

BLACKHEATH RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2019

Unaudited

BLACKHEATH RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

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

"Alexander Langer"

"Kerry Spong"

Chief Executive Officer

Chief Financial Officer

21 November 2019

BLACKHEATH RESOURCES INC.
CONDENSED INTERIM BALANCE SHEETS

Canadian Dollars

Unaudited

	As at 30 September 2019	As at 31 December 2018
ASSETS		
Current		
Cash	\$ 26,587	\$ 65,062
Receivables	2,790	8,409
Prepaid expenses	-	855
	29,377	74,326
Equipment	394	2,745
	\$ 29,771	\$ 77,071
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 136,924	\$ 160,492
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 3)	8,063,780	7,963,780
Subscriptions received in advance (Note 3)	25,000	100,000
Contributed surplus (Note 3)	667,166	667,166
Deficit	(8,863,099)	(8,814,367)
	(107,153)	(83,421)
	\$ 29,771	\$ 77,071

Nature of operations and going concern (Note 1)

Commitments (Note 6)

Subsequent Event (Note 9)

ON BEHALF OF THE BOARD:

 "James Robertson", Director

 "Kerry Spong", Director

- the accompanying notes are an integral part of these financial statements -

BLACKHEATH RESOURCES INC.**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)****FOR THE NINE MONTHS ENDED 30 SEPTEMBER***Canadian Dollars**Unaudited*

	Number of Shares	Share Capital (Note 3)	Contributed Surplus (Note 3)	Subscriptions Received in Advance (Note 3)	Deficit	Total
Balance – 31 December 2017	49,436,175	\$ 7,963,780	\$ 667,166	\$ -	\$ (8,507,048)	\$ 123,898
Subscriptions received in advance	-	-	-	25,000	-	25,000
Loss and comprehensive loss for the period	-	-	-	-	(241,895)	(241,895)
Balance – 30 September 2018	49,436,175	\$ 7,963,780	\$ 667,166	\$ 25,000	\$ (8,748,943)	\$ (92,997)
Balance – 31 December 2018	49,436,175	\$ 7,963,780	\$ 667,166	\$ 100,000	\$ (8,814,367)	\$ (83,421)
Private placement - shares	2,000,000	100,000	-	(100,000)	-	-
Subscriptions received in advance	-	-	-	25,000	-	25,000
Loss and comprehensive loss for the period	-	-	-	-	(48,732)	(48,732)
Balance – 30 September 2019	51,436,175	\$ 8,063,780	\$ 667,166	\$ 25,000	\$ (8,863,099)	\$ (107,153)

- the accompanying notes are an integral part of these financial statements -

BLACKHEATH RESOURCES INC.**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER**

Canadian Dollars

Unaudited

	Three Months 30 September 2019	Three Months 30 September 2018	Nine Months 30 September 2019	Nine Months 30 September 2018
Expenses				
Accounting and audit	\$ 3,500	\$ 4,339	\$ 12,844	\$ 11,717
Depreciation	67	256	237	768
Exploration and evaluation (Note 5)	-	64,106	-	189,932
Foreign exchange loss (gain)	(898)	1,660	(1,884)	(5,366)
Legal fees	4,215	4,254	18,322	11,585
Office and general	162	1,387	1,120	9,367
Rent and office services	-	2,565	855	8,248
Shareholder communications	181	438	1,906	1,696
Stock exchange and filing fees	875	-	9,642	8,991
Transfer agent	674	418	4,576	4,957
Loss for the period before other item	8,776	79,423	47,618	241,895
Loss on disposal of equipment	-	-	1,114	-
Loss and comprehensive loss for the period	\$ 8,776	\$ 79,423	\$ 48,732	\$ 241,895
Loss per share - basic and diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Weighted-average shares outstanding – basic and diluted	54,740,523	49,436,175	51,663,281	49,436,175

- the accompanying notes are an integral part of these financial statements -

BLACKHEATH RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER

Canadian Dollars

Unaudited

CASH RESOURCES PROVIDED BY (USED IN)	2019	2018
Operating activities		
Loss for the period	\$ (48,732)	\$ (241,895)
Items not involving cash:		
Loss on disposal of equipment	1,114	-
Unrealized foreign exchange gain	-	(3,931)
Write-off of performance deposits	-	116,885
Depreciation	237	768
Changes in non-cash working capital		
Receivables	5,619	52,184
Prepaid expenses	855	6,289
Accounts payable and accrued liabilities	(23,568)	386
	<u>(64,475)</u>	<u>(69,314)</u>
Investing activities		
Proceeds from sale of equipment	<u>1,000</u>	<u>-</u>
Financing activities		
Subscriptions received in advance	25,000	25,000
Loans received from related parties	-	15,000
	<u>25,000</u>	<u>40,000</u>
Change in cash position for the period	(38,475)	(29,314)
Cash position - beginning of period	<u>65,062</u>	<u>50,912</u>
Cash position - end of period	\$ 26,587	\$ 21,598

Supplemental schedule of non-cash financing transactions

Shares issued for subscription received in advance	\$ 100,000	\$ -
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BLACKHEATH RESOURCES INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2019

Canadian Dollars

Unaudited

1. NATURE OF OPERATIONS AND GOING CONCERN

Blackheath Resources Inc. (the "Company") is a mineral exploration company and is considered to be in the exploration stage with respect to its Borralha property in Portugal, which has been optioned to a third party. Based on the information available to date, the Company has not yet determined whether its mineral property contains economically recoverable ore reserves. The Company's continuing operation is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the financing necessary to maintain operations and successfully complete its exploration and development, and the attainment of future profitable production at Borralha (*Note 5*). The Company is incorporated under the British Columbia Business Corporations Act and its registered office is located at 10th Floor – 595 Howe Street, Vancouver, British Columbia, Canada.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Several adverse conditions and material uncertainties cast significant doubt upon the validity of this assumption. The Company has no source of operating revenue, is unable to self-finance operations, and has significant cash requirements to maintain its mineral interest and overhead requirements. The Company has incurred operating losses since inception. As at 30 September 2019, the Company had an accumulated deficit of \$8,863,099 and a working capital deficiency of \$107,547. The Company's working capital resources are insufficient to meet its overhead requirements for the ensuing twelve months.

While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future or that such funding will be completed on favourable terms. If for any reason the Company is unable to secure the additional sources of financing to continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements; such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance and basis of presentation

These condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these financial statements.

Except for the adoption of IFRS 16 on 1 January 2019, as detailed below, these condensed interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's audited financial statements including the notes thereto for the year ended 31 December 2018. All financial information presented herein is unaudited. The Company's board of directors approved these condensed interim financial statements for issue on 21 November 2019.

Adoption of new accounting standard

On 1 January 2019, the Company adopted IFRS 16 – *Leases*, according to which all leases are presented on the balance sheet, except those that meet the limited exception criteria. The Company currently has no lease agreements and therefore the adoption of this new standard had no impact on the Company's financial statements.

BLACKHEATH RESOURCES INC.**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS****30 SEPTEMBER 2019**

Canadian Dollars

Unaudited

3. SHARE CAPITAL AND CONTRIBUTED SURPLUS

The Company's authorized share capital consists of an unlimited number of voting common shares without par value. There were no shares issued from treasury or changes in contributed surplus during the year ended 31 December 2018.

In October 2018, the Company optioned its Borralha project to a third party (Note 5). As part of the agreement, the third party subscribed for 2,000,000 shares of the Company at a price of \$0.05 per share (\$100,000 share subscription received in 2018) and will make certain future annual investments of \$25,000 at market prices, subject to regulatory approval, until a final exploitation license is granted on the property or the option is terminated. Shareholder approval for the agreement and private placement was received in April 2019; upon receiving regulatory approval, the Company issued 2,000,000 shares from treasury in May 2019. In September 2019, the Company received a share subscription of \$25,000 in respect of the first annual investment due under the agreement (Note 9).

4. STOCK OPTIONS AND WARRANTS

The Company has an incentive stock option plan that complies with the rules set forth by the TSX Venture Exchange. Stock option and warrant activity is summarized as follows:

	Warrants		Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding – 31 December 2017	14,712,750	\$ 0.14	3,470,000	\$ 0.13
Expired	(7,358,750)	\$ 0.18	-	
Outstanding – 31 December 2018 and 30 September 2019	7,354,000	\$ 0.10	3,470,000	\$ 0.13
Exercisable – 30 September 2019	7,354,000	\$ 0.10	3,470,000	\$ 0.13

At 30 September 2019, the Company had outstanding stock options and warrants as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	2,390,000	\$ 0.13	30 December 2020
	360,000	\$ 0.13	5 July 2021
	720,000	\$ 0.13	26 July 2021
	3,470,000		
Warrants	7,354,000	\$ 0.10	19 July 2020

The outstanding options have a weighted average remaining life of 1.42 years; the outstanding warrants have a remaining life of 0.80 years.

BLACKHEATH RESOURCES INC.**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS****30 SEPTEMBER 2019**

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5. EXPLORATION AND EVALUATION**Borralha, Portugal**

In December 2012, the Company entered into an option agreement to acquire up to a 100% interest in the Borralha tungsten project located in northern Portugal. The Company paid the owner of the property (the "Optionor") €25,000 upon signing and in addition to keeping the concessions in good standing, must pay the Optionor an additional €100,000 upon the grant of a preliminary exploitation license and €1,000,000 upon the grant of a final exploitation license.

In October 2018, the Company optioned the Borralha project to a third party (the "Optionee"). Under the terms of the agreement, the Optionee must fulfill all of the terms of the original agreement with the Optionor and incur \$5 million on exploration and evaluation expenditures or complete a feasibility study to earn a 90% interest in the project. The Company will retain a 10% working interest in Borralha, which may be converted to a 1% net smelter returns royalty at the Company's option. As part of the agreement, the third party subscribed for 2,000,000 shares of the Company at a price of \$0.05 per share and will make future annual investments of \$25,000 at market prices until a final exploitation license is granted on the property or the option is terminated (Note 3).

Expenditures

The Company expenses exploration and evaluation expenditures in the period incurred. Expenditures for the periods ended 30 September are as follows:

Portugal	2019	2018
Covas (i)		
Administration	\$ -	\$ 1,254
Camp and general	-	10,619
Geological	-	6,930
Legal, license, and taxes	-	79,335
	-	98,138
Bejanca (ii)		
Administration	-	11,203
Camp and general	-	1,193
Legal, license, and taxes	-	37,550
	-	49,946
Borralha		
Administration	-	11,962
Camp and general	-	1,601
Field materials	-	72
Geological	-	27,117
Travel and accommodation	-	1,096
	-	41,848
	\$ -	\$ 189,932

- (i) The Company abandoned the Covas project in March 2018 – legal, license, and taxes consists of the write-off of a performance deposit of €50,000 paid to the government of Portugal.
- (ii) The Company abandoned the Bejanca project in September 2018 – legal, license, and taxes consists of the write-off of a performance deposit of €25,000 paid to the government of Portugal.

BLACKHEATH RESOURCES INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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6. COMMITMENTS

The Company has management and administration contracts with two of its directors and one of its officers. The agreements call for aggregate payments of \$26,000 per month and provide for severance payments should the contracts be terminated without cause. Effective 1 January 2017, these directors and officer agreed to waive payment or accrual of any monthly fees until further notice.

7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management includes executive and non-executive directors and executive officers. There was no compensation paid or payable to key management, or companies controlled by key management, during the period from 1 January 2017 to 30 September 2019. Accounts payable includes \$51,000 (31 December 2018 - \$51,000) in fees due to key management, which were accrued during 2016.

8. SEGMENTED INFORMATION

The Company currently operates in only one operating segment, that being the mineral exploration industry. The Company's corporate offices are located in Canada and its current mineral exploration activities are conducted in Portugal. Except for its mineral interests, all of the Company's physical assets are held in Canada.

9. SUBSEQUENT EVENT

Subsequent to 30 September 2019, the Company issued 500,000 shares at a price of \$0.05 per share in respect of the first annual private placement required under the Borralha option agreement (*Note 5*) for which a \$25,000 subscription was received prior to 30 September 2019.