

BLACKHEATH RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2020

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

2 November 2020

BLACKHEATH RESOURCES INC.
CONDENSED INTERIM BALANCE SHEETS

Canadian Dollars

Unaudited

	As at 30 September 2020	As at 31 December 2019
ASSETS		
Current		
Cash	\$ 194,250	\$ 19,134
Receivables	2,617	1,977
	<u>\$ 196,867</u>	<u>\$ 21,111</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 93,037	\$ 106,831
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 3)	8,296,946	8,088,780
Contributed surplus (Note 3)	681,740	667,166
Deficit	<u>(8,874,856)</u>	<u>(8,841,666)</u>
	<u>103,830</u>	<u>(85,720)</u>
	<u>\$ 196,867</u>	<u>\$ 21,111</u>

Nature of operations and going concern (Note 1)

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 2018	4,943,618	\$ 7,963,780	\$ 667,166	\$ 100,000	\$ (8,814,367)	\$ (83,421)
Private placement - shares	200,000	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	5,143,618	\$ 8,063,780	\$ 667,166	\$ 25,000	\$ (8,863,099)	\$ (107,153)
Balance – 31 December 2019	5,193,618	\$ 8,088,780	\$ 667,166	\$ -	\$ (8,841,666)	\$ (85,720)
Private placement - units	4,539,090	249,650	-	-	-	249,650
Share issuance costs	-	(26,910)	-	-	-	(26,910)
Finders' warrants issued	-	(14,574)	14,574	-	-	-
Loss and comprehensive loss for the period	-	-	-	-	(33,190)	(33,190)
Balance – 30 September 2020	9,732,708	\$ 8,296,946	\$ 681,740	\$ -	\$ (8,874,856)	\$ 103,830

- 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 2020	Three Months 30 September 2019	Nine Months 30 September 2020	Nine Months 30 September 2019
Expenses				
Accounting and audit	\$ 3,084	\$ 3,500	\$ 10,159	\$ 12,844
Depreciation	-	67	-	237
Foreign exchange loss (gain)	613	(898)	1,355	(1,884)
Legal fees	2,602	4,215	6,085	18,322
Office and general	392	162	584	1,120
Rent and office services	-	-	-	855
Shareholder communications	1,573	181	2,371	1,906
Stock exchange and filing fees	550	875	8,817	9,642
Transfer agent	1,345	674	3,819	4,576
Loss for the period before other item	10,159	8,776	33,190	47,618
Loss on disposal of equipment	-	-	-	1,114
Loss and comprehensive loss for the period	\$ 10,159	\$ 8,776	\$ 33,190	\$ 48,732
Loss per share - basic and diluted	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01
Weighted-average shares outstanding – basic and diluted	8,252,570	5,474,052	6,220,711	5,166,328

- 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)	2020	2019
Operating activities		
Loss for the period	\$ (33,190)	\$ (48,732)
Items not involving cash:		
Loss on disposal of equipment	-	1,114
Depreciation	-	237
Changes in non-cash working capital		
Receivables	(640)	5,619
Prepaid expenses	-	855
Accounts payable and accrued liabilities	(13,794)	(23,568)
	<u>(47,624)</u>	<u>(64,475)</u>
Investing activities		
Proceeds from sale of equipment	-	1,000
Financing activities		
Shares issued for cash	249,650	-
Share issuance costs	(26,910)	-
Subscriptions received in advance	-	25,000
Loans received from related parties	30,000	-
Repayment of loans received from related parties	(30,000)	-
	<u>222,740</u>	<u>25,000</u>
Change in cash position for the period	175,116	(38,475)
Cash position - beginning of period	19,134	65,062
Cash position - end of period	<u>\$ 194,250</u>	<u>\$ 26,587</u>

Supplemental schedule of non-cash financing transactions

Shares issued for subscription received in advance	\$ -	\$ 100,000
Warrants issued as finders' fees	\$ 14,574	\$ -

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

BLACKHEATH RESOURCES INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2020

Canadian Dollars

Unaudited

1. NATURE OF OPERATIONS AND GOING CONCERN

Blackheath Resources Inc. (the "Company") is a mineral exploration company incorporated under the British Columbia Business Corporations Act and has its registered office located at 10th Floor – 595 Howe Street, Vancouver, British Columbia, Canada. The Company has a royalty interest in the Borralha tungsten property located in Portugal, which is in the exploration stage and is being advanced by another company. Based on the information available to date, the Company has not yet determined whether the Borralha property contains ore reserves.

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 for at least the next twelve months. Several adverse conditions and material uncertainties cast significant doubt upon the validity of this assumption. The Company has no source of operating revenue and is unable to self-finance operations and meet its overhead requirements. The Company has incurred operating losses since inception and as at 30 September 2020 had an accumulated deficit of \$8,874,856. The Company's 30 September 2020 working capital of \$103,830 is sufficient to meet its current overhead requirements and settle accounts payable for the ensuing twelve months, however, in order to acquire new mineral prospects and return to active exploration, the Company will need to raise additional equity funding.

The Company's continuing operation is dependent upon its ability to realize proceeds from, or from the sale of, its royalty interest in the Borralha project (*Note 5*) and its ability to obtain the financing necessary to meet its current obligations and fund future corporate and administrative expenses. 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. In addition, the COVID-19 pandemic has introduced significant uncertainty in the capital markets, which may affect the ability of junior exploration companies to raise equity to fund exploration activities.

If for any reason the Company is unable to secure additional sources of financing and 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

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.

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 2019. All financial information presented herein is unaudited. The Company's board of directors approved these condensed interim financial statements for issue on 2 November 2020.

BLACKHEATH RESOURCES INC.**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS****30 SEPTEMBER 2020**

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.

Effective 9 December 2019, the Company consolidated its outstanding common shares on the basis of one post-consolidation share for every ten pre-consolidation shares. All information and per-share amounts in respect of issued and outstanding shares, incentive stock options, share purchase warrants, and loss per share have been retrospectively adjusted to reflect the consolidation.

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 pre-consolidation shares of the Company at a price of \$0.05 per share for which a share subscription of \$100,000 was received during 2018. The option agreement also provided for this third party to 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 pre-consolidation shares from treasury in May 2019 (200,000 post-consolidation shares). In September 2019, the Company received a share subscription of \$25,000 in respect of the first annual investment due under the agreement.

In July 2020, the Company completed a private placement of 4,539,090 units at a price of \$0.055 per unit for gross proceeds of \$249,650. Each unit consisted of one common share of the Company and one non-transferable share purchase warrant entitling the holder to purchase one additional common share of the Company at an exercise price of \$0.07 per share for a period of 36 months. The Company paid \$13,989 and issued 254,341 finder warrants to qualified finders; the finder warrants carry the same terms as the private placement warrants and were valued at \$14,574 using the Black-Scholes Option-Pricing Model. Legal and filing costs totalled \$12,921.

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 2018 and 2019	735,875	\$ 1.00	347,000	\$ 1.30
Issued	4,793,431	\$ 0.07	-	
Expired	<u>(735,875)</u>	\$ 1.00	<u>-</u>	
Outstanding – 30 September 2020	<u>4,793,431</u>	<u>\$ 0.07</u>	<u>347,000</u>	<u>\$ 1.30</u>
Exercisable – 30 September 2020	<u>4,793,431</u>	<u>\$ 0.07</u>	<u>347,000</u>	<u>\$ 1.30</u>

BLACKHEATH RESOURCES INC.**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS****30 SEPTEMBER 2020**

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4. STOCK OPTIONS AND WARRANTS - continued

At 30 September 2020, the Company had outstanding stock options and warrants as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	239,000	\$ 1.30	30 December 2020
	36,000	\$ 1.30	5 July 2021
	<u>72,000</u>	\$ 1.30	26 July 2021
	347,000		
Warrants	4,793,431	\$ 0.07	30 July 2023

The outstanding options have a weighted-average exercise price of \$1.30 and a weighted-average remaining life of 0.42 years. The outstanding warrants have a weighted-average exercise price of \$0.07 and a weighted-average remaining life of 2.83 years.

5. EXPLORATION AND EVALUATION

The Company expenses exploration and evaluation expenditures in the period incurred. There were no expenditures incurred during the periods ended 30 September 2020 or 2019.

Borralha, Portugal

In December 2012, the Company entered into an option agreement with the owner (the "Optionor") of the Borralha tungsten project, located in northern Portugal, whereby the Company could acquire up to a 100% interest in the project. 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 exploration and evaluation expenditures of \$5 million or complete a feasibility study to earn a 90% interest in the project.

As part of the agreement, the Optionee subscribed for common shares of the Company (Note 3) 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.

The agreement provided for the Company retaining a 10% working interest in Borralha, which could be converted to a 1% net smelter returns royalty ("NSR") at the Company's option. In December 2019, the Company elected to convert its interest in the Borralha project into a 1% NSR.

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6. 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 parties related to key management during the periods ended 30 September 2020 or 2019. Accounts payable includes \$51,000 in fees due to key management, which were accrued, without terms, during 2016.

During the period, the Company received and repaid temporary loan advances totalling \$30,000 from certain of its directors and officers. These advances were interest-free, unsecured, and due on demand.

7. 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 interest consists of an NSR on a property located in Portugal.