

VISCOUNT MINING CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2020 and May 31, 2019
(Unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of Viscount Mining Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review on condensed interim consolidated financial statements by an entity’s auditor

VISCOUNT MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(Unaudited)

	Notes	As at 31 May 20 \$	As at August 31, 2019 \$
ASSETS			
Current assets			
Cash	3	32,372	24,432
Amounts receivable and prepaid expenses	4	2,621	19,232
		34,993	43,664
Reclamation bond		21,450	21,450
Exploration and evaluation properties	5	3,218,556	3,197,211
Total Assets		3,274,999	3,262,325
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	485,173	321,461
Loans payable	7	350,000	250,000
Amounts due to related parties	8	547,609	306,084
Total Liabilities		1,382,782	877,545
SHAREHOLDERS' EQUITY			
Share capital	9	10,718,697	10,464,337
Reserves	9	1,668,839	1,668,839
Accumulated deficit		(10,495,319)	(9,748,396)
Total shareholders' equity		1,892,217	2,384,780
Total Shareholders' Equity and Liabilities		3,274,999	3,262,325

Nature and Continuance of Operations (Note 1)

Commitments and Contingency (Note 10)

Events Occurring After the Reporting Date (Note 14)

These condensed interim consolidated financial statements are authorized for issuance by the Board of Directors on July 29, 2020

On behalf of the Board:

"Jim MacKenzie" Director

"William Macdonald" Director

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

VISCOUNT MINING CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

(Unaudited)

		For the Nine Months Ended	For the Nine Months Ended	For the Three Months Ended	For the Three Months Ended
	Notes	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
		\$	\$	\$	\$
Expenses					
Bank charges and fees		884	2,037	525	(5,158)
Consulting		319,730	393,833	287,156	268,195
Insurance		37,026	39,914	22,856	29,685
Legal and accounting		60,987	71,175	65,739	50,368
Office and miscellaneous		7,398	13,731	6,640	11,335
Promotion		42,489	151,188	19,338	124,259
Transfer agent and filing fees		17,223	17,703	17,146	14,425
Travel		2,559	2,799	2,559	1,705
Total expenses		(488,296)	(692,380)	(421,959)	(494,814)
Foreign exchange gain (loss)		449	1,348	738	7,622
Interest income (expense)		(259,076)	(6,600)	(142)	(6,600)
Net loss and comprehensive loss for the year		(746,923)	(697,632)	(421,363)	(493,792)
Loss per share, basic and diluted		(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares outstanding, basic and diluted		54,360,750	51,862,201	53,841,129	53,841,129

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

VISCOUNT MINING CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	For the Nine Months Ended 31 May 20	For the Nine Months Ended May 31, 2019
	\$	\$
Cash flows used in operating activities		
Net loss for the year	(746,923)	(697,632)
Adjustments for non-cash items:		
Share-based payments	224,000	-
Changes in operating assets and liabilities:		
Decrease in amounts receivable and prepaid expenses	16,611	(4,992)
Increase in due to related parties	241,525	117,192
Increase (decrease) in trade payables and accrued liabilities	163,712	273,273
	(101,075)	(312,159)
Cash flows used in investing activities		
Exploration and evaluation properties expenditures	(11,445)	(361,878)
	(11,445)	(361,878)
Cash flows from financing activities		
Issuance of common shares	20,460	716,155
Related party loan		(44,840)
Proceeds from loans	100,000	-
	120,460	671,315
Decrease in cash	7,940	(2,722)
Cash, beginning of year	24,432	24,989
Cash, end of year	32,372	22,267

Supplemental Cash Flow Information (Note 9)

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

VISCOUNT MINING CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MAY 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

	Notes	Number of Shares	Share Capital	Warrant Reserve	Option Reserve	Deficit	Total
			\$	\$	\$	\$	\$
Balance – August 31, 2018		49,993,629	9,726,932	228,633	1,246,587	(8,650,584)	2,551,568
Common shares issued for cash	8	3,762,500	752,500	-	-	-	752,500
Common shares issued for exploration and evaluation properties	5, 9	85,000	21,250	-	-	-	21,250
Share issue costs	9	-	(36,345)	-	-	-	(36,345)
Warrants issued for exploration and evaluation properties	9	-	-	14,084	-	-	14,084
Net loss for the six months ended February 28, 2019		-	-	-	-	(697,632)	(697,632)
Balance - May 31, 2019		53,841,129	10,464,337	242,717	1,246,587	(9,348,216)	2,605,425
Balance – August 31, 2019		53,841,129	10,464,337	242,717	1,426,122	(9,748,396)	2,384,780
Common shares issued for private placement	9	66,000	20,460	-	-	-	20,460
Common shares issued for exploration and evaluation properties	5, 9	45,000	9,900	-	-	-	9,900
Share based payments		850,000	224,000	-	-	-	224,000
Net loss for the six months ended February 29, 2020		-	-	-	-	(746,923)	(746,923)
Balance - May 31, 2020		54,802,129	10,718,697	242,717	1,426,122	(10,495,319)	1,892,217

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

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

MAY 31, 2020

(Unaudited)

1. Nature and Continuance of Operations

Viscount Mining Corp. (the "Company") was incorporated under the British Columbia Business Corporations Act on October 26, 2011. The Company's registered office is located at 409 - 221 W. Esplanade, North Vancouver BC, V7M 3J3. The Company is listed on the TSX Venture Exchange (TSX-V) and trades under the symbol "VML".

The Company is an exploration stage company and its principal business activity is natural resource exploration, focusing on resources located in the states of Nevada and Colorado in the USA. Mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to conduct its planned exploration, meet its administrative overhead and maintain its resource interests.

The Company had cash of \$32,372 at May 31, 2020 (August 31, 2019 - \$24,432) and working capital deficit of \$1,347,789 (August 31, 2019 deficit - \$833,881), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. For the Nine months period ended May 31, 2020, the Company had no source of operating revenues, incurred an operating loss of \$746,923 (2019 loss of - \$697,632) and, as at that date, had an accumulated deficit of \$10,495,319 (August 31, 2019 deficit of - \$9,748,396).

Management has assessed that this working capital is not sufficient for the Company to continue as a going concern beyond one year. Accordingly, these material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these condensed interim consolidated financial statements it would be necessary to restate the Company's assets and liabilities on a liquidation basis.

The recoverability of the Company's investment in and expenditures on resource properties is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of resource interests.

2. Significant Accounting Policies**Statement of Compliance**

The condensed interim consolidated financial statements of the Company, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the nine month period ended May 31, 2020.

Basis of Preparation

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments classified as fair value through profit and loss. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar.

The preparation of condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below.

Basis of Consolidation

The Company's consolidated interim financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity (including special purpose entity) controlled by the Company, where control is achieved by the Company having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights

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

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. A subsidiary is fully consolidated from the date on which control is obtained by the Company and is de-consolidated from the date that control ceases.

The following subsidiaries have been consolidated for all dates presented within these financial statements, and are wholly owned: Viscount Mining Resources Ltd., Viscount Nevada Holdings Ltd. ("Viscount Nevada") and Viscount Colorado Holdings Ltd. ("Viscount Colorado").

All significant inter-company transactions, balances, income and expenses are eliminated on consolidation.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated 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 consolidated financial statements and reported amounts of income and 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.

Information about critical estimates and judgments 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 consolidated financial statements within the next financial year are discussed below:

Recoverability of Capitalized Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company and the maintenance of good standing of the mineral titles, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include the share price on the measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

Exploration and evaluation properties

Once a license to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized as exploration and evaluation properties on a property by property basis. At such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, the capitalized exploration and evaluation costs are transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost.

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are de-recognized, with any gain or loss included in profit or loss in the period the transfer takes place. No initial value is assigned to any retained royalty interest.

When entitled, the Company records mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the properties.

Management assesses the exploration and evaluation assets for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The assessment is based on the development program, the nature of the mineral deposit, commodity prices and the Company's intentions and ability for development of the undeveloped property. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. At May 31, 2020 the Company had no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

Financial instruments**(i) Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principle and interest on the principle amount outstanding, and it is not designated as FVTPL. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise. The Company's cash is classified as FVTPL.

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. None of the Company's financial assets are classified as FVTOCI.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. The Company's financial assets at amortized cost comprise reclamation bonds.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of loss and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

(ii) Financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortized cost which include trade payables and accrued liabilities, loans payable, and amounts due to related parties. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

(iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured 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 loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the Company's receivables the Company has no material loss allowance at May 31, 2020 and August 31, 2019.

Per Share Information

Basic income (loss) per share amounts are calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted income/loss per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of warrants and stock options (Note 9).

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of 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 corresponding amount is recorded to the stock options reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest. When options are cancelled or expire, the initial recorded value is left in reserves.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is based on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statement of financial position date.

Foreign Currencies

The Company's reporting currency and the functional currency of all of its operations and its subsidiaries is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Accounting standards and interpretations adopted

During the nine-month period ended May 31, 2020 the Company adopted certain new accounting standards, interpretations, and amendments, none of which had material impact on the consolidated financial statements other than note disclosure regarding IFRS 9.

3. Cash

	As at 31 May 20	As at August 31, 2019
	\$	\$
Denominated in Canadian dollars	29,212	22,866
Denominated in US dollars	3,160	1,566
	<u>32,372</u>	<u>24,432</u>

4. Amounts Receivable and Prepaid Expenses

Amounts receivable and prepaid expenses consist of the following:

	As at May 31, 2020	As at August 31, 2019
	\$	\$
Goods and Services Tax receivable	2,621	2,000
Other receivable	-	1,057
Prepaid insurance and travel expenses (Note 8)	-	16,175
	<u>2,621</u>	<u>19,232</u>

Amounts receivable are non-interest bearing, unsecured and have settlement dates within one year.

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

5. Exploration and Evaluation Properties

Exploration and evaluation expenditures by project at May 31, 2020 and August 31, 2019 are as follows:

	For the Nine Months Ended May 31, 2020	For the Year ended August 31, 2019
	\$	\$
Balance beginning of year	3,197,211	2,738,445
Property acquisitions	9,900	190,987
Staking new claims and claim maintenance net of quarry recoveries	11,445	90,354
Consulting (Note 8)	-	76,369
Drilling	-	115,130
Recoveries	-	(14,074)
Total	3,218,556	3,197,211

The \$11,455 is property payments partially offset by recovers from sale of gravel on the Colorado property.

A summary of the changes in the Company's exploration and evaluation properties for nine months period ended May 31, 2020 and the year ended August 31, 2019 are as follows:

- A. **Nevada Properties**, described collectively as our Cherry Creek Project, is focused on exploration in the immediate vicinity of an area commonly known as the Cherry Creek Mining District, located approximately 50 miles north of the town of Ely, in White Pine County, Nevada.
- B. **Colorado Properties**, described collectively as Silver Cliff.

On August 13, 2014, the Company entered into an option agreement (the "Silver Cliff Agreement") with David C. and Debra J. Knight Living Trust (the "Owner"), whereby the Owner has agreed to grant an option to the Company to acquire an undivided 100% interest in the Silver Cliff project (the "Silver Cliff Property"), effective on the date of TSX-V approval (the "Effective Date"). On September 15, 2014, the Company received approval from the TSX-V. Pursuant to the agreement, the Company agreed to the following:

- 1) Issuing to the Owner 200,000 shares and 200,000 warrants (issued)
- 2) Payments made on behalf of the Owner for claim rental fees due to the U.S. Bureau of Land Management.
- 3) Making payments to the Owner in the aggregate amount of US\$3,000,000 as follows:
 - a. US\$65,000 on the second, third and fourth anniversaries, September 15, 2016 through September 15, 2018 (paid);
 - b. US\$50,000 on the fifth anniversary, September 15, 2019 (Note 14);
 - c. US\$75,000 on the sixth anniversary, September 15, 2020;
 - d. US\$100,000 on the seventh anniversary, September 15, 2021;
 - e. US\$100,000 on the eighth anniversary, September 15, 2022;
 - f. US\$100,000 on the ninth anniversary, September 15, 2023;
 - g. US\$100,000 on the tenth anniversary, September 15, 2024;
 - h. US\$150,000 on the eleventh anniversary, September 15, 2025;
 - i. US\$200,000 on the twelfth anniversary, September 15, 2026; and
 - j. Paying the remaining outstanding balance of the required US\$3,000,000 plus Cost of Living Increase adjustment on the thirteenth anniversary, September 15, 2027.

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

- 4) Royalty payments to the Owner of 2% of the net smelter returns (“NSR”) and issuance of an additional 550,000 shares and 550,000 warrants upon the commencement of commercial production.
- 5) The Company, agreed to issue Kingsmere Mining Ltd a finder’s fee of 500,000 shares, which shall be issued as follows:
 - a. 200,000 shares have been issued between September 15, 2016 through September 15, 2020;
 - b. 50,000 shares on the sixth anniversary, September 15, 2020 (issued);
 - c. 50,000 shares on the seventh anniversary, September 15, 2021;
 - d. 75,000 shares on the eighth anniversary, September 15, 2022;
 - e. 75,000 shares on the ninth anniversary, September 15, 2023;
 - f. 100,000 shares on the tenth anniversary, September 15, 2024.
- 6) In fiscal 2017 the Company increased its land holding at the Silver Cliff project by signing a series of mineral lease agreements, resulting in the following commitments:
 - a. US\$292,600 on the second, third and fourth anniversaries, September 15, 2016 through September 15, 2020 (paid)
 - b. US\$87,500 on the fourth anniversary, between May 12 and June 5, 2021;
 - c. US\$91,500 on the fifth anniversary, between May 12 and June 5, 2022;
 - d. US\$96,000 on the sixth anniversary, between May 12 and June 5, 2023;
 - e. US\$111,500 on the seventh anniversary, between May 12 and June 5, 2024;
 - f. US\$146,730 on the eighth anniversary, between May 12 and June 5, 2025;
 - g. US\$198,040 on the ninth anniversary, between May 12 and June 5, 2026;
 - h. US\$1,208,000 on the tenth anniversary, between May 12 and June 5, 2027.

6. Trade Payables and Accrued Liabilities

Trade payables and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

7. Loans payable

During the quarter February 29, 2020, the Company borrowed \$50,000 from a third party. The loan is due on demand, unsecured and bears no interest.

During the year ended August 31, 2019, the Company borrowed \$250,000 from a third party. The loan is due on demand, unsecured and bears no interest.

8. Related Party Transactions

On May 31, 2020, the balance due to related parties, who are officers, directors and/or shareholders, was \$621,279 (August 31, 2019 - \$306,084). Amounts owing relate to consulting services and advances on behalf of the Company provide by the related parties or by companies they controlled and for loans to the Company by related parties.

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

The key management personnel compensation for the three months period ended May 31, 2020 and the year ended August 31, 2019, are summarized as follows:

	For the Nine months May 31, 2020	For the Nine months May 31, 2019
	\$	\$
Chief Financial Officer	54,000	54,000
Chief Executive Officer, Director and an immediate family member	191,700	165,568
Director/Consulting	67,500	67,500
Director/Legal fees	1,290	1,289
	314,490	288,357

During the nine months period ended May 31, 2020, no related party consulting fees were capitalized in exploration and evaluation properties (2019 – \$54,868).

No options were granted to related parties for nine months period ended May 31, 2020 (August 31, 2019 - \$Nil).

9. Share Capital**A. Authorized**

On May 31, 2020, the authorized share capital consists of an unlimited number of common shares without par value and without special rights or restrictions attached and an unlimited number of preferred shares without par value and with special rights or restrictions.

B. Issued and Outstanding

On May 31, 2020, the total issued, and outstanding share capital was 54,802,129 common shares with no par value (August 31, 2019 – 53,481,129).

Share capital transactions of the Company during the nine months period ended May 31, 2020 and the year ended August 31, 2019 are summarized as follows:

- a) The Company entered into extension agreements with David C. and Debra J. Knight Living Trust (“Knight”) whereby the Company issued
 - 600,000 common shares on December 10, 2019, to extend the payment due on September 15, 2019 to December 31, 2019.
 - 250,000 common shares on February 15, 2020 to further extend the payment due on September 15, 2019 to February 15, 2020.
 - 66,000 common shares on February 15, 2020 to further extend the payment due on September 15, 2019 to July 31, 2020.
- b) On December 2, 2019, the Company issued 45,000 shares to Kingsmere Mining Ltd. in accordance with the Finders Fees agreement between the Company and Kingsmere.
- c) On January 22, 2019, the Company closed a non-brokered private placement raising gross proceeds of \$752,500 from the issuance and sale of 3,762,500 units at a price of \$0.20 per unit of which \$98,000 was for accounts payable. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company for a period of 2 years from the closing date at an exercise price of \$0.35 per share. The Company paid finders fees of \$19,600 and issued 73,500 finders warrants related to the private placement valued at \$7,976. The warrants were valued using the Black Scholes valuation methodology with the warrants having the terms described above and assuming a risk-free interest rate of 1.5% per annum, an expected life of 2 years, volatility of 86.55%, and no expected dividend.

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

D. Warrants

The following is a summary of the changes in the Company's share purchase warrants for the nine months period ended May 31, 2020 and the year ended August 31, 2019:

	May 31, 2020		August 31, 2019	
	Number of Warrants Outstanding	Weighted average exercise price	Number of Warrants Outstanding	Weighted average exercise price
		\$		\$
Outstanding, beginning of year	8,986,000	0.35	5,150,000	0.35
Expired warrants	(50,000)	0.40	(50,000)	0.40
Warrants issued	-	-	3,886,000	0.35
Outstanding, end of year	8,936,000	0.35	8,986,000	0.35

The following table summarizes information regarding share purchase warrants outstanding on May 31, 2020 and August 31, 2019:

Expiry Date	May 31, 2020		August 31, 2019	
	Exercise Price	Number of Warrants Outstanding and Exercisable	Exercise Price	Number of Warrants Outstanding and Exercisable
	\$		\$	
September 15, 2019	0.59	-	0.59	50,000
August 29, 2020	0.35	5,000,000	0.35	5,000,000
September 15, 2020	0.28	50,000	0.28	50,000
January 22, 2021	0.35	3,836,000	-	3,836,000
September 15, 2023	0.25	50,000	-	50,000
	0.35	8,936,000	0.20	8,986,000

E. Stock Option Plan

On April 4, 2012, the Company adopted a stock option plan (the "Plan") that allows the Company to issue options to certain directors, officers, employees and consultants of the Company. Options issued under the Plan shall not exceed 10% of the shares issued and outstanding at the time of granting of the options. Options granted under the Plan may have a maximum term of ten years. Stock options granted under the Plan may be subject to vesting terms, which may be imposed at the discretion of the directors.

- a) No stock options were issued during the nine months ended May 31, 2020.
- a) On October 28, 2019, 200,000, three-year options with an exercise price of \$0.57 expired unexercised.
- b) On January 22, 2019, 971,000 five-year options were issued at an exercise price of \$0.22 to officers, directors and consultants. The options were valued at \$163,875, using the Black Scholes valuation methodology assuming a risk-free interest rate of 1.89% per annum, an expected life of 5 years, volatility of 99.67%, and no expected dividend.

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

The following is a summary of the changes in the Company's stock options nine -month period ended May 31, 2020 and for the year ended August 31, 2019:

	May 31, 2020		August 31, 2019	
	Number of Options Outstanding	Weighted average exercise price	Number of Options Outstanding	Weighted average exercise price
		\$		\$
Outstanding, beginning of year	4,210,800	0.30	3,495,000	0.32
Cancelled/Expired	(1,625,000)	0.57	(255,200)	0.20
Exercised	-	-	-	-
Granted	-	-	971,000	0.22
Outstanding, end of year	2,585,800	0.13	4,210,800	0.30

The following table summarizes information regarding stock options outstanding and exercisable as at May 31, 2020:

Expiry Date	Exercise Price	May 31, 2020	August 31, 2019
		Number of Options Outstanding	Number of Options Outstanding
October 28, 2019	-	-	200,000
December 1, 2019	\$ 0.20	-	300,000
January 5, 2020	\$ 0.20	-	1,125,000
July 7, 2020	\$ 0.20	100,000	100,000
July 21, 2020	\$ 0.20	45,000	45,000
November 12, 2020	\$ 0.50	40,000	40,000
December 15, 2020	\$ 0.50	75,000	75,000
February 9, 2021	\$ 0.53	100,000	100,000
April 27, 2021	\$ 0.51	50,000	50,000
August 8, 2021	\$ 0.62	255,000	255,000
September 8, 2021	\$ 0.57	180,000	180,000
April 17, 2022	\$ 0.36	50,000	50,000
October 26, 2022	\$ 0.20	19,800	19,800
March 15, 2023	\$ 0.32	500,000	500,000
June 15, 2023	\$ 0.30	200,000	200,000
January 22, 2024	\$ 0.22	971,000	971,000
Outstanding and exercisable options	\$ 0.34	2,585,800	4,210,800
Outstanding and exercisable options	\$ 0.34	2,585,800	4,210,800
	\$ 0.34	2,385,800	4,210,800

10. Supplemental Cash Flow Information

Included in trade payables and accrued liabilities on May 31, 2020 \$211,728 (August 31, 2019 - \$139,796) incurred on exploration and evaluation expenditures.

During the nine months period ended May 31, 2020, 961,000 common shares valued at \$254,360 were issued for exploration and evaluation properties (year August 31, 2019 – 85,000 shares valued at \$21,250) and no warrants were issued for exploration and evaluation properties (2018 – 50,000 valued at \$6,108).

No options or warrants were exercised during the nine-month period ended May 30, 2020 and February 28, 2019 and no reclassified from reserves to share capital were made.

VISCOUNT MINING CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2020

(Unaudited)

11. Commitments and Contingency

The Company is committed to making cash payments, incurring exploration expenditures and/or issuing common shares pursuant to its exploration and evaluation property agreements (Note 5).

12. Financial Risk Management

(a) Overview

The Company has exposure to credit risk, liquidity risk, foreign currency risk, and market risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through investing its cash with high-credit quality financial institutions.

The carrying value of the Company's financial instruments represent the maximum exposure to credit risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company endeavors to ensure that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business and savings accounts with high-credit quality financial institutions which are available on demand by the Company for its programs. At May 31, 2020, the Company had a cash balance of \$32,372, to settle current liabilities of \$1,382,782. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(e) Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash. However, the Company does not hold any interest-bearing debt. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash balances mature impact interest income earned.

(f) Foreign Currency Risk

As at May 31, 2020, the Company's expenditures are in Canadian dollars and US dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company's foreign currency risk relates to cash of US\$1,355 denominated in US dollars and accounts payable in US dollars of US\$197,653. As at May 31, 2020, assuming that all other variables remain constant, a 1% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately \$1,990 in the Company's pre-tax income or loss.

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

(g) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. The Company manages its capital structure through the issuance of new shares, acquisition or disposition of assets or adjustment of cash. The Company does not have any major capital expenditures committed for the coming year. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

(h) Fair Value

The Company considers that the carrying amount of all its financial assets and financial liabilities in the condensed interim consolidated financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

May 31, 2020	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets at fair value			
Cash	32,372	-	-
Total	32,372	-	-
August 31, 2019	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets at fair value			
Cash	24,432	-	-
Total	24,432	-	-

VISCOUNT MINING CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

May 31, 2020

(Unaudited)

Segmented Information

The Company's only business activity is exploration and evaluation of exploration and evaluation properties. This activity is carried out in the USA.

The breakdown of geographic area for the three months period ended May 31, 2020 and the year ended August 31, 2019 is as follows:

Year ended May 31, 2020	Canada	USA	Total
	\$	\$	\$
Net loss	746,923	-	746,923
Current assets	34,993	-	34,993
Reclamation bond	-	21,450	21,450
Exploration and evaluation properties	-	3,218,556	3,218,556
Total assets	34,993	3,240,006	3,274,999

Year ended August 31, 2019	Canada	USA	Total
	\$	\$	\$
Net loss	1,097,812	-	1,097,812
Current assets	43,664	-	43,664
Reclamation bond	-	21,450	21,450
Exploration and evaluation properties	-	3,197,211	3,197,211
Total assets	43,664	3,218,661	3,262,325

13. Events Occurring after the Reporting Date

The Company closed a Private Placement on July 28, 2020 and issued 23,958,332 shares at \$0.24 and raised gross proceeds of \$5,750,000.

Following the quarter, the Company made the fifth anniversary payment to David C. and Debra J. Knight Living Trust (Note 5).