017 Notes #1	80,000		-	(60,000)	(20,000)	-
2017 Notes #3	36,249		384	-	(36,633)	-
2017 Notes #4	72,309		1,300	-	(73,609)	-
2017 Notes #5	15,000		-	(10,000)	(5,000)	-
2018 Notes #1	30,000		-	(30,000)	-	-
2018 Notes #2	78,715		1,917	-	(80,632)	-
2019 Notes #1	35,000		-	-	-	35,000
	<u>\$ 507,444</u>		<u>\$ 4,675</u>	<u>\$ (100,000)</u>	<u>\$ (377,119)</u>	<u>\$ 35,000</u>

(1) 2014 Notes #2, 2015 Notes #1, and 2015 Notes #2 have been rolled-over with the same terms until such time as the Company achieves financing sufficient to settle the amount owing

(2) \$10,000 provided by a party related to the Company

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**7. LOANS PAYABLE (CONTINUED)**

At March 31, 2020, the Company had the following loans:

	<b>Principal</b>	<b>Value of bonus shares</b>	<b>Amortized values of bonus shares</b>	<b>Principal net of unamortized value of bonus shares</b>	<b>Interest</b>	<b>Total</b>
2014 Notes #2	\$ 55,000 <sup>(1)(3)</sup>	\$ (20,000) <sup>(2)</sup>	\$ 20,000	\$ 55,000	\$ 16,541	\$ 71,541
2015 Notes #1	10,000	-	-	10,000	-	10,000
2015 Notes #2	10,000	-	-	10,000	4,937	14,937
2016 Notes #1	20,000	-	-	20,000	-	20,000
2016 Notes #2	10,000 <sup>(2)</sup>	-	-	10,000	3,693	13,693
2016 Notes #3	10,000	-	-	10,000	-	10,000
2016 Notes #4	15,000	-	-	15,000	-	15,000
2016 Notes #5	5,000	-	-	5,000	-	5,000
2017 Notes #1	80,000	-	-	80,000	-	80,000
2017 Notes #3	30,000	-	-	30,000	6,249	36,249
2017 Notes #4	60,000	-	-	60,000	12,309	72,309
2017 Notes #5	15,000	-	-	15,000	-	15,000
2015 Notes #1	30,000	-	-	30,000	-	30,000
2018 Notes #2	70,000	-	-	70,000	8,715	78,715
2019 Notes #1	35,000	-	-	35,000	-	35,000
	<b>\$ 455,000</b>	<b>\$ (20,000)</b>	<b>\$ 20,000</b>	<b>\$ 455,000</b>	<b>\$ 52,444</b>	<b>\$ 507,444</b>

(1) after taking into account the reduction of \$45,000 on May 31, 2017

(2) includes value of \$5,000 in respect of 100,000 issued to parties related to the Company

(3) The 2014 Notes #2, 2015 Notes #1, and 2015 Notes #2 have been rolled-over with the same terms until such time as the Company achieves financing sufficient to settle the amount owing

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**7. LOANS PAYABLE (CONTINUED)**

During the year ended March 31, 2020, the Company had the following transactions:

	As of March 31, 2019	Cash received	Interest	Cash Paid	Settlement/ Write off	As of March 31, 2020
2014 Notes #2	\$ 69,034 <sup>(1)(2)</sup>	-	\$ 2,507	\$ -	\$ -	\$ 71,541
2015 Notes #1	10,000 <sup>(1)</sup>	-	-	-	-	10,000
2015 Notes #2	13,934 <sup>(1)</sup>	-	1,003	-	-	14,937
2016 Notes #1	20,000	-	-	-	-	20,000
2016 Notes #2	12,690 <sup>(3)</sup>	-	1,003	-	-	13,693
2016 Notes #3	10,000	-	-	-	-	10,000
2016 Notes #4	15,000	-	-	-	-	15,000
2016 Notes #5	5,000	-	-	-	-	5,000
2017 Notes #1	80,000	-	-	-	-	80,000
2017 Notes #3	34,244	-	2,005	-	-	36,249
2017 Notes #4	68,041	-	4,268	-	-	72,309
2017 Notes #5	15,000	-	-	-	-	15,000
2017 Notes #6	1,779 <sup>(4)</sup>	-	-	(1,779)	-	-
2018 Notes #1	30,000	-	-	-	-	30,000
2018 Notes #2	108,100 <sup>(5)</sup>	-	5,615	-	(35,000)	78,715
2019 Notes #1	-	35,000	-	-	-	35,000
	<b>\$ 492,822</b>	<b>\$ 35,000</b>	<b>\$ 16,401</b>	<b>\$ (1,779)</b>	<b>\$ (35,000)</b>	<b>\$ 507,444</b>

(1) 2014 Notes #2, 2015 Notes #1, and 2015 Notes #2 have been rolled-over with the same terms until such time as the Company achieves financing sufficient to settle the amount owing

(2) \$25,000 provided by a party related to the Company

(3) \$10,000 provided by a party related to the Company

(4) \$1,779 provided by a party related to the Company that has been repaid on July 29, 2019

(5) \$35,000 provided by a party related to the Company that has been written-off in year ended March 31, 2020

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**8. CAPITAL MANAGEMENT**

The Company defines capital as all components of shareholders' deficiency. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements.

The Company raises capital through the issuance of its share capital and loans payable to fund operations. Although the Company has been successful at raising funds in the past through issuance of common shares and loans payable, there can be no assurance that it will continue to be able to do so in the future.

There were no changes to the Company's approach to capital management during the period ended September 30, 2020.

**9. SHARE CAPITAL**

(a) Authorized

Unlimited common shares without par value.

(b) Issued

During the period ended September 30, 2020, the Company:

- i) issued 4,000,000 common shares valued at \$400,000 pursuant to the acquisition of Black Canyon Property (Note 6).
- ii) closed a non-brokered private placement of 19,985,000 units at a price of \$0.10 for gross proceeds of \$1,998,500, of which \$1,240,000 remains outstanding and recorded as subscription receivable as of September 30, 2020. Each Unit consists of one common share and one share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at \$0.15 per Share until September 21, 2023. In connection to the financing, the Company paid share issuance costs of \$86,400 cash, and 864,000 finder's warrants valued at \$66,100. Each finder's warrant entitles the holder thereof to acquire one common share at \$0.15 per Share until September 21, 2023.
- iii) issued 4,771,190 common shares to settle debt of \$477,119, which comprised of loans of \$377,119 and accounts payable of \$100,000.

(c) Stock Options

On September 30, 2005, the Company adopted a "rolling" stock option plan for its employees, directors, officers and self-employed consultants. The terms of the plan provide for options to be granted to the extent of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the Exchange. The options may be granted for a maximum term of ten years from the date of grant and vest at the discretion of the board. In 2006, the Company received regulatory approval for the plan. The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for the grants.

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**9. SHARE CAPITAL (CONTINUED)**

(c) Stock Options (continued)

A summary of the Company's stock option activity is as follows:

	September 30, 2020		March 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	-	\$ -	200,000	\$ 0.05
Expired	-	-	(200,000)	0.05
Outstanding, end of period	-	\$ -	-	\$ -
Exercisable, end of period	-	\$ -	-	\$ -

As of September 30, 2020, no stock options were outstanding.

(d) Warrants

A summary of the Company's warrant activity is as follows:

	September 30, 2020		March 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of the period	-	\$ -	-	\$ -
Granted	20,849,000	0.15	-	-
Outstanding, end of period	20,849,000	\$ 0.15	-	\$ -

As at September 30, 2020, the following warrants were outstanding and exercisable:

Number of Warrants	Exercise Price	Expiry Date
19,985,000	\$0.15	21-Sep-20
864,000	\$0.15	21-Sep-20
20,849,000		

The following weighted average assumptions were used for the Black-Scholes valuation of finder's warrants granted during the period ended September 30:

	2020	2019
Risk-free interest rate	0.26%	-
Expected life	3.00 years	-
Expected annualized volatility	150.00%	-
Expected dividend rate	-	-

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**9. SHARE CAPITAL (CONTINUED)**

(e) Subscriptions received in advance

During the year ended March 31, 2020, the Company received proceeds of \$230,000 pursuant to a pending private placement. The private placement closed during the period September 30, 2020 and reallocated proceeds of \$230,000 to share capital.

**10. RELATED PARTY TRANSACTIONS AND BALANCES**

The Company's key management personnel consist of directors, executive officers, and companies controlled or influenced by them. The Company incurred certain fees and expenses in the normal course of operations in connection with companies owned by such parties for the periods ended September 30, 2020 and 2019.

The Company conducts certain of its administration and exploration activities through an arrangement with an administration and exploration services contractor ("AESC") in which a director is a shareholder. For the periods ended September 30, 2020 and 2019, the Company was charged for exploration costs and to reimburse office and administrative costs as follows:

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Management fees	\$ 60,000	\$ 15,000
Accounting and audit	36,300	18,900
	<b>\$ 96,300</b>	<b>\$ 33,900</b>

During the period ended September 30, 2020, the Company incurred or paid \$60,000 (2019 - \$15,000) in respect of the services provided by the CEO of the Company.

During the period ended September 30, 2020, the Company incurred or paid \$36,300 (2019 - \$18,900) in respect of the accounting services from the CFO of the Company.

Amounts due to related parties in accounts payable and accrued liabilities as at September 30, 2020 totaled \$67,999 (March 31, 2020 - \$154,305).

During the period ended September 30, 2020, the Company issued 4,771,190 common shares to settle debt of \$477,119, of which the CFO of the Company received 1,000,000 common shares to settle \$100,000 of accounts payables.

**11. SUBSEQUENT EVENTS**

Subsequent to September 30, 2020, the Company:

- i) granted 3,000,000 incentive stock option to directors and officers of the Company exercisable at \$0.30 per share until October 9, 2025.
- ii) acquired all the issued and outstanding shares of Big Rock Resources Inc. ("Big Rock") in consideration of 6,000,000 common shares to Big Rock's shareholders and cash payment of \$200,000. Big Rock is the beneficial owner of five mineral claims totaling over 3,000 hectares located 25 kilometers northwest of Artemis Gold's 9,500,000 ounce Blackwater Gold project as well as close proximity to Tower Resources Nechako Gold project in northern British Columbia.
- iii) acquired all the issued and outstanding shares of 1266443 B.C. ("1266") Ltd. in consideration of 6,000,000 common shares to 1266's shareholders and cash payment of \$100,000. 1266 is the beneficial owner of 1266 mineral lode claims located on the Black Rock Canyon Project.