

GARIBALDI RESOURCES CORP.

Condensed Interim Consolidated Financial Statements

October 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these interim financial statements.

Garibaldi Resources Corp.
Condensed Interim Consolidated Statements of Financial Position
October 31, 2020 and January 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	October 31, 2020	January 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 336,812	\$ 6,202,086
Receivables	5	167,564	171,222
BCMETS receivable	9	2,013,548	2,013,548
Prepaid expenses and deposits		17,619	17,788
		2,535,543	8,404,644
Non-current assets			
Reclamation deposits	6	155,945	155,945
Equipment	7	165,528	197,750
Right-of-use asset	8	103,168	137,557
Exploration advances		105,000	-
Exploration and evaluation assets	9, 13	43,454,761	37,129,112
		43,984,402	37,620,364
TOTAL ASSETS		\$ 46,519,945	\$ 46,025,008
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10, 13	\$ 1,572,589	\$ 513,034
Lease liability - current	8	44,239	44,239
		1,616,828	557,273
Non-current liabilities			
Deferred tax liability		2,981,000	2,981,000
Lease liability - long-term	8	75,127	105,035
		3,056,127	3,086,035
TOTAL LIABILITIES		4,672,955	3,643,308
EQUITY			
Share capital	12	61,806,794	61,676,794
Contributed surplus		5,083,584	4,950,834
Deficit		(25,043,388)	(24,245,928)
TOTAL EQUITY		41,846,990	42,381,700
TOTAL LIABILITIES AND EQUITY		\$ 46,519,945	\$ 46,025,008

Going Concern – Note 2

Commitments – Notes 9, 11 and 12

Subsequent Events – Note 17

Approved on behalf of the Board on December 29, 2020:

“Steve Regoci”

Steve Regoci, CEO and Director

“Barrie DiCastrì”

Barrie DiCastrì, CFO and Director

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

Garibaldi Resources Corp.
Condensed Interim Consolidated Statements of Comprehensive Loss
For the three and nine months ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	Three months ended October 31, 2020	Three months ended October 31, 2019	Nine months ended October 31, 2020	Nine months ended October 31, 2019
Expenses					
Amortization of right-of-use asset	8	\$ 11,463	\$ 11,463	\$ 34,389	\$ 34,389
Bank charges, interest and penalties		2,753	11,299	21,044	14,608
Consulting fees	13	57,498	33,692	159,119	77,594
Depreciation		882	1,182	2,645	3,546
Foreign exchange (gain) loss		1,806	3,650	(32,887)	6,129
Insurance		3,265	3,106	9,794	9,318
Lease interest	8	3,442	4,810	11,363	15,446
Management fees	13	72,000	72,000	216,000	216,000
Office and miscellaneous		7,396	9,272	15,067	12,092
Professional fees		23,695	32,091	72,451	105,758
Rent		2,589	2,880	7,855	8,785
Share-based compensation	12, 13	-	-	162,750	1,536,000
Shareholder communications		42,208	38,572	90,178	90,736
Telephone		2,487	2,548	6,920	6,311
Transfer agent and filing fees		6,364	7,480	26,985	30,577
Travel and entertainment		926	6,879	22,120	26,793
Loss before other items		(238,774)	(240,924)	(825,793)	(2,194,082)
Other items					
Interest income		3,437	53,857	38,097	120,073
Settlement of flow-through premium liability		-	-	-	125,386
Write-down of receivables	5	(2,460)	(847)	(9,764)	(2,512)
		977	53,010	28,333	242,947
Net and comprehensive loss		\$ (237,797)	\$ (187,914)	\$ (797,460)	\$ (1,951,135)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding		117,010,409	114,097,129	116,382,672	110,768,716

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

Garibaldi Resources Corp.
Condensed Interim Consolidated Statements of Changes in Equity
For the nine months ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of shares	Amount	Contributed surplus	Deficit	Total
Balance at January 31, 2020	116,010,409	\$ 61,676,794	\$ 4,950,834	\$ (24,245,928)	\$ 42,381,700
Shares issued for cash:					
Exercise of options	1,000,000	130,000	(30,000)	-	100,000
Share-based compensation	-	-	162,750	-	162,750
Net and comprehensive loss	-	-	-	(797,460)	(797,460)
Balance at October 31, 2020	117,010,409	\$ 61,806,794	\$ 5,083,584	\$ (25,043,388)	\$ 41,846,990

	Number of shares	Amount	Contributed surplus	Deficit	Total
Balance at January 31, 2019	108,622,976	\$ 55,551,871	\$ 3,643,696	\$ (18,382,441)	\$ 40,813,126
Shares issued for cash:					
Exercise of warrants	6,887,433	5,598,061	-	-	5,598,061
Exercise of options	400,000	428,862	(228,862)	-	200,000
Share-based compensation	-	-	1,536,000	-	1,536,000
Net and comprehensive loss	-	-	-	(1,951,135)	(1,951,135)
Balance at October 31, 2019	115,910,409	\$ 61,578,794	\$ 4,950,834	\$ (20,333,576)	\$ 46,196,052

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

Garibaldi Resources Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	2020	2019
Operating Activities		
Net loss	\$ (797,460)	\$ (1,951,135)
Adjustments for non-cash items:		
Amortization of right-of-use asset	34,389	34,389
Depreciation	2,645	3,546
Share-based compensation	162,750	1,536,000
Lease interest	11,363	15,446
Settlement of flow-through premium liability	-	(125,386)
Write-down of receivables	9,764	2,512
Changes in non-cash working capital items:		
Receivables	(6,106)	(176,890)
Prepaid expenses and deposits	169	(18,224)
Trade payables and accrued liabilities	1,059,555	1,020,438
Net cash flows from operating activities	477,069	340,696
Investing Activities		
Expenditures on exploration and evaluation assets	(6,296,071)	(10,586,564)
Exploration advances	(105,000)	(101,833)
Reclamation deposits	-	(444)
Purchase of equipment	-	(101,068)
Net cash flows used in investing activities	(6,401,071)	(10,789,909)
Financing Activities		
Proceeds from issuance of common shares, net of share issuance costs	100,000	5,798,061
Lease payments	(41,272)	(40,531)
Net cash flows from financing activities	58,728	5,757,530
Change in cash and cash equivalents	(5,865,274)	(4,691,683)
Cash and cash equivalents, beginning	6,202,086	12,522,296
Cash and cash equivalents, ending	\$ 336,812	\$ 7,830,613
Supplemental Information		
Interest paid	\$ 7,977	\$ -
Income tax paid	\$ -	\$ -

Non-cash Transactions – Note 16

1. Corporate Information

Garibaldi Resources Corp. (the “Company”) is an exploration stage company incorporated on November 22, 1993 under the laws of the Province of Alberta, Canada. Its business activity is the acquisition, exploration and evaluation of mineral properties located in Canada and Mexico. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “GGI”.

The Company’s head office and principal business address is Suite 1150 - 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”.

These condensed interim consolidated financial statements do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS. These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the years ended January 31, 2020 and 2019.

These condensed interim consolidated financial statements were authorized for issue on December 29, 2020 by the directors of the Company.

Going Concern

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak has adversely affected workforces, economies, and financial markets, leading to an economic downturn. Management has implemented safeguards and protocols recommended by the relevant health authorities to protect its workers and will continue to monitor the situation.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company (and its subsidiaries) will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At October 31, 2020, the Company has an accumulated deficit of \$25,043,388 (January 31, 2020 – \$24,245,928). As at October 31, 2020, the Company has not advanced its mineral properties to commercial production and has not generated revenue from operations. The Company’s continuation as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

The Company has been successful in raising funds in the past to finance operations, however, there is no assurance it will be able to do so in the future or on terms acceptable to the Company.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on an accrual basis and are based on historical costs except for certain financial instruments, which are measured at fair value as explained in the significant accounting policies set out in Note 3. The consolidated financial statements are presented in Canadian dollars which is also the Company’s functional currency.

2. Basis of Preparation (cont'd)

Use of Accounting Judgments, Estimates and Assumptions

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

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

a) Exploration and Evaluation Expenditures

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

b) Site Closure and Reclamation Provisions

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact any amounts charged to operations for reclamation and remediation. During the periods presented, no reclamation obligations were incurred and therefore, no provision has been recorded. This represents management's best estimate of the present value of future reclamation and remediation obligations. Actual future expenditures may differ from the estimate.

c) Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

2. Basis of Preparation (cont'd)

Use of Accounting Judgments, Estimates and Assumptions (cont'd)

d) Share-Based Payments

Management uses valuation techniques to measure the fair value of share-based payments such as stock options or broker warrants. The fair values are determined using the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the options or warrants, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

e) Deferred Income Taxes

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax liabilities are recognized in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognize deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its controlled entities. All inter-company balances and transactions have been eliminated on consolidation. Details of its controlled entities are as follows:

		Percentage Owned	
	Country of Incorporation	2020	2019
San Pedro Stone Inc.	Canada	100%	100%
Minera Pender S.A. de C.V.	Mexico	100%	100%

3. Significant Accounting Policies

Foreign Currency Translation

The functional currency of each of the Company's entities is determined using primary and secondary indicators related to the economic environment in which that entity operates. The Canadian dollar is the parent company's functional and presentation currency. The functional currency of the subsidiaries is also the Canadian dollar.

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

Exchange differences arising on the translation of monetary items or on the settlement of monetary items are recognized in profit or loss in the consolidated statement of comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the consolidated statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations whose functional currency is different than the Company's presentation currency are transferred directly to the Company's foreign currency translation reserve in the consolidated statement of comprehensive loss. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks and redeemable investment-grade short-term deposit certificates.

3. Significant Accounting Policies (cont'd)

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs of acquiring mineral properties, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized and are classified as intangible assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits are recorded as a reduction to the cumulative costs incurred and capitalized on the related mineral property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farm Outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

Reclamation Deposits

Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits.

Share-based Payments

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of share-based payments is charged to the consolidated statement of comprehensive loss with a corresponding credit recorded to contributed surplus. The fair value of options is determined using a Black–Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

3. Significant Accounting Policies (cont'd)

Share-based Payments (cont'd)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive loss over the remaining vesting period.

The Company recognizes share issue costs for the fair value of broker warrants issued as finder's fees in connection with private placements. The fair value calculated is recorded as share issue costs with a corresponding credit to contributed surplus. The Company uses the Black-Scholes option pricing model to determine the fair value of the warrants issued.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital along with the consideration paid.

Financial Instruments

a) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value net of transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost, FVOCI, or FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statement of comprehensive loss. The Company's cash and cash equivalents are measured at FVTPL.
- Financial assets at amortized cost: These assets are subsequently measured at amortized cost, using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of comprehensive loss. Any gain or loss on derecognition is recognized in the consolidated statement of comprehensive loss. The Company does not have any assets measured at amortized cost.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of comprehensive loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of comprehensive loss. The Company does not have any assets classified as debt investments at FVOCI.
- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of comprehensive loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to the consolidated statement of comprehensive loss. The Company does not have any assets classified as equity investments at FVOCI.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of comprehensive loss. Financial liabilities that are not measured at FVTPL are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of comprehensive loss. Any gain or loss on derecognition is also recognized in the consolidated statement of comprehensive loss. The Company's trade payables and lease liability are measured at amortized cost.

3. Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

c) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of comprehensive loss.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

e) Impairment

Financial assets and contract assets

The Company recognizes loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

3. Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL's that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to the consolidated statement of comprehensive loss and is recognized in OCI.

3. Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of Assets

The carrying amounts of the Company's assets (which include equipment and exploration and evaluation assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Impairment of mineral property exploration interests is generally considered to have occurred if one of the following factors is present: the right to explore has expired or is near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income Taxes

Current income taxes:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company and its subsidiaries operate and generate taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3. Significant Accounting Policies (cont'd)

Income Taxes (cont'd)

Deferred income taxes:

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("deferred flow-through premium").

The Company may, from time to time, issue flow-through shares to finance a portion of its Canadian exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date to the extent that a premium exists. The equity portion is measured at the market value and the residual premium is allocated as a liability. The liability is recorded at the fair value of the obligation to renounce the expenditures that the issuer has incurred. This is effectively the "premium" the investor attributes to a flow-through share versus an ordinary share.

When the expenditures are renounced, the Company records a deferred tax liability and deferred tax expense (renounced expenditures multiplied by the effective corporate tax rate). Simultaneously the Company will debit the liability set up on issuing the flow-through share with the corresponding credit to deferred tax expense.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense.

Flow-through shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

3. Significant Accounting Policies (cont'd)

Equipment

Depreciation is calculated using the declining balance method to allocate the cost of the assets over their estimated useful lives. The depreciation rates applicable to each category of equipment are as follows:

Motor vehicles	30% declining balance
Drilling and exploration equipment	20% declining balance
Office equipment	20% declining balance

Depreciation is recorded at one-half rates in the year of acquisition. Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the net loss applicable to the common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The dilution is calculated based upon the net number of common shares issued should "in the money" options and warrants be exercised and the proceeds used to repurchase common shares at the average market price during the period.

New Accounting Standards

The following standard was adopted by the Company effective February 1, 2019:

IFRS 16 – Leases - In June 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 – Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. See Note 9.

Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. Cash and Cash Equivalents

	October 31, 2020	January 31, 2020
Cash	\$ 336,812	\$ 702,086
Redeemable GIC's	-	5,500,000
Total	\$ 336,812	\$ 6,202,086

5. Receivables

	October 31, 2020	January 31, 2020
GST receivable (Canada)	\$ 167,564	\$ 88,527
Accrued interest receivable	-	80,367
Other receivables	-	2,328
Total	\$ 167,564	\$ 171,222

The Company is exposed to credit risk on its sales taxes receivable which consist of refundable government goods and services taxes. The Company records an allowance on its Mexican sales tax receivable. During the nine months ended October 31, 2020, the Company recorded a write-off of sales tax receivable of \$9,764 (2019 – \$2,512).

6. Reclamation Deposits

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. The reclamation deposits are held in redeemable interest-bearing certificates with large financial institutions.

Garibaldi Resources Corp.
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7. Equipment

October 31, 2020

	Motor vehicles	Office equipment	Drilling and exploration equipment	Total
Cost:				
At January 31, 2020	\$ 196,887	\$ 12,994	\$ 549,821	\$ 759,702
Additions	-	-	-	-
At October 31, 2020	196,887	12,994	549,821	759,702
Accumulated Depreciation:				
At January 31, 2020	162,756	11,454	387,741	561,951
Depreciation	7,680	231	24,312	32,223
At October 31, 2020	170,436	11,685	412,053	594,174
Net book value:				
At January 31, 2020	\$ 34,131	\$ 1,540	\$ 162,080	\$ 197,750
At October 31, 2020	\$ 26,451	\$ 1,309	\$ 137,768	\$ 165,528

January 31, 2020

	Motor vehicles	Office equipment	Drilling and exploration equipment	Total
Cost:				
At January 31, 2019	\$ 196,887	\$ 12,994	\$ 448,753	\$ 658,634
Additions	-	-	101,068	101,068
At January 31, 2020	196,887	12,994	549,821	759,702
Accumulated Depreciation:				
At January 31, 2019	148,129	11,070	359,854	519,053
Depreciation	14,627	384	27,887	42,898
At January 31, 2020	162,756	11,454	387,741	561,951
Net book value:				
At January 31, 2019	\$ 48,758	\$ 1,924	\$ 88,899	\$ 139,581
At January 31, 2020	\$ 34,131	\$ 1,540	\$ 162,080	\$ 197,750

8. Right-of-Use Asset and Lease Liability

The Company adopted IFRS 16 effective February 1, 2019. In accordance with the transition provisions in IFRS 16, the new rules have been adopted retrospectively with any cumulative effect of initially applying the new standard recognized on February 1, 2019. The comparatives for the 2019 reporting period have not been restated and are accounted for under IAS 17 - Leases and IFRIC 4 as permitted under the specific transitional provisions in the new standard.

Upon adoption of IFRS 16, the Company recognized lease liabilities in relation to a lease for office space which had previously been classified as an “operating lease” under the principles of IAS 17 under which these lease payments were recorded as expenses as they were incurred. Under IFRS 16, the lease liability was measured at the present value of the remaining lease payments as at February 1, 2019, and discounted using the Company’s incremental borrowing rate. The incremental borrowing rate applied to the lease liability on February 1, 2019 was 10%. The associated lease liability recognized as at February 1, 2019 was \$183,410.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on February 1, 2019. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The following tables summarize the difference between operating lease commitment disclosed immediately preceding the date of initial application and lease liability recognized in the consolidated statement of financial position:

Right-of-Use Asset

Value of right-of-use asset as at February 1, 2019	\$ 183,410
Amortization	(80,242)
Balance as at October 31, 2020	\$ 103,168

Lease liability

Operating lease commitment as at February 1, 2019	\$ 213,456
Discount using incremental borrowing rate	(30,046)
Lease liability recognized as at February 1, 2019	183,410
Lease payments	(95,327)
Lease interest	31,283
Balance as at October 31, 2020	\$ 119,366
Current portion	\$ 44,239
Long-term portion	75,127
Balance as at October 31, 2020	\$ 119,366

At October 31, 2020, future payments required under the Company’s office lease are as follows:

Year ended January 31, 2021	\$ 13,818
Year ended January 31, 2022	56,640
Year ended January 31, 2023	58,020
Total	\$ 128,478

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9. Exploration and Evaluation Assets

October 31, 2020

	Mexico			Canada							TOTAL
	La Patilla	Iris	Sonora	Red Lion	Grizzly & Golden Bear	King & King South	E&L	Palm Spring	Sid, Sunrise & Atlin	Black Gold & Tora Tora	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition Costs											
Balance, January 31, 2020	122,148	312,438	653,782	1,188,317	151,223	6,628	2,509,111	1,144,480	568,000	69,555	6,725,682
Additions	-	-	-	-	-	930	-	-	-	-	930
Balance, October 31, 2020	122,148	312,438	653,782	1,188,317	151,223	7,558	2,509,111	1,144,480	568,000	69,555	6,726,612
Deferred Exploration Costs											
Balance, January 31, 2020	492,505	230,140	1,128,270	426,855	1,741,170	288,585	24,679,275	458,614	765,343	192,673	30,403,430
Depreciation	-	-	-	-	-	-	29,578	-	-	-	29,578
Assays	-	-	-	-	-	-	141,397	21,957	-	-	163,354
Drilling and trenching	-	-	-	-	-	-	1,386,648	104,671	-	-	1,491,319
Equipment rental	-	-	-	-	-	-	192,245	-	-	-	192,245
Geology and mapping	-	-	-	-	-	-	869,717	107,747	-	-	977,464
Helicopter	-	-	-	-	-	-	1,734,539	-	-	-	1,734,539
Surveying	-	-	-	-	-	-	399,563	-	10,000	-	409,563
Travel and field	-	-	-	-	-	-	1,319,698	6,959	-	-	1,326,657
Less: BCMETC	-	-	-	-	-	-	-	-	-	-	0
Balance, October 31, 2020	492,505	230,140	1,128,270	426,855	1,741,170	288,585	30,752,660	699,948	775,343	192,673	36,728,149
Total	614,653	542,578	1,782,052	1,615,172	1,892,393	296,143	33,261,771	1,844,428	1,343,343	262,228	43,454,761

Garibaldi Resources Corp.
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9. Exploration and Evaluation Assets (cont'd)

January 31, 2020

	Mexico			Canada							TOTAL
	La Patilla	Iris	Sonora	Red Lion	Grizzly & Golden Bear	King & King South	E&L	Palm Spring	Sid, Sunrise & Atlin	Black Gold & Tora Tora	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Acquisition Costs											
Balance, January 31, 2019	117,347	283,532	1,525,866	1,188,317	151,223	36,628	2,509,111	1,144,480	414,000	69,555	7,440,059
Additions	4,801	28,906	295,887	-	-	-	-	-	154,000	-	483,594
Write-off of E&E assets	-	-	(1,167,971)	-	-	(30,000)	-	-	-	-	(1,197,971)
Balance, January 31, 2020	122,148	312,438	653,782	1,188,317	151,223	6,628	2,509,111	1,144,480	568,000	69,555	6,725,682
Deferred Exploration Costs											
Balance, January 31, 2019	485,951	230,140	3,295,194	426,855	1,740,770	288,585	15,653,294	303,665	765,343	192,673	23,382,470
Depreciation	-	-	-	-	-	-	38,171	-	-	-	38,171
Assays	-	-	-	-	-	-	430,798	40,759	-	-	471,557
Drilling and trenching	-	-	-	-	-	-	3,062,759	-	-	-	3,062,759
Equipment rental	-	-	-	-	-	-	265,085	-	-	-	265,085
Geology and mapping	-	-	-	-	500	-	1,781,250	-	-	-	1,781,750
Helicopter	-	-	-	-	-	-	2,689,026	-	-	-	2,689,026
Surveying	-	-	-	-	-	-	775,273	-	-	-	775,273
Travel and field	6,554	-	-	-	-	-	1,958,331	152,926	-	-	2,117,811
Less: BCMETC	-	-	-	-	(100)	-	(1,974,712)	(38,736)	-	-	(2,013,548)
Write-off of E&E assets	-	-	(2,166,924)	-	-	-	-	-	-	-	(2,166,924)
Balance, January 31, 2020	492,505	230,140	1,128,270	426,855	1,741,170	288,585	24,679,275	458,614	765,343	192,673	30,403,430
Total	614,653	542,578	1,782,052	1,615,172	1,892,393	295,213	27,188,386	1,603,094	1,333,343	262,228	37,129,112

9. Exploration and Evaluation Assets (cont'd)

Mexico Properties

La Patilla

The Company owns a 100% interest in the La Patilla property located in Sinaloa State, Mexico. Should the property be placed into commercial production, the Company will issue 800,000 common shares to the original owner and will pay a 3% net smelter return royalty capped at US\$3,000,000. The Company has the right to buy down the net smelter return royalty to 1% by paying US\$2,000,000.

Iris

The Company owns a 100% interest in the Iris property located in Chihuahua State, Mexico. The property is subject to a 2% net smelter return royalty. The Company has the right to buy down the net smelter return royalty to 1% by paying US\$1,500,000 to the optionor.

Sonora

The Company owns 100% interests in two non-contiguous properties in Sonora State, Mexico, known as Tonichi and Rodadero. During the year ended January 31, 2020, the Company wrote-off exploration and evaluation assets of \$3,334,895 related to the Tonichi property.

The Company must incur minimum exploration and development expenditures of approximately \$75,000 per year to keep the properties in good standing. The properties are each subject to 1% net smelter return royalties which the Company can purchase at any time for \$1,000,000 each.

Canada Properties

Red Lion

On January 31, 2014, the Company entered into a mineral property option agreement to acquire a 100% interest in 5 mineral tenures located in the Liard Mining Division of British Columbia, known as the Mount Sister Mary Property and a 100% interest in 6 mineral tenures located in the Omenica Mining Division of British Columbia, known as the Red Lion Property. The optionor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for \$2,000,000. Under the terms of the agreement the option payments and share issuances were as follows:

- Within 10 days of TSX-V approval – cash payment of \$18,500 (paid) and issuance of 75,000 common shares (issued with a fair value of \$16,875).
- On or before January 31, 2015 – issuance of additional 150,000 common shares (issued with a fair value of \$25,500).
- On or before January 31, 2016 – issuance of additional 150,000 common shares (issued with a fair value of \$18,000).
- On or before January 31, 2017 – issuance of additional 150,000 common (issued with a fair value of \$22,500).
- On or before January 31, 2018 – issuance of additional 500,000 common shares (issued with a fair value of \$1,110,000).

During the year ended January 31, 2016, the Company abandoned its interest in the Mount Sister Mary mineral tenures and recorded a write-off of the option payments and capitalized costs relating to the Mount Sister Mary mineral tenures in the amount of \$65,295. The Company has retained the Red Lion mineral tenures and exploration and evaluation expenditures on those tenures continue to be capitalized.

9. **Exploration and Evaluation Assets** (cont'd)

Grizzly

The Company owns a 100% in the Grizzly property located in the Sheslay Valley in northwestern British Columbia, subject to a 2% net smelter return royalty.

On January 27, 2014, the Company entered into an agreement to purchase a 100% interest in 2 additional mineral properties, East Hat and East Hat 2, adjacent to the Grizzly property. The vendor retained a 2% net smelter return on production from the properties. The Company has the option at any time to reduce the net smelter return to 1% for a payment of \$1,000,000 to the vendor. On March 5, 2014, the Company received TSX-V approval of the agreement and issued 100,000 common shares with a fair value of \$22,500 to the vendor.

Golden Bear

On May 5, 2015, the Company acquired eight mineral claims comprising approximately 1,400 hectares adjacent to the southern border of the Company's Grizzly property.

Under the terms of the agreement, the Company issued 150,000 common shares with a fair value of \$9,000 in exchange for a 100% interest in the Golden Bear claims, subject to a 2% net smelter return royalty, half of which the Company can buy back for \$1,000,000.

King

On August 15, 2009, the Company entered into a mineral property option agreement to acquire 6 mineral tenures comprising approximately 1,720 hectares located in the Iskut River area of British Columbia known as the King Property. Under the terms of the agreement, the Company agreed to pay \$10,000 (paid), issue 100,000 common shares (issued at a value of \$21,000), pay an additional \$90,000 in cash or shares in tranches over the next five years, and complete \$100,000 (completed) in exploration work on the property. The Company was to make a \$70,000 payment by June 30, 2014 which was not paid.

On December 15, 2015, the option agreement was amended and the Company earned a 100% interest in the King Property by agreeing to engage the optionor for a minimum of \$72,500 of exploration work on the King Property in 2016 in lieu of making the final \$70,000 option payment. The optionor retained a net smelter return royalty of 2%.

During the nine months ended October 31, 2020, the Company staked additional claims at the King property for \$930.

King South

On May 10, 2016, the Company entered into a purchase agreement to acquire 17 mineral tenures located in the Liard Mining Division of British Columbia known as the King South claims. In exchange for the tenures the Company issued 300,000 common shares with a fair value of \$30,000 and agreed to engage the vendor for a minimum of \$50,000 (incurred during the year ended January 31, 2017) of exploration work on the claims. The vendor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for \$1,000,000.

During the year ended January 31, 2020, the Company wrote-off property acquisition costs of \$30,000 related to the King South property.

9. Exploration and Evaluation Assets (cont'd)

E&L

On June 3, 2016, the Company entered into a mineral property option agreement to acquire a 100% interest in 4 mineral tenures located in the Liard Mining Division in northwest British Columbia known as the E&L property. In order to earn the interest, the Company was required make cash payments totalling \$100,000, issue 1,100,000 common shares over the four-year option period and incur exploration expenditures on the property totalling \$375,000 by the end of the four-year option period. The option is subject to a 2% net smelter return royalty retained by the optionor.

Under the terms of the agreement, in order to acquire the 100% interest in the E&L property, the option payments, share issuances and exploration expenditures were as follows:

- Within 10 days of TSX-V approval – a cash payment of \$5,000 (paid) and the issuance of 100,000 common shares (issued with a fair value of \$10,500).
- On or before June 3, 2017 – a cash payment of \$15,000 (paid), the issuance of an additional 200,000 common shares (issued with a fair value of \$29,000) and exploration expenditures of \$25,000 (incurred).
- On or before June 3, 2018 – a cash payment of \$20,000 (paid), the issuance of an additional 250,000 common shares (issued with a fair value of \$787,500) and exploration expenditures of an additional \$50,000 (incurred).
- On or before June 3, 2019 – a cash payment of \$25,000 (paid), the issuance of an additional 250,000 common shares (issued with a fair value of \$672,500) and exploration expenditures of an additional \$75,000 (incurred).
- On or before June 3, 2020 – a cash payment of \$35,000 (paid), the issuance of an additional 300,000 common shares (issued with a fair value of \$807,000) and exploration expenditures of an additional \$225,000 (incurred).

During the year ended January 31, 2019, the Company opted to accelerate all the option payments due on the E&L property. At January 31, 2019, the Company owned a 100% interest in the E&L property, subject to the 2% net smelter return royalty.

During the year ended January 31, 2017, the Company increased the size of the E&L property in a series of mineral property purchase agreements as follows:

- i) Pursuant to a mineral property purchase agreement dated September 12, 2016, the Company acquired 20 mineral tenures, comprising 1,473 hectares known as the East Claims property in consideration for 150,000 common shares (issued during the year ended January 31, 2017 at a value of \$12,750) and a cash payment of \$15,000 (paid during the year ended January 31, 2017);
- ii) Pursuant to a Purchase Agreement dated October 18, 2016, the Company acquired 2 mineral tenures comprising approximately 89 hectares known as the E&L South and North claims in consideration for 75,000 common shares (issued during the year ended January 31, 2017 at a value of \$6,750); and
- iii) Pursuant to a Purchase Agreement dated October 28, 2016, the Company acquired 10 mineral tenures comprising approximately 4,148 hectares known as the Qu claims in consideration for 500,000 common shares (issued during the year ended January 31, 2017 at a value of \$65,000).

9. Exploration and Evaluation Assets (cont'd)

Palm Spring

On May 5, 2016 and amended on June 19, 2018, the Company entered into a mineral property option agreement to acquire a 100% interest in 35 mineral tenures located in the Liard Mining Division in northwest British Columbia known as the Palm Spring property. The optionor retained a net smelter return royalty of 2% which may be reduced to 1% by the Company at any time for \$1,000,000.

Under the terms of the agreement, in order to acquire a 100% interest in the Palm Spring property, the option payments and share issuances were as follows:

- Within 10 days of TSX-V approval – a cash payment of \$10,000 (paid) and the issuance of 100,000 common shares (issued with a fair value of \$8,000).
- On or before May 5, 2017 – the issuance of an additional 200,000 common shares (issued with a fair value of \$30,000).
- On or before May 5, 2018 – the issuance of an additional 300,000 common shares (issued with a fair value of \$924,000).
- On or before June 19, 2018 – the issuance of an additional 56,000 common shares (issued with a fair value of \$172,480).
- On or before June 19, 2018 – incur an additional \$97,000 in exploration expenditures (incurred).

During the year ended January 31, 2019, the Company re-negotiated the Palm Spring option agreement and paid the all re-negotiated option payments. At January 31, 2019, the Company owned a 100% interest in the Palm Spring property, subject to the 2% net smelter return royalty.

9. **Exploration and Evaluation Assets** (cont'd)

Sid, Sunrise & Atlin

On October 5, 2016 and amended on September 20, 2018, the Company entered into a mineral property option agreement to acquire a 100% interest in 17 mineral tenures located in the Omenica Mining Division in British Columbia known as the Sid and Sunrise claims and a 100% interest in 4 mineral tenures located in the Atlin Mining Division of British Columbia known as the Atlin claims. In order to earn the interests, the Company was required to pay \$90,000 (paid) and issue 500,000 common shares over a four-year option period. The mineral properties are subject to 2% net smelter return royalties retained by the optionor.

Under the terms of the option agreement, in order to acquire the 100% interests in the mineral properties, the share issuances were as follows:

- Within 10 days of TSX-V approval – the issuance of 100,000 common shares (issued with a fair value of \$11,000).
- On or before October 5, 2017 – the issuance of an additional 100,000 common shares (issued with a fair value of \$220,000).
- On or before November 5, 2018 – the issuance of an additional 100,000 common shares (issued with a fair value of \$93,000).
- On or before November 5, 2019 – the issuance of an additional 100,000 common shares (issued with a fair value of \$98,000).
- On or before November 5, 2020 – the issuance of an additional 100,000 common shares (subsequently issued with a fair value of \$42,000).

The 2% net smelter return royalties may be reduced to 1% by the Company at any time for \$1,000,000.

On March 31, 2019, the Company entered into a mineral property purchase agreement to acquire a 100% interest in 21 mineral claims known as the Keystone claims located in the Atlin Mining Division of British Columbia. The purchase price was \$56,000.

Black Gold

The Company's Black Gold property represents a black granite quarry located in Grand Forks, British Columbia. The claims remain in good standing.

Tora Tora

The Tora Tora mineral claims are located in the Similkameen area of British Columbia and were acquired at a nominal cost, subject to a 2% net smelter return royalty. The Company continues to pay maintenance fees to keep these claims in good standing.

10. Trade Payables and Accrued Liabilities

	October 31, 2020	January 31, 2020
Land taxes payable (Mexico)	\$ -	\$ 217,492
Trade payables	1,572,589	295,542
Total	\$ 1,572,589	\$ 513,034

11. Commitments

Management services agreements:

The Company has entered into management services agreements which provide for monthly remuneration of \$12,000 for each of its Chief Executive Officer and Chief Financial Officer.

12. Share Capital

Authorized:

Unlimited common shares with no par value

Issued and Outstanding:

At October 31, 2020, there were 117,010,409 (January 31, 2020 – 116,010,409) issued and outstanding common shares.

During the Nine Months Ended October 31, 2020:

The Company issued 1,000,000 common shares pursuant to the exercise of stock options for proceeds of \$100,000 and re-classified \$30,000 from contributed surplus to share capital upon exercise.

During the Year Ended January 31, 2020:

The Company issued 6,887,433 common shares pursuant to the exercise of share purchase warrants for proceeds of \$5,598,061.

The Company issued 400,000 common shares pursuant to the exercise of stock options for proceeds of \$200,000 and re-classified \$228,862 from contributed surplus to share capital upon exercise.

The Company issued 100,000 common shares with a fair value of \$98,000 as an option payment for the Sid, Sunrise and Atlin property (Note 9).

Stock Options:

The Company has a stock option plan available to directors, officers, employees and consultants under which the total stock options available for grant is limited to 10% of the issued and outstanding common shares at any point in time. The exercise price of options granted may not be less than the market price of the Company's stock on the date of grant less any discount permitted by the policies of the TSX-V.

Options are granted for a maximum term of five years and vest on the date of the grant unless vesting terms are prescribed by regulatory policy or otherwise determined by the Company's Board of Directors.

12. Share Capital (cont'd)

Stock Options (cont'd):

During the Nine Months Ended October 31, 2020:

On February 11, 2020, the Company granted 125,000 stock options to a director of the Company exercisable for a period of five years at \$1.25 per share.

The weighted average grant date fair value of the options was \$0.55. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Share price	\$ 0.79
Expected life of options	5 years
Annualized volatility	103%
Risk-free interest rate	1.70%
Dividend rate	0%
Forfeiture rate	0%

On July 14, 2020, the Company granted 200,000 stock options to consultants of the Company exercisable for a period of five years at \$1.25 per share.

The weighted average grant date fair value of the options was \$0.47. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Share price	\$ 0.68
Expected life of options	5 years
Annualized volatility	105%
Risk-free interest rate	0.95%
Dividend rate	0%
Forfeiture rate	0%

During the Year Ended January 31, 2020:

On July 18, 2019, the Company granted 1,200,000 stock options to directors, officers and consultants of the Company exercisable for a period of five years at \$1.50 per share.

The weighted average grant date fair value of the options was \$1.28. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

Share price	\$ 1.67
Expected life of options	5 years
Annualized volatility	101%
Risk-free interest rate	1.90%
Dividend rate	0%
Forfeiture rate	0%

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12. Share Capital (cont'd)

Stock Options (cont'd):

A summary of stock option activity for the nine months ended October 31, 2020 and for the year ended January 31, 2020 is as follows:

	Nine months ended October 31, 2020		Year ended January 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	4,400,000	\$ 0.69	3,600,000	\$ 0.39
Options granted	325,000	1.25	1,200,000	1.50
Options exercised	(1,000,000)	0.10	(400,000)	0.50
Options outstanding, end of period	3,725,000	\$ 0.89	4,400,000	\$ 0.69
Options exercisable, end of period	3,725,000	\$ 0.89	4,400,000	\$ 0.69

At October 31, 2020, the weighted average remaining contractual life of the outstanding options is 2.14 years.

At October 31, 2020, there were 3,725,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of options outstanding	Exercise Price	Expiry Date
1,200,000	\$0.20	December 24, 2020
700,000	\$0.50	August 18, 2022
200,000	\$1.50	September 26, 2022
100,000	\$2.30	February 16, 2023
1,200,000	\$1.50	July 18, 2024
125,000	\$1.25	February 11, 2025
200,000	\$1.25	July 14, 2025
<u>3,725,000</u>		

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12. Share Capital (cont'd)

Share Purchase Warrants

A summary of share purchase warrant activity for the nine months ended October 31, 2020 and for the year ended January 31, 2020 is as follows:

	Nine months ended October 31, 2020		Year ended January 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	3,174,603	\$ 4.50	10,062,036	\$ 1.98
Warrants exercised	-	-	(6,887,433)	0.81
Warrants outstanding, end of period	3,174,603	\$ 4.50	3,174,603	\$ 4.50

At October 31, 2020, the weighted average remaining contractual life of the outstanding warrants is 1.97 years.

At October 31, 2020, there were 3,174,603 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of warrants Outstanding	Exercise Price	Expiry Date
2,539,683	\$4.50	October 20, 2022
634,920	\$4.50	October 26, 2022
3,174,603		

During the nine months ended October 31, 2020, the Company extended the expiry dates of the 3,174,603 outstanding warrants by two years to the above dates.

13. Related Party Transactions

The Company considers its Board of Directors to be key management personnel. The Company incurred the following key management compensation charges during the nine months ended October 31, 2020 and 2019:

	2020	2019
Exploration and evaluation costs	\$ 54,897	\$ -
Consulting fees	60,795	-
Management fees	216,000	216,000
Share-based compensation	68,750	768,000
	\$ 400,442	\$ 984,000

At October 31, 2020, trade payables and accrued liabilities included \$532,629 (January 31, 2020: \$12,729) due to a director of the Company and to a company with a director in common with the Company for services provided. Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

14. Financial Instruments and Risk Management

As at October 31, 2020, the Company's financial instruments consist of cash and cash equivalents, trade payables and lease liability.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Mexico. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from financing activities and its holdings of cash and cash equivalents.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. See Note 1.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at October 31, 2020:

	Within one year	Between one and five years	More than five years
Trade payables	\$ 1,572,589	\$ -	\$ -
Lease liability	44,239	75,127	-
	\$ 1,616,828	\$ 75,127	\$ -

14. Financial Instruments and Risk Management (cont'd)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The Company's Mexican subsidiary is exposed to currency risk as it incurs expenditures that are denominated in Mexican pesos while its functional currency is the Canadian dollar.

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in Mexican pesos:

	October 31, 2020	January 31, 2020
Cash	\$ 6,352	\$ 232
Trade payables	(7,199)	(220,810)
	\$ (847)	\$ (220,578)

Based on the above net exposure, at October 31, 2020, a 10% change in the exchange rate of the Mexican peso in relation to the Canadian dollar would impact the Company's net income or loss by approximately \$100.

The Company is also exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar.

The following is an analysis of the Canadian dollar equivalent of financial assets and liabilities that are denominated in US dollars:

	October 31, 2020	January 31, 2020
Cash	\$ 15,608	\$ 41,792
Trade payables	(6,841)	(6,797)
	\$ 8,767	\$ 34,995

Based on the above net exposure, at October 31, 2020, a 10% change in the exchange rate of the US dollar in relation to the Canadian dollar would impact the Company's net income or loss by approximately \$900.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are exposed to interest rate risk. The Company manages its interest rate risk by obtaining the best commercial deposit interest rates available.

14. Financial Instruments and Risk Management (cont'd)

Classification of financial instruments

Financial assets included in the consolidated statements of financial position are as follows:

	October 31, 2020	January 31, 2020
Fair value through profit or loss:		
Cash and cash equivalents	\$ 336,812	\$ 6,202,086
	\$ 336,812	\$ 6,202,086

Financial liabilities included in the consolidated statements of financial position are as follows:

	October 31, 2020	January 31, 2020
Fair value through profit or loss:		
Trade payables	\$ 1,572,589	\$ 513,034
Lease liability	119,366	149,274
	\$ 1,691,955	\$ 662,308

Fair values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial instruments measured at fair value on a recurring basis as at October 31, 2020 and January 31, 2020:

	October 31, 2020		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 336,812	\$ -	\$ -
	\$ 336,812	\$ -	\$ -
	January 31, 2020		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 6,202,086	\$ -	\$ -
	\$ 6,202,086	\$ -	\$ -

15. Segmented Information

Operating segment

The Company operates in a single reportable operating segment which is the acquisition, exploration and evaluation of mineral properties.

Geographic segments

The Company's non-current assets are located in the following countries:

	October 31, 2020		
	Canada	Mexico	Total
Equipment	\$ 154,832	\$ 10,696	\$ 165,528
Right of use asset	103,168	-	103,168
Reclamation deposits	155,945	-	155,945
Exploration advances	105,000		105,000
Exploration and evaluation assets	40,515,478	2,939,283	43,454,761
	\$ 41,034,423	\$ 2,949,979	\$ 43,984,402
	January 31, 2020		
	Canada	Mexico	Total
Equipment	\$ 184,640	\$ 13,110	\$ 197,750
Right of use asset	137,557	-	137,557
Reclamation deposits	155,945	-	155,945
Exploration and evaluation assets	34,189,829	2,939,283	37,129,112
	\$ 34,667,971	\$ 2,952,393	\$ 37,620,364

16. Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the nine months ended October 31, 2020 and 2019, the following transactions were excluded from the consolidated statements of cash flows:

	2020	2019
Depreciation on equipment capitalized to exploration and evaluation assets	\$ 29,578	\$ 28,628
Right of use asset and lease liability – initial set up	\$ -	\$ 183,410
Reclassification on exercise of stock options	\$ 30,000	\$ 228,862

17. Subsequent Events

Private Placement

On November 16, 2020, the Company announced a flow-through private placement of up to 5,000,000 units at \$0.60 per unit for gross proceeds of up to \$3,000,000. Each flow-through unit will comprise one flow-through common share and one-half of one share purchase warrant. Each full warrant is exercisable into one common share at \$0.75 for two years. Proceeds from the flow-through private placement will be used to advance the Company's B.C. properties.

On November 20, 2020, the Company issued 3,388,666 common shares pursuant to closing of the first tranche of the private placement for proceeds of \$2,033,200. The Company also issued 1,694,333 share purchase warrants exercisable into common shares at \$0.75 until November 20, 2022.

On closing the first tranche, a finder's fee payment of \$105,000 was made and 175,000 finder's warrants were issued. The finder's warrants are exercisable into common shares at \$0.60 until November 20, 2022.

Options Exercised

On December 23, 2020, the Company issued 1,050,000 common shares at \$0.20 per share for proceeds of \$210,000 pursuant to the exercise of 1,050,000 stock options.

Sid, Sunrise & Atlin

On December 23, 2020, the Company issued 100,000 common shares with a fair value of \$42,000 as the final property payment on the Sid, Sunrise and Atlin properties. The Company now owns a 100% interest in the properties.