

LODGE RESOURCES INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
For The Nine Months Ended August 31, 2019

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Company and all information contained in the report have been prepared by and are the responsibility of the Company's management. The Board of Directors has reviewed the condensed interim financial statements and related financial reporting matters.

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

LODGE RESOURCES INC.

Consolidated Interim Statement of Financial Position

(Expressed in Canadian Dollars)

As at	Note	August 31, 2019	November 30, 2018
ASSETS			
Current			
Cash		\$ 24,274	\$ 93,097
Accounts Receivable		966	-
Prepaid expenses		20,313	5,313
Total current		45,553	98,410
Exploration and evaluation assets	3	29,775	5,000
Total assets		\$ 75,328	\$ 103,410
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable		\$ 12,923	\$ -
Accrued liabilities		13,446	21,446
Total liabilities		26,369	21,446
Shareholders' equity			
Share capital	5	110,250	110,250
Reserve	5	16,047	-
Deficit		(77,338)	(28,286)
Total shareholders' equity		48,959	81,964
Total liabilities and shareholders' equity		\$ 75,328	\$ 103,410

These financial statements were approved by the Board of Directors on October 28, 2019:

"Steve Mathiesen"

Steve Mathiesen, Director

"Howard Milne"

Howard Milne, Director

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

LODGE RESOURCES INC.

Consolidated Interim Statement of Loss and Comprehensive Loss

For the Three and Nine Months ended August 31, 2019

(Unaudited- Expressed in Canadian Dollars)

	Three Months Ended August 31, 2019	Nine Months Ended August 31, 2019
EXPENSES		
Bank charges and interest	\$ 51	\$ 237
General and administrative	---	252
Professional fees	315	6,058
Regulatory and filing fees	8,570	26,458
Share-based payments (Note 5)	<u>---</u>	<u>16,047</u>
Net loss and comprehensive loss	\$ 8,936	\$ 49,052
Loss per share – basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	3,825,000	3,825,000

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

LODGE RESOURCES INC.

Consolidated Interim Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total Equity
Balance, October 24, 2018 (date of incorporation)	-	\$ -	\$ -	\$ -	\$ -
Issuance of common shares	3,825,000	110,250	-	-	110,250
Net and comprehensive loss	-	-	-	(28,286)	(28,286)
Balance, November 30, 2018	3,825,000	\$ 110,250	\$ -	\$ (28,286)	\$ 81,964
Share-based payments	-	-	16,047	-	16,047
Net and comprehensive loss	-	-	-	(49,052)	(49,052)
Balance, August 31, 2019	3,825,000	\$ 110,250	\$ 16,047	\$ (77,338)	\$ 48,959

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

LODGE RESOURCES INC.
Consolidated Interim Statement of Cash Flows
(Expressed in Canadian Dollars)

	Nine months Ended August 31, 2019
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Cash flows used in operating activities:	
Net and comprehensive loss	\$ (49,052)
Adjustments for non-cash items:	
Share-based payments	16,047
Changes in non-cash working capital items:	
Accounts receivable	(966)
Prepaid expenses	(20,000)
Accounts payable and accrued liabilities	9,923
Net cash used in operating activities	<u>(44,048)</u>
Investing Activities:	
Expenditures on Exploration and Evaluation Assets	<u>(24,775)</u>
Increase in Cash	(68,823)
Cash, beginning	<u>93,097</u>
Cash, ending	<u>\$24,274</u>

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Lodge Resources Inc. (the "Company") was incorporated in the Province of British Columbia on October 24, 2018, under the Business Corporations Act of British Columbia. The Company is in the business of exploration of mineral properties. The Company's registered office is Suite 1510 - 789 West Pender Street, Vancouver BC V6C 1H2 and its business office is located at 3730 Southridge Ave., West Vancouver, BC V7V 3H8.

These unaudited consolidated interim financial statements have been prepared 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 the foreseeable future. As at August 31, 2019, the Company is not able to finance day to day activities through operations and has an accumulated deficit of \$77,338. The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with loans from directors and companies controlled by directors and/or issuance of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. SUMMARY SIGNIFICANT ACCOUNTING

Basis of preparation

Statement of compliance

These unaudited consolidated interim financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The unaudited interim financial statements, prepared in conformity with accounting policies consistent with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual financial statements. Since the unaudited consolidated interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited consolidated financial statements for the reporting period ended November 30, 2018.

Basis of measurement

These unaudited consolidated interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The unaudited consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted.

Consolidation

These unaudited consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Lodge Minerals Inc., which is incorporated in BC. The results of any subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Accounting Standards and Interpretations Issued but Not Yet Adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

LODGE RESOURCES INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED AUGUST 31, 2019

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*New standard IFRS 16 “Leases”*

This new standard replaces IAS 17 “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. EXPORATION AND EVALUATION ASSETS

The Company's wholly owned subsidiary, Lodge Minerals Inc., entered into an Option Agreement (“Option”) dated October 31, 2018, with an arms-length party to acquire 100% of mineral claims located in British Columbia, known as the Comstock Property. Pursuant to the Option, the Company, on and after the date (“Listing Date”) that its common share are listed for trading on the Canadian Securities Exchange (“Exchange”), shall issue common shares and make payments and expenditures as follows:

Date	Number of Shares	Cash Payments	Expenditures
Paid on signing Option Agreement	-	\$ 5,000 (paid)	\$ -
Listing Date	100,000	10,000	-
June 21, 2019	-	-	25,000
1st Anniversary of Listing Date	100,000	-	75,000
2nd Anniversary of Listing Date	100,000	20,000	100,000
3rd Anniversary of Listing Date	100,000	30,000	100,000
4th Anniversary of Listing Date	200,000	250,000	300,000
TOTAL	600,000	\$ 315,000	\$ 600,000

The optionor has retained a 2% net smelter return royalty and the Company may acquire 1% of the NSR by paying a one-time sum of \$1,000,000 at any time prior to the commencement of commercial production on the property.

During the three month period ended August 31, 2019, the Company made expenditures of \$24,775 with respect to the property, which was accepted by the optionor as fulfilling the requirement of expenditures of \$25,000 by June 21, 2019.

4. RELATED PARTY TRANSACTIONS*Key management compensation*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. There was no remuneration of directors and key management personnel for the periods ended August 31,

LODGE RESOURCES INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED AUGUST 31, 2019

(Expressed in Canadian dollars)

2019 and November 30, 2018.

5. SHARE CAPITAL

Authorized share capital

Unlimited number of Common shares without par value

Common Shares

On October 24, 2018, the Company issued 1,800,000 Common shares at \$0.005 per share to a director and a company controlled by a director for gross proceeds of \$9,000.

On November 29, 2018, the Company issued 2,025,000 Common shares at \$0.05 per share for gross cash proceeds of \$101,250, of which 840,000 were issued to directors and a company controlled by a director.

On January 21, 2019, the Company executed an escrow agreement (the “Escrow Agreement”), whereby all common shares issued to related parties are subject to escrow requirements. Pursuant to the Escrow Agreement, the shares will be released pro rata to such shareholders as to 10% on the date of final Exchange (defined below) notice and 15% every six months thereafter over a 36 month period. The escrowed shares are subject to the direction and determination of the Exchange. Specifically, escrowed shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the Exchange.

Initial public offering

On May 24, 2019, the Company entered into an agency agreement (the “Agreement”) with PI Financial Corp. (“PI Financial”) where PI Financial will act as agent to offer the Company’s common shares in an initial public offering (the “IPO”) at a price of \$0.10 per common share to raise \$350,000.

Under the terms of the Agreement, the Company agreed to pay a cash commission of 8% of the gross proceeds from the IPO and \$23,625 in corporate finance fees, legal fees, and other expenses to PI Financial. In addition, the Company promises to grant a non-transferable option (the “Agent’s Options”) to purchase up to 280,000 common shares (the “Agent’s Shares”) equal to 8% of the securities sold in the IPO at an exercise price of \$0.10 per Agent’s Share, expiring 24 months from the date of listing on the Canadian Securities Exchange (the “Exchange”).

Stock options and warrants

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with Exchange policies, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares issued and outstanding from time to time. Such options are non-transferable and are exercisable at a price per share not below the closing traded price on the day before the date of grant for a period of up to ten years from the date of grant.

Stock options are summarized as follows:

	Number	Weighted average exercise price	Weighted average life (years)
Balance, November 30, 2018	-	\$ -	-
Granted	500,000	0.10	4.85

LODGE RESOURCES INC.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED AUGUST 31, 2019

(Expressed in Canadian dollars)

Balance, August 31, 2019	500,000	\$	0.10	4.85
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5. SHARE CAPITAL (continued)

On January 8, 2019, the Company granted options for 500,000 shares to directors and officers of the Company, exercisable at \$0.10 per share, expiring November 15, 2023. The fair value of the stock options granted using the Black-Scholes Options Pricing Model was \$16,047.

The fair value of the stock options granted for the nine months ended August 31, 2019 was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	August 31, 2019
Risk-free interest rate	1.89%
Estimated life (years)	4.85
Expected volatility	100%
Expected dividend yield	0%
Forfeiture rate	0%

Warrants

The Company has not issued any stock warrants or other dilutive instruments as at August 31, 2019 and November 30, 2018.