

# **GOLD RUSH CARIBOO CORP.**

**Interim Condensed Consolidated Financial Statements**

**For the three-month periods ended September 30, 2019**

**and September 30, 2018**

**(Unaudited – Prepared by Management)**

**(Expressed in Canadian dollars)**

## NOTICE TO READER

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The accompanying unaudited condensed interim consolidated financial statements of Gold Rush Cariboo Corp. (the "Company") for the three months ended September 30, 2019 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited condensed interim consolidated financial statements have not been reviewed by an auditor.

Toronto, Ontario  
November 18, 2019

**GOLD RUSH CARIBOO CORP.**  
**Interim Condensed Consolidated Statements of Financial Position**  
**For the Three Months Ended September 30, 2019**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
<b>Assets</b>		
<b>Current</b>		
Cash (Note 5)	\$ 5,741	\$ 30,078
GST/HST receivable (Note 6)	39,219	20,147
Prepaid expenses and deposits (Note 7)	6,300	-
	<b>51,260</b>	50,225
<b>Property, plant and equipment (Note 8)</b>	<b>21,504</b>	22,008
<b>Mining Equipment (Note 8)</b>	<b>1</b>	1
<b>Mining property &amp; rights acquisition costs (Note 9)</b>	<b>2</b>	2
<b>Total Assets</b>	<b>\$72,767</b>	\$72,236
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 318,472	\$ 183,820
Due to consultants (Note 11)	240,083	188,327
Due to Power Group Projects Corp.	45,000	25,000
Current portion of convertible promissory note payable (Note 12)	375,000	375,000
	<b>978,555</b>	772,147
<b>Convertible Promissory Note Payable (Note 12)</b>	<b>1,098,929</b>	1,098,929
<b>Shareholders' Equity</b>		
<b>Share capital</b>	<b>7,342,715</b>	7,342,715
<b>Equity component of convertible promissory note payable (Note 12)</b>	<b>984,700</b>	984,700
<b>Warrant reserve (Note 13(c))</b>	<b>1,183,961</b>	1,183,961
<b>Share-based payments reserve (Note 13(d))</b>	<b>453,754</b>	453,754
<b>Contributed surplus (Note 13(e))</b>	<b>2,683,843</b>	2,683,843
<b>Deficit</b>	<b>(14,653,690)</b>	(14,447,813)
	<b>(2,004,717)</b>	(1,798,840)
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 72,767</b>	\$ 72,236

*Nature of Operations and Going Concern (Note 1)*

*Commitments and Contingencies (Note 16)*

Approved by the Board                     "Brian Stecyk"                      
*Director (Signed)*

                    "John Dyer"                      
*Director (Signed)*

**GOLD RUSH CARIBOO CORP.****Interim Condensed Consolidated Statements of Loss and Comprehensive Loss****For the Three Months Ended September 30, 2019 and September 30, 2018****(Unaudited)****(Expressed in Canadian dollars)**

	<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Expenses</b>		
<b>Exploration and evaluation expenditures (Note 17)</b>	<b>\$72,589</b>	\$ 112,390
<b>Management fees</b>	<b>43,000</b>	9,000
<b>Professional fees</b>	<b>8,141</b>	7,500
<b>Investor relations</b>	<b>3,100</b>	980
<b>Filing and transfer fees</b>	<b>9,929</b>	1,465
<b>General and administrative</b>	<b>21,189</b>	10,248
<b>Interest on convertible promissory note (Note 12)</b>	<b>47,425</b>	44,219
<b>Amortization (Note 9)</b>	<b>504</b>	33,547
	<b>205,877</b>	219,349
<b>Net Loss and Comprehensive Loss for the period</b>	<b>(205,877)</b>	(219,349)
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>	<b>39,632,411</b>	39,407,411

**GOLD RUSH CARIBOO CORP.****Interim Condensed Consolidated Statements of Changes in Deficiency  
For the Three Months Ended September 30, 2019 and September 30, 2018  
(Unaudited)  
(Expressed in Canadian dollars)**

	Number of Shares (Note 1)	Amount	Equity Component of Convertible	Warrants Reserve	Share-based Payments Reserve	Contributed Surplus	Accumulated Deficit	Total
<b>Balance at June 30, 2018</b>	<b>39,407,411</b>	<b>\$ 7,304,472</b>	<b>\$ 984,700</b>	<b>\$ 1,265,799</b>	<b>\$ 469,497</b>	<b>\$ 2,602,005</b>	<b>\$ (9,277,707)</b>	<b>\$ 3,348,766</b>
Expiry of stock options	-	-	-	6,997	(6,997)	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(219,349)	(219,349)
<b>Balance at September 30, 2018</b>	<b>39,407,411</b>	<b>\$ 7,304,472</b>	<b>\$ 984,700</b>	<b>\$ 1,272,796</b>	<b>\$ 462,500</b>	<b>\$ 2,602,005</b>	<b>\$ (9,497,056)</b>	<b>\$ 3,129,417</b>
<b>Balance at June 30, 2019</b>	<b>39,632,411</b>	<b>\$ 7,342,715</b>	<b>\$ 984,700</b>	<b>\$ 1,183,961</b>	<b>\$ 453,754</b>	<b>\$ 2,683,843</b>	<b>\$ (14,447,813)</b>	<b>\$ (1,798,840)</b>
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(205,877)	(205,877)
<b>Balance at September 30, 2019</b>	<b>39,632,411</b>	<b>\$ 7,342,715</b>	<b>\$ 984,700</b>	<b>\$ 1,183,961</b>	<b>\$ 453,754</b>	<b>\$ 2,683,843</b>	<b>\$ (14,653,690)</b>	<b>\$ (2,004,717)</b>

**GOLD RUSH CARIBOO CORP.**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**For the Three Months Ended September 30, 2019 and September 30, 2018**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

	September 30,	
	2019	2018
<b>Cash provided by (used in)</b>		
<b>Operating Activities</b>		
Net loss	\$ (205,877)	\$ (219,349)
Items not affecting cash		
Amortization of intangible assets	504	33,547
	<b>(205,373)</b>	(185,802)
Net changes in non-cash working capital		
Accounts receivable	-	2,712
Prepaid expenses and deposits	(6,300)	(13,775)
Accounts payable and accrued liabilities	134,652	30,428
GST/HST receivable	(19,072)	1,996
<b>Cash (used in) operating activities</b>	<b>(96,093)</b>	(157,111)
<b>Financing Activities</b>		
Advance to consultant	-	69,035
Loan payable – Power Group Projects	20,000	-
Advances to consultants	51,756	140,964
Advances to directors and officers	-	17,370
<b>Cash provided by financing activities</b>	<b>71,756</b>	227,369
<b>Net (decrease)/increase in cash</b>	<b>(24,337)</b>	70,258
<b>Cash, beginning of period</b>	<b>30,078</b>	61,575
<b>Cash, end of period</b>	<b>\$ 5,741</b>	<b>\$ 131,833</b>

**GOLD RUSH CARIBOO CORP.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Three Months Ended September 30, 2019**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Gold Rush Cariboo Corp. (formerly Cava Resources Inc.) ("Company") is principally engaged in the acquisition, exploration of mineral properties in North America. The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain enough mineral deposits, such that their recovery would be economically viable. The Company trades on the TMX Venture Exchange under the symbol GDBO. The address of the Company's corporate office and principal place of business is 393 University Ave., Ste 1810, Toronto, Ontario, Canada M5G 1E6.

The Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties; however, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

On June 19, 2018, under Articles of Amendment, the Company changed its name to Gold Rush Cariboo Corp

**Going Concern**

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations and the Company has incurred significant losses to date resulting in a cumulative deficit of \$14,653,690 as at Sept 30, 2019 (June 30, 2019 - \$14,447,813). The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. As at Sept 30, 2019, the Company had current assets of \$51,260 (June 30, 2019 - \$50,225) to cover current liabilities of \$978,555 (June 30, 2019 - \$772,147). The Company has no proven history of performance, earnings or success. These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern over the next 12 months should it not be able to obtain the necessary financing to fund exploration programs and working capital requirements.

**GOLD RUSH CARIBOO CORP.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Three Months Ended September 30, 2019**  
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**2. BASIS OF PRESENTATION**

(a) Statement of Compliance

These interim condensed consolidated financial statements are unaudited and have been prepared on a condensed basis in accordance with the International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board and interpretations of the International Financial Interpretations Committee using accounting policies consistent with International Financial Reporting Standards (“IFRS”). These interim condensed consolidated financial statements for the three months ended Sept 30, 2019 and 2018 should be read together with the annual consolidated financial statements as at and for the year ended June 30, 2019. The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of and as described in note 3 of the annual consolidated financial statements as at and for the year ended June 30, 2019.

The Company operates in one segment defined as the cash generating unit (“CGU”) which is North America.

(b) Basis of Measurement

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value.

(c) Functional and Presentation Currency

These interim condensed consolidated financial statements are presented in Canadian dollars, which is also the Company’s and its subsidiaries’ functional currency.

(d) Basis of Consolidation

These interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned and controlled operating subsidiaries, Gold Rush Cariboo Inc. The financial statements of its subsidiaries are included in the consolidated statements from the date that control commences until the date that control ceases. All significant inter-company transactions and balances have been eliminated on consolidation. All references to the Company should be treated as references to the Company and its subsidiaries.

(e) Critical Accounting Estimates, Judgments, and Assumptions

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues 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. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of estimation uncertainty considered by management in preparing the interim condensed consolidated financial statements were the same as those in the annual financial statements for the year ended June 30, 2019.

**GOLD RUSH CARIBOO CORP.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Three Months Ended September 30, 2019**  
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**2. BASIS OF PRESENTATION (Cont'd)**

- (f) Application of new International Financial Reporting Standards (“IFRS”)

The following standards have been adopted on July 1, 2018:

**IFRS 9 *Financial Instruments*** (“IFRS 9”): This standard replaced IAS 39 *Financial Instruments Recognition and Measurement*. This standard sets out revised guidance for classifying and measuring financial assets and liabilities, introduced a new expected credit loss model for calculating impairment of financial assets and includes a reformed approach to hedge accounting.

The standard also requires that when a financial liability at amortized is modified or exchanged, and such modification or exchange does not result in derecognition, that the adjustment to the amortized cost of the financial liability is recognized in profit or loss.

**Classification and measurement of assets and liabilities**

All financial assets are required to be subsequently measured at amortized cost or fair value on the basis of the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The table below illustrates the classification and measurement of financial assets and financial liabilities under IAS 39 and IFRS 9 on July 1, 2018:

	Original measurement category under IAS 39	New measurement category under IFRS 9
Cash	Financial assets at fair value through profit and loss (“FVTPL”)	Financial assets at FVTPL
Prepaid expenses and deposits	Loan and receivables at amortized cost	Financial assets at amortized cost
Accounts payable and accrued liabilities	Other financial liabilities at amortized cost	Financial liabilities at amortized cost
Loans payable	Other financial liabilities at amortized cost	Financial liabilities at amortized cost
Convertible Promissory Note Payable	Other financial liabilities at amortized cost	Financial liabilities at amortized cost

There were no financial assets or financial liabilities which the Company previously designated as FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon adoption of IFRS 9.

## **GOLD RUSH CARIBOO CORP.**

### **Notes to the Interim Condensed Consolidated Financial Statements**

**For the Three Months Ended September 30, 2019**

**(Unaudited)**

**(Expressed in Canadian dollars)**

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## **2. BASIS OF PRESENTATION (Cont'd)**

**IFRS 15 Revenue from Contracts with Customers** (“IFRS 15”): Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services. In addition, the standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The application of this new standard had no impact on the reported results, specifically with regard to the timing of recognition and classification of revenues. There was no impact on the cash flows from operating activities as a result of adopting this standard.

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

### **(a) Mineral Properties**

Costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and expensed. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are also expensed in the period in which they occur.

The acquisitions of mineral property interests are initially measured at cost. Mineral property and right acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalized until the property to which they relate is placed into production, sold or allowed to lapse.

Exploration and evaluation costs incurred prior to determination of the feasibility of mining operations are expensed as incurred.

Mineral property and right acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements. These costs will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred, together with the related exploration and evaluation expenditures.

Management annually assesses carrying values of properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if (1) the property has been abandoned; (2) there are unfavourable changes in the property economics; (3) there are restrictions on development; or (4) when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

**GOLD RUSH CARIBOO CORP.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Three Months Ended September 30, 2019**  
**(Unaudited)**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- (b) Decommissioning, Restoration and Other Similar Liabilities (Asset retirement obligation – ARO)

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development, or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related mineral property asset in the case where technical feasibility has been established, and expensed if technical feasibility is yet to be established. Once capitalized, the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. The Company has determined that there are no such liabilities at Sept 30, 2019 (June 30, 2019 - \$Nil).

- (c) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

The Company did not have a rehabilitation provision as at Sept 30, 2019 (June 30, 2019 - \$Nil).

Other Provisions

Provisions are recognized when the Company has a future obligation (legal or constructive) that has arisen as a result of a past event and is probable that a future outflow of resources will be required to settle the obligation, provided a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

The Company did not have any other provisions at Sept 30, 2019 (June 30, 2019 - \$Nil).

**GOLD RUSH CARIBOO CORP.**  
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**For the Three Months Ended September 30, 2019**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

d) 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 or common significant influence, 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. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

e) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affects the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; capital assets including gold reserves and resources, depreciation and depletion; recoverability of accounts receivable, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. The most significant judgments relate to recoverability of capitalized amounts, recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

The application of the Company's accounting policy for exploration assets requires judgement in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the Consolidated Statements of Loss and Comprehensive loss in the period when the new information becomes available. The carrying value of these assets is detailed in Note 9.

f) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **GOLD RUSH CARIBOO CORP.**

### **Notes to the Interim Condensed Consolidated Financial Statements**

**For the Three Months Ended September 30, 2019**

**(Unaudited)**

**(Expressed in Canadian dollars)**

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **g) Loss Per Share**

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants that are used to purchase common shares at the average market price during the year.

#### **h) Share-Based Payments**

Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Under this method, the fair value of the equity-settled share-based payment is measured on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. For options that do not vest immediately, the fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest.

Equity-settled, share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

#### **i) Comprehensive Income (Loss)**

Comprehensive income is the change in equity of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income or loss for the period and other comprehensive income. The standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in "other comprehensive income" until it is considered appropriate to recognize into net earnings.

The Company had no comprehensive income or loss transactions, other than its net loss, nor has the Company accumulated other comprehensive income during periods that have been presented.

**GOLD RUSH CARIBOO CORP.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the Three Months Ended September 30, 2019**  
**(Unaudited)**  
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**4. RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after June 30, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company. The following have not yet been adopted and are being evaluated to determine the resultant impact on the Company.

**Leases – IFRS 16**

IFRS 16, *Leases* ('IFRS 16'), replaces IAS 17, *Leases* ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, *Revenue from Contracts with Customers*, is also applied. The adoption of IFRS 16 will not result in any material changes in the Company's assets and liabilities.

**5. CASH**

Cash at Sept 30, 2019 totaled \$5,741 (June 30, 2019 – \$30,078) and consisted of deposits with Canadian banks in a general non-interest-bearing account in the amount of \$3,475 (June 30, 2019 - \$27,812) and funds held in trust with the Company's lawyer in the amount of \$2,266 (June 30, 2019 - \$2,266).

**6. GST/HST RECEIVABLE**

The Company's receivable consists of Harmonized Goods and Services Tax due from the Canadian government taxation authorities in the amount of \$39,219 at Sept 30, 2019 (June 30, 2019 - \$20,147).

**7. PREPAID EXPENSES**

Prepaid expenses at Sept 30, 2019 were \$6,300 (June 30, 2019 - \$Nil). This was comprised of premises rent paid in advance in the amount of \$6,300 (June 30, 2019 - \$Nil).

**GOLD RUSH CARIBOO CORP.**  
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**(Unaudited)**  
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**8. PROPERTY, PLANT AND EQUIPMENT**

	Computer Equipment	Office Equipment	Construction Vehicles	Mining Equipment	Total
<b>Cost</b>					
Balance at June 30, 2019	\$ 4,152	\$ 3,148	\$ 29,990	\$ 1	\$ 37,291
Additions	-	-	-	-	-
<b>Balance at Sept 30, 2019</b>	<b>\$ 4,152</b>	<b>\$ 3,148</b>	<b>\$ 29,990</b>	<b>\$ 1</b>	<b>\$ 37,291</b>
<b>Accumulated Depreciation</b>					
Balance at June 30, 2019	\$ 3,680	\$ 1,334	\$ 10,268	\$ -	\$ 15,282
Amortization for the period	142	362	-	-	504
<b>Balance at Sept 30, 2019</b>	<b>\$ 3,822</b>	<b>\$ 1,696</b>	<b>\$ 10,268</b>	<b>\$ -</b>	<b>\$ 15,786</b>
<b>Carrying Amounts</b>					
As at June 30, 2019	\$ 472	\$ 1,814	\$ 19,722	\$ 1	\$ 22,009
<b>As at Sept 30, 2019</b>	<b>\$ 330</b>	<b>\$ 1,452</b>	<b>\$ 19,722</b>	<b>\$ 1</b>	<b>\$ 21,505</b>

During the year ended June 30, 2019, the Company recognized an impairment loss of \$1,250,804 on mining equipment that was acquired in the 2018 fiscal year. The impairment loss on the mining equipment was recognized as a result of the inactivity in furthering the development of the mine the equipment was slated to be used for and as a result of the asset not meeting management's expectations in generating the expected future benefits.

**GOLD RUSH CARIBOO CORP.****Notes to the Interim Condensed Consolidated Financial Statements****For the Three Months Ended September 30, 2019****(Unaudited)****(Expressed in Canadian dollars)****9. MINING PROPERTY & RIGHTS ACQUISITION COSTS**

	Casa Berardi Project		Horseshoe Bend Project		
	Quebec, Canada		Mining Rights British Columbia, Canada		Total
<b>Balance at June 30, 2019</b>	\$	1	\$	1	\$ 2
<b>Impairment</b>		-		-	-
<b>Balance at Sept 30, 2019</b>	\$	1	\$	1	\$ 2

**Horseshoe Bend Project**

On February 13, 2018, (pursuant to a letter of intent dated September 27, 2017), the Company completed the acquisition of all of the issued and outstanding shares of Gold Rush Cariboo Inc. which has previously entered into an agreement with Goldlands Inc. with respect to the purchase of the alluvial gold and platinum mining project rights known as the Horseshoe Bend Project consisting of one Placer Lease and six Placer Claims. In addition, Gold Rush Cariboo Inc. has acquired an option to acquire additional adjacent properties which are held by Goldlands Inc.

The Company is committed to spend \$60,000 per annum on mining operations over the next two years. The Company is also committed to pay a royalty of 2.5% NSR to the vendor.

During the year ended June 30, 2019, the Company recognized an impairment loss of \$3,408,887 on the Horseshoe Bend and Casa Berardi projects that were acquired in the prior fiscal years. The impairment loss on the Horseshoe Bend and Casa Berardi projects was recognized as a result of the inactivity in furthering the development of these projects along with no recognized revenue stream in the future and as a result of the asset not meeting management's expectations in generating the expected future benefits.

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**Notes to the Interim Condensed Consolidated Financial Statements**  
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**10. RELATED PARTY TRANSACTIONS**

	<b>Sept 30, 2019</b>	Sept 30, 2018
Management fees charged by officers or Corporations controlled by officers for administrative and financial management services	\$ -	\$ 9,000
Rental income received by a company with common directors	-	28,000
	<b>\$ -</b>	<b>\$ 37,000</b>

(a) At Sept 30, 2019, accounts payable included rent paid in advance in the amount of \$15,319 (June 30, 2019 - \$30,469) that is due from a company with common directors.

**11. DUE TO CONSULTANTS**

The due to consultants at Sept 30, 2019 of \$240,083 (June 30, 2019 - \$188,327) are amounts that are interest-free and payable on demand.

**12. CONVERTIBLE PROMISSORY NOTE**

On September 4, 2017, Gold Rush Cariboo Inc. issued a Convertible Promissory Note ("Note") in connection with the acquisition of the Horseshoe Bend Project mining rights (Notes 3,10). The Note bears interest at the rate of 2% per annum calculated semi-annually and is convertible at \$0.40. The principal amount of this Note shall be payable as follows: (i) an amount of \$25,000 on March 15 of each year; (ii) a minimum amount of: (A) \$150,000 or (B) 50% of the Net Profits earned during the previous twelve months; (iii) the balance of the Principal together with all accrued interest shall become due and payable on September 2, 2024. The Note has been bifurcated into its debt and equity components. The fair value of the debt portion in the amount of \$1,265,300 was estimated using a discounted cash flow model method based on an expected life of seven years, timing of expected principal payments, and a discount rate of 15%. The residual of \$984,700, was allocated to equity. Interest and accretion related to the debt for the year ended June 30, 2019 was \$181,325 (2018 - \$149,293). The \$25,000 principal payments due March 15, 2018, March 15, 2019 and the \$150,000 principal payment due November 1, 2018 have been delayed pending the resolution of certain other matters related to the acquisition.

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**12. CONVERTIBLE PROMISSORY NOTE (Cont'd)**

The movement in the debt portion of the Notes during the period comprised the following:

	<b>Sept 30, 2019</b>	June 30, 2019 (Audited)
Face value of convertible promissory note	<b>\$ 2,250,000</b>	\$ 2,250,000
Equity component of convertible promissory note	<b>(984,700)</b>	(984,700)
Liability component of convertible promissory note	<b>1,265,300</b>	1,265,300
Interest accretion on convertible feature	<b>208,629</b>	208,629
	<b>1,473,929</b>	1,473,929
Current portion of convertible promissory note	<b>375,000</b>	375,000
	<b>\$ 1,098,929</b>	\$ 1,098,929

**13. CAPITAL STOCK**

(a) Warrants

The following table provides information about warrants issued and outstanding at Sept 30, 2019:

	<b>Number</b>	<b>Weighted- Average Exercise Price</b>	<b>Expiry Date</b>
<b>Balance at June 30, 2018</b>	<b>4,917,500</b>	<b>\$0.50</b>	
Expired	(375,000)	\$0.40	July 25, 2018
<b>Balance at June 30, 2019</b>	<b>4,542,500</b>	<b>\$0.50</b>	
<b>Balance at Sept 30, 2019</b>	<b>4,542,500</b>	<b>\$0.50</b>	

(b) Stock Options

Stock option plan

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares.

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**14. CAPITAL STOCK (Cont'd)**

(b) Stock Options

At Sept 30, 2019, the Company had 3,700,000 stock options outstanding as follows:

<b>Date of Grant</b>	<b>Options Granted</b>	<b>Options Exercisable</b>	<b>Weighted- Average Exercise Price</b>	<b>Expiry Date</b>
July 4, 2016	900,000	900,000	\$0.10	July 4, 2021
March 1, 2017	100,000	100,000	\$0.15	March 1, 2022
June 14, 2018	2,700,000	2,700,000	\$0.22	June 14, 2021
	<b>3,700,000</b>	<b>3,700,000</b>		

The Company provides compensation to directors, employees and consultants in the form of stock options.

(c) Warrant Reserve

A summary of the changes in the Company's warrant reserve is set out below:

	<b>Sept 30, 2019</b>	June 30, 2019 (Audited)
Balance – Beginning of period	<b>\$ 1,183,961</b>	\$ 1,265,799
Expiry of warrants	-	(81,838)
Balance – End of period	<b>\$ 1,183,961</b>	\$ 1,183,961

(d) Share-based Payment Reserves

A summary of the changes in the Company's share-based payment reserve is set out below:

	<b>Sept 30, 2019</b>	June 30, 2019 (Audited)
Balance – Beginning of period	<b>\$ 453,754</b>	\$ 469,497
Exercise of stock options	-	(15,743)
Share-based compensation	-	-
Balance – End of period	<b>\$ 453,754</b>	\$ 453,754

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**13. CAPITAL STOCK (Cont'd)**

(e) Contributed Surplus

A summary of the changes in the Company's contributed surplus is set out below:

	<b>Sept 30, 2019</b>	June 30, 2019 (Audited)
Balance – Beginning of period	<b>\$ 2,683,843</b>	\$ 2,602,005
Expiry of warrants	-	81,838
Balance – End of period	<b>\$ 2,683,843</b>	\$ 2,683,843

**14. FINANCIAL INSTRUMENTS**

(a) Fair value of financial instruments

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash, prepaid expenses and deposits, accounts payables and accrued liabilities, loans payable and convertible promissory note payable are considered Level 1 in the hierarchy and are classified for accounting purposes as loans and receivables, which are measured at amortized cost which approximates fair value. Accounts payable and accrued liabilities, due to consultants, due to directors and officers and promissory note payables are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also approximates fair value. Fair value of accounts payable and accrued liabilities, due to consultants and due to officers and directors are determined from transaction values which were derived from observable market inputs and fair values are based on level 2 measurements.

The Company has determined the fair value of its financial instruments as follows:

- (i) The carrying values of cash, prepaid expenses and deposits, accounts payable and accrued liabilities, due to consultants and due to officers and directors approximate their fair values due to the short-term nature of these instruments. The fair value of the convertible promissory note approximates \$2,250,000.
- (ii) Other financial assets are carried at amounts based on relevant stock market information.

These fair value estimates are subject to and involve uncertainties and significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

**GOLD RUSH CARIBOO CORP.**  
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**14. FINANCIAL INSTRUMENTS (Cont'd)**

(b) Risk Exposure

The Company may be exposed to risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives. The main objective of the Company's risk management processes is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The risks the Company is exposed to are described below:

- Capital risk

The Company manages its capital with the objective of providing adequate capital resources for the Company. The capital structure of the Company consists of shareholders' equity and depends on the ability of the Company to raise capital.

- Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's credit risk is low as it is primarily attributable to funds held in Canadian banks.

- Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms that are acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

- Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk, currency risk, market price risk, and commodity price risk, affect the fair value of financial assets and liabilities.

- 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 as there are no outstanding loans or interest-bearing debt. The Company's current policy is to deposit excess cash in non-interest-bearing accounts at its Canadian banking institutions.

- Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar as the majority of its transactions and operations are in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

**GOLD RUSH CARIBOO CORP.**  
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**14. FINANCIAL INSTRUMENTS (Cont'd)**

(b) Risk Exposure (Cont'd)

- Market price risk

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long-term working capital requirements.

Company's exploration and evaluation assets are related to the price of gold and other mineral commodities, and the outlook for this mineral. Adverse changes in the price of gold can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

(c) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes that movements at  $\pm 10\%$  are "reasonably possible" over a one-year period:

- (i) The Company does not hold significant balances in foreign currencies to give rise to significant exposure to foreign exchange risk.
- (ii) Price risk is remote since the Company is a non-producing entity.

The Company's other financial assets are subject to fair value fluctuations.

**15. CAPITAL MANAGEMENT**

In the management of capital, the Company includes capital stock, warrant reserve, share-based payment reserve, deficit, other accumulated comprehensive income, accounts payable and accrued liabilities, due to officers and directors and due to consultants.

The Company's objectives when managing capital are:

- (a) To safeguard the Company's financial capacity and liquidity for future earning in order to continue to provide an appropriate return to shareholders and other stakeholders;
- (b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- (c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt, equity or similar instruments to reduce debt levels, adjust the amount of dividends paid to shareholders, or make adjustments to its capital expenditure program.

There were no changes in the Company's approach to capital management during the period ended Sept 30, 2019 and capital management is consistent with the year ended June 30, 2019. The Company is not subject to externally imposed capital requirements.

**GOLD RUSH CARIBOO CORP.****Notes to the Interim Condensed Consolidated Financial Statements****For the Three Months Ended September 30, 2019****(Unaudited)****(Expressed in Canadian dollars)**

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**16. COMMITMENTS**

- (i) On November 30, 2018, the Company entered into a 39-month office sub-lease agreement commencing March 1, 2019 to May 30, 2022. The minimum lease commitments under the lease for the next fiscal years is as follows:

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<b>Item</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Premises	\$ 41,304	\$ 41,304	\$ 37,862	-	\$120,470

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The Company has informal month-to-month agreements with certain co-tenants that may generate rental recovery to offset this commitment.

**17. EXPLORATION AND EVALUATION EXPENSES**

The exploration and evaluation costs reflected in the statement of loss are as follows:

	<b>Sept 30, 2019</b>	Sept 30, 2018
Casa Berardi Project – Quebec, Canada	\$ -	\$ -
Horseshoe Bend Project - British Columbia, Canada	72,589	112,390
	<hr/>	<hr/>
	\$ 72,589	\$ 112,390

The Casa Berardi exploration and evaluation expenses for the period ended Sept 30, 2019 are comprised of claim renewal costs of \$Nil (June 30, 2019 - \$Nil). The Horseshoe Bend Project exploration and evaluation expenses for the period ended Sept 30, 2019 are comprised of field expenses of \$72,589 (2018 - \$112,390).