



Adex Mining Inc.  
Condensed Consolidated Interim Financial Statements  
September 30, 2020  
(Unaudited)

## Management's Responsibility for Consolidated Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Adex Mining Inc. (the "Company" or "Adex") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### 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 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 financial statements.

**DATED this 30th day of November 2020**

#### ADEX MINING INC.

Per: (signed) "Linda Lam Kwan"  
Name: Linda Lam Kwan  
Title: Chief Executive Officer

Per: (signed) "Olga Balanovskaya"  
Name: Olga Balanovskaya  
Title: Chief Financial Officer

**ADEX Mining Inc.**  
**Consolidated Statements of Financial Position**

As at (In Canadian dollars)	<b>September 30</b>	December 31
	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Current		
Cash	28,940	10,505
HST and other receivables	7,838	22,953
Prepaid expenses	48,061	27,802
	<b>84,838</b>	61,260
Non-current		
Funds held by Province of New Brunswick (note 3)	1,068,539	1,058,839
Advances	53,616	53,616
Tailings impoundment facility (note 4)	640,768	670,342
Property, plant and equipment, net (note 5)	6,898	11,406
<b>Total Assets</b>	<b>1,854,660</b>	1,855,463
<b>Liabilities</b>		
Current		
Accounts payable and accruals (note 9)	819,765	692,465
Loans payable (note 9)	3,114,622	2,597,600
<b>Total Liabilities</b>	<b>3,934,387</b>	3,290,065
<b>Shareholders' deficit (note 6)</b>		
Share capital	55,889,583	55,889,583
Contributed surplus	2,879,322	2,879,322
Deficit	(60,848,632)	(60,203,507)
	<b>(2,079,727)</b>	<b>(1,434,602)</b>
<b>Total liabilities and shareholders' equity/(deficit)</b>	<b>1,854,660</b>	1,855,463

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

*Nature of operations and going concern - note 1*

*Commitments and contingencies - note 9*

*Subsequent event - note 12*

Approved on behalf of the board:

**(signed) "Norm Betts"**  
**Director**

**(signed) "Linda Lam Kwan"**  
**Director**

**ADEX Mining Inc.****Consolidated Interim Statements of Loss and Comprehensive Loss**

(In Canadian dollars)	For the three months ended		For the nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
			\$	\$
<b>Expenses and other income</b>				
Administrative and general (notes 7 and 8)	48,752	96,860	164,061	221,981
Mineral property expenses	66,361	88,057	222,253	245,847
Finance cost (note 8)	58,231	41,371	187,965	146,943
Unrealized foreign exchange (gain)/loss (note 9)	(63,537)	29,880	71,009	(61,020)
Interest on cash at bank	(163)	(3,975)	(163)	(611)
<b>Total expenses and other income</b>	<b>109,643</b>	252,193	<b>645,125</b>	553,140
<b>Loss before income taxes</b>	<b>109,643</b>	252,193	<b>645,125</b>	553,140
Income taxes	-	-	-	-
<b>Net loss and comprehensive loss</b>	<b>109,643</b>	252,193	<b>645,125</b>	553,140
Weighted average number of shares outstanding	677,211,441	677,211,441	677,211,441	677,211,441
Basic and diluted loss per share	0.00	0.00	0.00	0.00

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

**ADEX Mining Inc.**  
**Consolidated Interim Statements of Cash Flows**

<b>For the nine months ended</b> (In Canadian dollars)	<b>September 30</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net loss for the period	<b>(645,125)</b>	(553,140)
Items not affecting cash:		
Depreciation of Tailings impoundment facility (note 4)	<b>29,574</b>	29,574
Depreciation of property, plant and equipment (note 5)	<b>4,508</b>	4,508
Unrealized foreign exchange (gain)/loss (note 9)	<b>71,009</b>	(61,020)
	<b>(540,034)</b>	(580,078)
Change in non-cash working capital		
HST and other receivables	<b>15,115</b>	8,600
Prepaid expenses and advances	<b>(20,258)</b>	(23,743)
Accounts payable and accruals	<b>127,300</b>	190,014
Cash used in operating activities	<b>(417,877)</b>	(405,207)
<b>Investing activities</b>		
Increase in funds held by Province of New Brunswick	<b>(9,700)</b>	(12,126)
Cash used in investing activities	<b>(9,700)</b>	(12,126)
<b>Financing activities</b>		
Loan proceeds	<b>446,012</b>	394,470
Cash from financing activities	<b>446,012</b>	394,470
Change in cash	<b>18,435</b>	(22,862)
Cash, beginning of the period	<b>10,505</b>	76,997
<b>Cash, end of the period</b>	<b>28,940</b>	54,135

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

# ADEX Mining Inc.

## Consolidated Interim Statements of Changes in Shareholders' Deficit

(In Canadian dollars)

	Contributed			
	Share capital	Surplus	Deficit	Total
	\$	\$	\$	\$
<b>Balance, January 1, 2019</b>	55,889,583	2,879,322	(59,435,788)	(666,883)
Net loss and comprehensive loss	-	-	(553,140)	(553,140)
<b>Balance, September 30, 2019</b>	55,889,583	2,879,322	(59,988,928)	(1,220,023)
<b>Balance, January 1, 2020</b>	55,889,583	2,879,322	(60,203,507)	(1,434,602)
Net loss and comprehensive loss	-	-	(645,125)	(645,125)
<b>Balance, September 30, 2020</b>	55,889,583	2,879,322	(60,848,632)	(2,079,727)

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

# Adex Mining Inc.

## *Notes to the condensed consolidated interim financial statements*

*For the nine months ended September 30, 2020 and 2019*

### 1. NATURE OF OPERATIONS AND GOING CONCERN

Adex Mining Inc. (the “Company”) holds 100% of the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area of New Brunswick, Canada (the “Property” or “Mount Pleasant”) where the Company is developing a potential polymetallic mine focusing on tin, indium, zinc, molybdenum and tungsten. Within the mineral rights area the Company owns approximately 405 hectares of land, plus the buildings, machinery and equipment on site which comprise the dormant Mount Pleasant mine. The Company is incorporated and domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture Exchange under the stock symbol “ADE”. On October 18, 2019, the Company was transferred from the Tier 1 category to the Tier 2 category as it does not meet the TSX-V’s Tier 1 Continued Listing Requirements. The classification of the Company to a Tier 2 issuer does not result in any change to the Company’s CUSIP or trading symbol.

The principal head office of the Company is located at Suite 850, 36 Toronto Street, Toronto, Ontario, Canada M5C 2C5. The Company’s controlling shareholder is Great Harvest Canadian Investment Company Limited (“Great Harvest”), who holds 81.88% of the Company’s common shares. The ultimate controlling shareholder is Yorkrich Corporation Limited.

The Company has interests in resource properties which it is in the process of exploring and developing and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of expenditures on resource properties is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the resource properties, and upon future profitable production or proceeds from the disposition thereof.

These unaudited condensed consolidated interim financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. For the nine months ended September 30, 2020, cash used in operations by the Company was \$417,877 and the Company carried an accumulated deficit of \$60,848,632. Furthermore, the Company has not generated revenue from operations.

These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. In view of these circumstances, the Company requires financing to complete its planned exploration and evaluation program on the Mount Pleasant Property and will continue to explore financing alternatives to raise capital.

On March 4, 2019, Great Harvest agreed to advance or otherwise make available to the Company a loan in the principal of up to US\$600,000. The Company was allowed to borrow the loan in one or more instalments at any time and from time to time within one year by issuing a Drawdown Notice. The loan bears interest at the rate of 8% per annum and under the original terms of the loan, the Company was required to repay the total amount of instalments advanced under the loan in full on March 5, 2020. During the period from March 5, 2019 to September 30, 2020, the Company borrowed US\$600,000 of this loan.

On April 24, 2020, the Company received an aggregate of \$80,000 in the form of Canada Emergency Business Support loans. These loans are interest free if fully repaid on or before December 31, 2022. If the loan cannot be repaid by December 31, 2022, it will be converted into a 3-year term loan, charging an interest rate of 5% per annum.

On April 27, 2020, Great Harvest agreed to advance or otherwise make available to the Company a loan in the principal of up to US\$600,000. The Company is allowed to borrow the loan in one or more instalments at any time and from time to time within one year by issuing a Drawdown Notice. The loan bears interest at the rate of 8% per annum and the Company shall repay the total amount of instalments advanced under the loan in full on March 31, 2022.

On April 27, 2020 Great Harvest extended the repayment terms of all loans outstanding at December 31, 2019 and the interest thereon (Note 9) to March 31, 2022.

During the nine month period ended September 30, 2020, there was a global outbreak of COVID-19, which has had a significant impact on businesses through the restrictions put in place by the Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. There is significant uncertainty as to the likely effects of this outbreak which may, among other things, impact our ability to raise further financing. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments or quantify the impact this pandemic may have on the financial results and condition of the Company in future periods.

There is also significant uncertainty as to the likely effects of the COVID-19 outbreak which may, among other things, impact the Company's ability to raise further financing. The Company will continue to pursue opportunities to raise additional capital through equity markets and/or related party loans to fund its exploration and operating activities; however, there is no assurance of the success or sufficiency of these initiatives. The Company's ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing.

These unaudited condensed consolidated interim financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS and IFRIC as issued by the IASB in effect as of December 31, 2019.

The accounting policies and methods of computation remain the same as presented in the audited annual consolidated financial statements for the year ended December 31, 2019.

There are no new IFRS and/or IFRIC pronouncements issued that are effective for the first time for this interim period that would be expected to have a material impact on the Company.

## **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In preparing these unaudited condensed consolidated interim financial statements the significant judgements made by the management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2019.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

### ***Impairment of long-lived assets***

When there are indications that an asset or a reversal of a previously taken impairment may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs of disposal. Determining the recoverable amount requires the Company to estimate the expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. The Company has determined that there are no impairment indicators or reversal of impairment indicators of non-financial assets during the period ended September 30, 2020.

The Company holds a 100% interest in the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area. Within the mineral rights area, the Company owns approximately 405 hectares of land.

### ***Provision for environmental rehabilitation***

Part of the land on which the Mount Pleasant property is located includes a dormant mine. The Company is obliged to comply with an environmental reclamation plan and will be required to incur costs associated with certain required decommissioning and restoration activities when the Property enters closure. Management has determined that it is not currently able to reliably estimate the amount of these obligations and hence has not recognized a provision as at September 30, 2020 due to the uncertainties related to the amounts and expected timing of any future cash flows associated with these obligations because the company is still in the exploration and evaluation phase of the project. When management determines that a reliable estimate can be made, the Company will be required to estimate and recognize a provision for its closure obligations and such a provision is expected to be material. The Company's closure obligation is currently secured by a form of lien titled "collateral mortgage" to the Province of New Brunswick for \$2 million on the 22 hectares of land on which the mine site and primary buildings are located. The collateral mortgage was originally entered into by the previous owner of the Property in 1993. The Company is in discussions with the relevant authorities in respect of whether this security remains appropriate.

The Company's Mount Pleasant property is governed by an Approval to Operate, which was originally granted by the New Brunswick Ministry of Environment ("the Department") in November 2007 and was valid until September 2012. The approval to operate was renewed as of October 1, 2012, updated on July 16, 2014 and was valid until September 30, 2017. The approval to operate was renewed as of October 1, 2017 and is valid until September 30, 2022. Under the terms of the Approval to Operate, the Company has been granted permission by the Ministry of Environment to operate the Property, Tailings Impoundment Facility and Mine Water Treatment Plant on a "Care and Maintenance" basis. Under the Approval to Operate, the Company is also permitted to carry out exploration activities and metallurgical test work on its Mount Pleasant property.

The Company is required under the Approval to Operate to monitor the water quality at its Tailings Impoundment Facility on a monthly basis, and to provide the Ministry of Environment with monthly water quality monitoring reports and the results of water sampling and testing, and in perpetuity, to treat the water run-off. As the Company's activities currently do not affect the nature and amount of this run-off, and as the Property remains in care and maintenance rather than closure, the Company treats these costs as period expenses and has made no provision for this on-going activity. In addition to these monthly, and certain annual monitoring and reporting requirements, the Company is required to:

- Construct a new sludge disposal cell anytime before the Company resumes operation at the Mine site.
- Submit to the relevant authorities an Environmental Effect Monitoring study for the watershed by November 30, 2020.

During the year ended December 31, 2019, the Company was required to submit to the relevant authorities a report detailing the potential impacts to the environment of the exposed tailings contained in the tailings impoundment area. The impact study was carried out and the work was completed for both air and water studies and was submitted to the Government of New Brunswick for approval.

When the Company's Mount Pleasant property is no longer in the exploration and evaluation phase a provision for water quality monitoring costs will be calculated and recognized. Failure to meet or to agree with the relevant authorities on extensions to the deadlines for these activities could result in consequences to the Company's Approval to Operate.

The Company previously held reclamation bonds, which consisted of Province of New Brunswick, 8.5% bonds. The bonds were pledged as security under environmental regulations with the Province of New Brunswick to ensure adequate funding is available for perpetuity to treat the acid water run-off from the abandoned Mount Pleasant mine workings. The bonds were held for the benefit of the Company, and interest was paid bi-annually into a cash-on-deposit account, and was disbursed at the discretion of the Ministry of Finance of the Province of New Brunswick. Since the maturity date of the bonds (June 28, 2013), the funds have been held on account with the Province of New Brunswick and will be redeployed as per the requirements of the Department of Environment. At September 30, 2020, \$1,068,539 was held on a cash-on-deposit account of the Province of New Brunswick (\$1,058,839- at December 31, 2019).

The Company may face a review of its posted security by the Ministry of Environment when the Company advances to feasibility studies on its mineral deposits or commences the dewatering of the past-producing underground tungsten mine located on the Mount Pleasant property. Dewatering activities may also trigger a provincial Environmental Impact Assessment (“EIA”) and may require the Company to upgrade its current Mine Water Treatment Plant. Under the previous Approval to Operate, the Company was required to register a project under the EIA Regulation for the dewatering/reopening of the mine or for the construction of a new or upgraded mine water treatment plant by July 31, 2015, later extended to March 31, 2016. On April 4, 2016, the Company was able to obtain a further extension of 60 days subject to continuing consultations with the provincial Ministry of Environment relating to the submission of the EIA. The current EIA has expired; however, as the Company has put the Property on a care and maintenance basis, the Company is not pursuing the EIA registration. The Company continues providing monthly water quality monitoring reports and continues to monitor the developments in order to ascertain any changes that may be required with respect to the existing security, or any obligations that may arise under an EIA.

#### 4. TAILINGS IMPOUNDMENT FACILITY

<b>Mount Pleasant Property, New Brunswick</b>	Tailings impoundment facility upgrade \$	Total \$
Balance, January 1, 2019	709,774	709,774
Additions	-	-
Depreciation for the year	39,432	39,432
Balance, December 31, 2019	670,342	670,342
Additions	-	-
Depreciation for the period	29,574	29,574
Balance, September 30, 2020	640,768	640,768

For the nine months ended September 30, 2020, the amount of amortization charged to mineral property expense for the Tailings Impoundment Facility was \$29,574 (\$29,574 for the nine months ended September 30, 2019).

## 5. PROPERTY PLANT AND EQUIPMENT

	Equipment and Facility refurbishments	Total
<b>Cost</b>	<b>\$</b>	<b>\$</b>
Balance as at January 1, 2019	142,503	142,503
Additions	-	-
Balance as at December 31, 2019	142,503	142,503
Additions	-	-
Balance as at September 30, 2020	142,503	142,503

	Equipment and Facility refurbishments	Total
<b>Accumulated depreciation</b>	<b>\$</b>	<b>\$</b>
Balance as at January 1, 2019	125,086	125,086
Depreciation for the year	6,011	6,011
Balance as at December 31, 2019	131,097	131,097
Depreciation for the period	4,508	4,508
Balance as at September 30, 2020	135,605	135,605

	Equipment and Facility refurbishments	Total
<b>Carrying amounts</b>	<b>\$</b>	<b>\$</b>
As at January 1, 2019	17,417	17,417
As at December 31, 2019	11,406	11,406
As at September 30, 2020	6,898	6,898

For the nine months ended September 30, 2020, the amount of amortization charged to mineral property expense is \$4,508 (\$4,508 for the nine months ended September 30, 2019).

## 6. SHAREHOLDERS' EQUITY / (DEFICIT)

### Share Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at September 30, 2020, the Company had 677,211,441 common shares, of no par value, issued and outstanding.

	Number of shares	Amount \$
<b>December 31, 2019 and September 30, 2020</b>	<b>677,211,441</b>	<b>55,889,583</b>

On October 19, 2010 the Company completed a private placement (the "Private Placement") transaction with Great Harvest of 40,000,000 units (the "Units") at a price of \$0.12 per unit, with each Unit consisting of one common share of Adex and one common share purchase warrant (a "Series A Warrant"), raising gross proceeds of \$4.8 million. On May 17, 2011, 40,000,000 Series A warrants were exercised, providing gross proceeds of \$7,200,000.

Other transactions contemplated in the Private Placement agreement with Great Harvest include requiring Great Harvest, subject to (i) the results of the definitive feasibility study (“DFS”) being satisfactory to Great Harvest and (ii) the then capital requirements of the Company as determined at the relevant time by the board of directors of the Company, to provide or arrange for the provision to the Company of loan facilities (the “Facilities”) in an aggregate amount of up to \$50,000,000 to be used for the commercial development of the Property, on such terms and conditions as may be agreed upon between the Company and the relevant financier(s). If an aggregate minimum of \$10 million of the Facilities are made available to be drawn down by the Company within 180 days of the delivery to Great Harvest of the report of the results of the Feasibility Study, Great Harvest will have the right (the “Share Purchase Right”) to purchase, within 40 days of the Facilities being available to be drawn down by the Company, 1.2 common shares for each dollar of the facilities made available to be drawn down by the Company within one year of the completion of the Feasibility Study. The exercise price per common share pursuant to the Share Purchase Right will be equal to the volume weighted average trading price of the common shares on the TSX Venture Exchange (the “TSXV”) for the five trading days ending the day immediately prior to the Facilities being available to be drawn down by the Company less the maximum discount there from permitted by the TSXV. The maximum number of common shares issuable pursuant to the Share Purchase Right is 60,000,000. The issuance of common shares pursuant to the exercise of the Share Purchase Right will be subject to further approval of the TSXV to be obtained following the Share Purchase Right becoming exercisable.

### Contributed Surplus

	Amount \$
<b>December 31, 2019 and September 30, 2020</b>	<b>2,879,322</b>

### Stock options

On April 26, 2007, the shareholders approved a rolling stock option plan (the “Stock Option Plan”) for the Company. The Stock Option Plan has been re-approved annually.

The Stock Option Plan allows the Company to issue options to a maximum of 10% of the issued and outstanding common shares of the Company. Options will be exercisable over periods of up to ten years as determined by the Board. Options are required to have an exercise price of no less than the closing market price of the common shares of the Company on the last trading day immediately preceding the date of the grant of the stock option less any discounts from the market price allowed by the TSXV.

The Company had no outstanding common share stock options at December 31, 2019 and September 30, 2020.

## 7. ADMINISTRATIVE AND GENERAL EXPENSES

The following table illustrates spending activity related to administrative and general expenses for the six months ended September 30, 2020 and 2019:

	For the nine months ended September 30	
	2020	2019
	\$	\$
Wages, benefits and consulting (note 9)	28,350	28,350
Professional fees (legal & audit)	35,642	50,571
Directors fees (note 9)	58,138	82,234
Office rent	2,651	2,520
Shareholder communications & promotion	5,638	3,213
Office costs	5,625	6,822
Regulatory and filing fees	8,632	9,422
Insurance	19,384	16,522
Travel	-	2,462
Annual meeting cost	-	19,865
	<b>164,061</b>	<b>221,981</b>

## 8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel remuneration comprises the Company's President and Chief Executive Officer and Chief Financial Officer.

For the nine months ended September 30, 2020 the Company incurred related party expenses of \$28,350 (\$28,350 during the nine months ended September 30, 2019). These expenses related to the payment of wages, benefits and consulting fees to the Company's Chief Financial Officer.

During the nine months ended September 30, 2020, the Company incurred directors' fees of \$58,138 (\$82,234 during the nine months ended September 30, 2019). These amounts were expensed in the period incurred as administrative and general expenses.

Great Harvest, the Company's largest shareholder with 81.88% of the Company's common shares, is controlled by two of the Company's directors, one of whom also acts as the President and Chief Executive Officer. During the nine months ended September 30, 2020 and 2019, the Company did not incur expenses from Great Harvest for travel, administrative and project expenses.

All trade balances due to related parties, except for loans from Great Harvest, bear no interest and have no fixed terms of repayment.

On July 8, 2016, Great Harvest Canadian Investment Company Limited ("Great Harvest"), the controlling shareholder of the Company, and the Company entered into a loan agreement whereby Great Harvest extended a loan to the Company in the amount of US\$1,000,000. The loan could be advanced in one or more instalments. The first instalment of US\$200,000 was received on July 29, 2016; the second instalment of US\$200,000 was received on October 11, 2016; the third instalment of US\$200,000 was received on February 27, 2017; the fourth instalment of US\$150,000 was received on May 17, 2017; the fifth instalment of US\$100,000 was received on September 5, 2017 and the sixth instalment was received on November 14, 2017. The loan is unsecured and bears interest at the rate of 8% per annum. On December 31, 2017, the repayment of this loan together with accrued interest was extended to December 31, 2018. On April 26, 2019, Great Harvest, the controlling shareholder approved an extension for the repayment of this loan together with the accrued interest to December 31, 2020.

On January 18, 2018, Great Harvest Canadian Investment Company Limited (“Great Harvest”), the controlling shareholder of the Company, and the Company entered into a loan agreement whereby Great Harvest agreed to provide a new loan to the Company in the amount of up to US\$600,000. The loan could be advanced in one or more instalments. The first instalment of US\$150,000 was received on January 26, 2018; the second instalment of US\$150,000 was received on March 28, 2018, the third instalment of US\$100,000 was received on May 30, 2018, the fourth instalment of US\$100,000 was received on August 16, 2018, and the fifth instalment of US\$100,000 was received on December 3, 2018. The loan is unsecured and bears interest at the rate of 8% per annum. The loan and interest became due and payable on January 19, 2019. On April 26, 2019, Great Harvest, the controlling shareholder approved an extension for the repayment of this loan together with the accrued interest to December 31, 2020.

On March 4, 2019, Great Harvest agreed to advance or otherwise make available to the Company a loan in the principal of up to US\$600,000. The Company is allowed to borrow the loan in one or more instalments at any time and from time to time within one year by issuing a Drawdown Notice. The loan bears interest at the rate of 8% per annum and the Company shall repay the total amount of instalments advanced under the loan in full on March 5, 2020. The first instalment of US\$150,000 was received on March 12, 2019; the second instalment of US\$100,000 was received on May 21, 2019, the third instalment of US\$50,000 was received on August 28, 2019; the fourth instalment of US\$50,000 was received on November 21, 2019, the fifth instalment of US\$50,000 was received on December 10, 2019; the sixth instalment of US\$50,000 was received on January 10, 2020, and the seventh instalment of US\$50,000 was received on February 27, 2020; the eighth instalment of US\$50,000 was received on April 1, 2020; and the ninth instalment of US\$50,000 was received on April 23, 2020.

On April 27, 2020 Great Harvest extended the repayment terms of the loans outstanding at December 31, 2019 and the interest thereon (Note 9) to March 31, 2022.

As at September 30, 2020, the Company had accrued \$619,636 (\$431,670 - at December 31, 2019) for interest on the outstanding loans. The interest payable was included in accrued liabilities as presented in note 9.

On April 27, 2020, Great Harvest agreed to advance or otherwise make available to the Company a loan in the principal of up to US\$600,000. The Company is allowed to borrow the loan in one or more instalments at any time and from time to time within one year by issuing a Drawdown Notice. The loan bears interest at the rate of 8% per annum and the Company shall repay the total amount of instalments advanced under the loan in full on March 31, 2022. The first instalment of US\$75,000 was received on July 10, 2020.

## 9. ACCOUNTS PAYABLE, LOAN, ACCRUALS AND COMMITMENTS AND CONTINGENCIES

As at	September 30 2020	December 31 2019
	\$	\$
Accounts payable	92,334	116,863
Accrued liabilities	727,431	575,602
Loan payable:		
<i>Opening balance</i>	2,597,600	2,182,720
<i>Loan proceeds- Great Harvest</i>	366,013	524,411
<i>Loan proceeds-CEBA</i>	80,000	-
<i>Foreign exchange (gain)/loss</i>	71,009	(109,531)
Ending balance	<b>3,114,622</b>	2,597,600
	<b>3,934,387</b>	3,290,065

As at September 30, 2020, the Company has three loans payable from the related party- US\$1,000,000, US\$600,000, US\$600,000 that are required to be repaid together with accrued interest on or before March 31, 2022.

On April 24, 2020, the Company received an aggregate of \$80,000 in the form of Canada Emergency Business Support loans. These loans are interest free if fully repaid on or before December 31, 2022. If the loan cannot be repaid by December 31, 2022, it will be converted into a 3-year term loan, charging an interest rate of 5% per annum.

## 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Categories of financial assets and liabilities

The Company's financial instruments included funds held by the Province of New Brunswick, accounts payable and accruals and loan payable.

The fair values of the Company's financial instruments are not materially different from their carrying value.

### Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

#### **(a) Market risk**

##### *(i) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is minimal. A change in interest rates would have minimal effect on the value of, and/or the proceeds from, the Company's funds held by the Province of New Brunswick.

##### *(ii) Sensitivity analysis*

IFRS requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Company's financial position, performance and fair value of cash flows associated with the Company's financial instruments to changes in market variables. The sensitivity analysis discloses the possibility of an effect on the reported loss at September 30, 2020 assuming that a reasonably possible change in the relevant risk variable has occurred at September 30, 2020 and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes. The reasonably possible changes in market variables used in the sensitivity analysis were determined based on implied volatilities (where available) or historical data.

The Company holds investments in cash and funds held by the Province of New Brunswick which are subject to variable interest rates. Any changes in interest rates will not give rise to significant changes to the net loss.

At September 30, 2020, a change in the value of tungsten, molybdenum, tin, indium or zinc would not change the recognized value of any of the Company's financial instruments.

#### **(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables. The Company endeavours to mitigate credit risk by holding its cash and cash equivalents with major commercial banks with strong credit ratings. The carrying amounts of financial assets recorded in the unaudited condensed consolidated interim financial statements represent the Company's maximum exposure to credit risk.

The Company maintains a cash balance on deposit with the Province of New Brunswick (see Note 3) and does not consider this as a significant credit risk.

### **(c) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities as they come due and to execute on its business plan. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. At September 30, 2020, the Company had a cash balance of \$28,940 (December 31, 2019 – \$10,505).

The Company has forecasted cash flows for its 2020 fiscal year. The forecast is based on management's best estimates of operating conditions in the context of current economic conditions and today's capital market climate.

The Company is currently focused on exploring and developing its Mount Pleasant Property and has not generated revenue or cash flow from this project. The Company's sole source of funding to this point has been the issuance of equity and related party debt securities. The Company has limited financial resources and no current source of recurring revenue and continues to rely on the issuance of shares or other sources of financing to generate the funds required to complete the re-development, commissioning and commencement of production of the Mount Pleasant property and corporate expenditures.

Additional funding would be required to complete the construction, commissioning or operations of the Mount Pleasant property and there is no assurance that such additional funding will be available to the Company. Should such funding be required, failure to obtain funding could result in delay or indefinite postponement of the development of the Mount Pleasant property.

### **(d) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

### **(e) Commodity price and exchange rate fluctuations**

The feasibility of mineral exploration is significantly affected by changes in the market price of the minerals expected to be produced. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of minerals and stability of exchange rates can all cause significant fluctuations in mineral prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

### **(f) Exchange rate risk**

The Company is exposed to foreign currency risk as it has loans payable denominated in US dollars. As a result, fluctuations in the rate of exchange between US and Canadian dollars can have an effect on the Company's reported results. The Company has not utilized any financial instruments or cash management policies to mitigate the risks arising from changes in foreign currency rates. The Canadian dollar equivalent of the Company's net liability value denominated in US dollars as at September 30, 2020 was \$3,034,623. Accordingly, a 10% increase or decrease in the exchange rate between US and Canadian dollars would impact net loss by approximately \$303,462.

## **11. MANAGEMENT OF CAPITAL**

The Company's objective when managing capital is to maintain adequate levels of funding to support evaluation and development projects, to expand regional exploration activities within the Property and to maintain corporate and administrative functions.

At September 30, 2020, the Company's capital consists of the shareholders' deficit in the amount of \$2,079,727 (December 31, 2019 - \$1,434,602).

The Company manages its capital structure in a manner that provides sufficient funding for project evaluation and development and operational activities. Funds are primarily secured through the issue and sale of common shares. There can be no assurances that the Company will be able to continue to provide adequate funds in this manner.

The Company maintains minimal surplus capital and therefore does not have significant non-cash investments. All working capital for immediate needs is invested in liquid and highly rated financial instruments, such as money market funds with major Canadian financial institutions. At September 30, 2020, the Company had cash of \$28,940 (at December 31, 2019 the balance of cash was \$10,505).

## **12. SUBSEQUENT EVENT**

On October 28, 2020, the Company received the second instalment of US\$50,000 related to a loan agreement in the principal of up to US\$600,000 that was signed on April 27, 2020.