

VIZSLA RESOURCES CORP.
(formerly Vizsla Capital Corp.)

Condensed Interim Financial Statements

Six months ended October 31, 2018

Expressed in Canadian Dollars

[Unaudited – prepared by management]

VIZSLA RESOURCES CORP.

907 – 1030 West Georgia Street, Vancouver, B.C., V6E 3B9
Telephone (604) 838-4327

NOTICE OF NO AUDITOR REVIEW

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

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim financial statements.

VIZSLA RESOURCES CORP.

(formerly Vizsla Capital Corp.)

Condensed Interim Statement of Financial Position

Expressed in Canadian dollars

[Unaudited – prepared by management]

As at	October 31 , 2018	April 30, 2018
		\$
ASSETS		
Current assets		
Cash	512,085	90,778
GST receivable	18,436	775
Due from related party (Note 7)	5,000	13,324
Total current assets	535,521	104,877
Deferred financing costs	-	41,755
Computer equipment (Note 4)	2,722	3,155
Exploration and evaluation assets (Note 5)	385,899	127,809
Total assets	924,142	277,596
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	104,604	5,625
Flow through share premium liability (Note 6d)	17,000	*
Deferred tax liability	17,432	17,432
Total liabilities	139,036	23,057
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	823,595	299,000
Reserve (Note 6e)	23,702	-
Deficit	(67,191)	(44,461)
Total shareholders' equity	785,106	254,539
Total liabilities and shareholders' equity	924,142	277,596

Note 1 - Nature of operations and going concern

Note 8 – Commitments

Note 11 – Susequent events

These financial statements are authorized for issue by the Board of Directors on December 19, 2018:

They are signed on the Company's behalf by:

"Michael Konnert"
Director

"Chris Dyakowski"
Director

The accompanying notes are an integral part of these financial statements

VIZSLA RESOURCES CORP.

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Condensed Interim Statement of Loss and Comprehensive Loss

Expressed in Canadian dollars, except for number of shares

[Unaudited – prepared by management]

	Three months ended October 31, 2018	Six months ended October 31, 2018	Incorporation on September 26, 2017 to October 31, 2018
	\$	\$	
General and administrative expenses			
Administration	230	230	-
Amortization	197	433	-
Filing and transfer agent fees	1,300	1,300	-
Management fees	10,000	10,000	-
News releases	2,500	2,500	-
Office and miscellaneous	2,178	2,235	29
Professional fees	369	12,418	-
Travel and promotion	4,113	4,113	-
Website	5,000	5,000	-
Loss before income taxes	25,866	38,230	29
Income tax recovery (Note 6d)	(20,500)	(20,500)	-
Net loss and comprehensive loss for the period	5,386	17,730	29
Basic and diluted loss per share	(0.00)	(0.00)	(29)
Weighted average number of common shares			
- Basic and diluted	8,201,994	6,975,997	1

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VIZSLA RESOURCES CORP.

(formerly Vizsla Capital Corp.)

Condensed Interim Statement of Cash Flows

Expressed in Canadian dollars

[Unaudited – prepared by management]

	Six Months Ended October 31, 2018	Incorporation on September 26, 2017 to October 31, 2018
	\$	\$
Operating activities		
Net loss for the period	(17,730)	(29)
Less Items not involving cash:		
Amortization	433	-
Income tax recovery	(20,500)	-
Changes in non-cash working capital items:		
Exploration advance	-	-
GST receivable	(7,738)	-
Accounts payable and accrued liabilities	14,976	-
Due to or from related parties	8,324	15,100
Net cash flows used in operating activities	(22,235)	15,071
Investing activities		
Exploration and evaluation assets investments	(188,187)	(15,000)
Net cash flows used in investing activities	(188,187)	(15,000)
Financing activities		
Share subscriptions received in advance		
Issuance of common shares, net of share issue costs	631,729	-
Net cash flows derived from financing activities	631,729	-
Increase in cash	421,307	71
Cash, beginning of period	90,778	-
Cash, end of period	512,085	71

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VIZSLA RESOURCES CORP.

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Condensed Interim Statements of Changes in Equity

Expressed in Canadian dollars, except for number of shares

[Unaudited – prepared by management]

	Common shares		Reserve	Deficit	Total
	Number	Amount			
		\$	\$	\$	\$
Balance, incorporation on September 26, 2017	1	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	(29)	(29)
Balance October 31, 2017	1	-	-	(29)	(29)
Shares issued for cash pursuant to private placements:					
@ \$0.005 per share	1,700,000	8,500	-	-	8,500
@ \$0.05 per share	200,000	10,000	-	-	10,000
@ \$0.05 per share (flow-through)	1,950,000	97,500	-	-	97,500
@ \$0.10 per share	900,000	90,000	-	-	90,000
@ \$0.10 per share (flow-through)	1,000,000	100,000	-	-	100,000
Share issue costs, (Note 6b)	-	(7,000)	-	-	(7,000)
Net loss and comprehensive loss for the period	-	-	-	(44,432)	(44,432)
Balance, April 30, 2018	5,750,001	299,000	-	(44,461)	254,539
Shares issued pursuant to Initial Public Offering (Note 5)	5,083,333	800,000	-	-	800,000
Share issue costs (Notes 6b and 6e)		(267,905)	23,702	-	(244,203)
Flow through share premium (Note 6d)	-	(37,500)	-	-	(37,500)
Shares issued for mineral property (Note 5)	200,000	30,000	-	-	30,000
Net loss and comprehensive loss for the period	-	-	-	(17,730)	(17,730)
Balance, October 31, 2018	11,033,334	823,595	23,702	(62,191)	785,106

The accompanying notes are an integral part of these financial statements

VIZSLA RESOURCES CORP.

(formerly Vizsla Capital Corp.)

Notes to Condensed Interim Financial Statements

Expressed in Canadian Dollars

[Unaudited – prepared by management]

October 31, 2018

1. Nature and Continuance of Operations and Going Concern

The Company was incorporated on September 26, 2017 under the Business Corporations Act (British Columbia) under the name Vizsla Capital Corp. On March 6, 2018, the Company changed its name to Vizsla Resources Corp. The Company's principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment.

On October 24, 2017, the Company entered into an option agreement to acquire a 100% interest in 4 mineral claims located in the Princeton Mining Division in the Province of British Columbia. (See Note 5)

The head office and principal address of the Company is located at 907 – 1030 West Georgia Street, Vancouver, B.C., V6E 3B9.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and exploration costs is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

These financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company emphasises that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern the most significant of these being the Company's ability to carry out its business objectives dependent on the Company's ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future. Other uncertainties include the fact that the Company is currently in the exploration stage for its interests in the Kathleen Mountain property in British Columbia, Canada (see Note 3), the economic viability of which have not been fully assessed. The Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of capitalized costs on the Kathleen Mountain property is uncertain and dependent upon projects achieving commercial production or sale. The outcome of these matters cannot be predicted at this time. The Company is considering a number of alternatives to secure additional capital including obtaining funding facilities or equity financings. Although management intends to secure additional financing there is no assurance management will be successful or that it will establish future profitable operations. These factors together raise substantial doubt about the Company's ability to continue as a going concern.

	October 31 2018	April 30 2018
Deficit	\$ (62,191)	\$ (44,461)
Working capital (deficiency)	430,918	\$ 99,252

If the going concern assumption was not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such amounts would be material.

VIZSLA RESOURCES CORP.

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Notes to Condensed Interim Financial Statements

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[Unaudited – prepared by management]

October 31, 2018

2. Significant Accounting Policies

Statement of Compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard 34 – *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all of the information required for full annual financial statements.

The financial statements were approved by the Board of Directors of the Company on December 19, 2018.

Basis of Presentation

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting except cash flow information.

Cash

Cash consists of cash on hand and deposits in banks with no restrictions. Cash equivalents include money market instruments that are readily convertible to cash and have maturities at the date of purchase of less than ninety days. There were no cash equivalents as at April 30, 2018.

Equipment

Equipment are recorded at cost less accumulated depreciation and impairment losses. The Company starts to depreciate equipment when assets are ready and put into services. Depreciation of computer equipment is calculated using an annual rate of 30% declining balance over their respective estimated useful life.

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate. Equipment are written down to the net recoverable value when management determines there has been a change in circumstances which indicates its carrying amount may not be recoverable. Any gain or loss on disposal of an item of equipment is recognized in profit or loss.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets. Such costs include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

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2. Significant Accounting Policies (cont'd...)

Mining exploration tax credit

Mining tax credits are recorded as a reduction of the related deferred exploration expenditures upon receipts from the Canada Revenue Agency (“CRA”). These non-repayable mining credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration expenditures.

Asset retirement obligation

Provisions for the decommissioning, restoration and rehabilitation are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of capital will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management’s best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. Upon initial recognition of the liability, the corresponding costs are added to the carrying amount of the related asset and amortized as an expense, using a systematic method, over the economic life of the asset. Following initial recognition of the asset retirement obligation, the carrying amount of the liability is adjusted annually for the passage of time and changes to the amount or timing of the underlying cash flows needed to settle the obligation. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. The Company does not have any asset retirement obligation as at October 31, 2018.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase warrants are recognized as a deduction from equity, net of any tax effects.

Flow-through shares

Flow-through shares expenditure deductions for income tax purposes related to exploratory activities funded by flow-through equity instruments are renounced to investors in accordance with income tax legislation. The proceeds from issuance are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A flow through share premium liability is recognized for this difference and included in deferred tax recovery at the time the qualifying expenditures are made.

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2. Significant Accounting Policies (cont'd...)

Flow-through shares (cont'd...)

A deferred tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled when eligible expenditures have been incurred and management establishes the intent to make renunciation filings with the appropriate taxation authorities. In respect of prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

Share issue costs

Professional, consulting, regulatory and other costs directly attributable to equity financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

Share purchase warrants

The Company bifurcates units consisting of common shares and share purchase warrants using the residual value approach whereby it first measures the common share component of the unit at fair value using quoted market prices as input values and then allocates any residual amount to the warrant component of the unit. The residual value of the warrant component is credited to contributed surplus. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants. When warrants are exercised, the corresponding assigned value of the warrants is reclassified to share capital. Warrants that are issued as payments for agency fee or other transactions costs are accounted for as share-based payments.

Share based payments

Share based payments to directors, officers and consultants are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received. The corresponding amount is recorded to the contributed surplus. The Company applies the fair value method of accounting for share-based payments and the fair value is calculated using the Black-Scholes option pricing model.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

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2. Significant Accounting Policies (cont'd...)

Income taxes (cont'd...)

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

Segment information

The Company currently conducts substantially all of its operations in Canada under one business segment.

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and due from related parties. Cash are classified as fair value through profit or loss and recorded at fair value. Due from related parties are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

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[Unaudited – prepared by management]

October 31, 2018

2. Significant Accounting Policies (cont'd...)

Financial instruments (cont'd...)

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of loss and comprehensive loss.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of loss and comprehensive loss.

All financial assets, except those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria are applied for each category of financial assets described above to determine impairment.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of operation and comprehensive loss.

Other financial liabilities – This category includes accounts payables and accrued liabilities, which is recognized at amortized cost.

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Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at October 31, 2018 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective.

The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

IFRS 9 Financial instruments (“IFRS 9”)

IFRS 9, issued on July 24, 2014, is the IASB’s replacement of IAS 39, Financial Instruments: Recognition and Measurement (IAS 39”). IFRS 9 introduces new requirements for the classification and measurements of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities and amends the impairment model by introducing a new “expected credit loss” model for calculating impairment. It also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The Company currently does not practice hedge accounting but will continue to evaluate the impact of the change to the consolidated financial statements based on the characteristics of financial instruments outstanding at the time of adoption of IFRS 9.

IFRS 16, Leases (“IFRS16”)

IFRS 16 was issued on January 13, 2016 and replaces the current guidance in IAS 17, Leases (“IAS17”). IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS16’s approach to lessor accounting substantially unchanged from IAS17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company’s financial statements

3. Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. 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.

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3. Significant accounting judgments and estimates (cont'd...)

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgment has been applied include:

- Impairment of exploration and evaluation assets (E&E assets)
In accordance with the Company's accounting policy, the Company's E&E assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Management has assessed for impairment indicators for the Company's E&E assets and has concluded that no indicators of impairment were identified, and the Company plans to continue with its objective of developing the Kathleen Mountain Mineral Property.

- The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuring year as they fall due, and to fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Significant areas requiring the use of management estimates and assumptions include:

- Assessing whether deferred tax assets and liabilities are recognized in accordance with IAS 12, *Income taxes*.

4. Computer equipment

	Cost	Amortization	Carrying amount
September 26, 2017	-	-	-
Additions	3,155	-	3,155
April 30, 2018	3,155	-	3,155
Additions	-	(433)	(433)
October 31, 2018	\$ 3,155	(433)	2,722

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5. Exploration and Evaluation Assets

Kathleen Mountain Property, Princeton Mining Division, British Columbia

On October 24, 2017 (“Effective Date”), the Company entered into an option agreement to acquire a 100% interest in 4 mining claims located in the Princeton Mining District of British Columbia. To acquire the 100% interest, the Company must make cash payments of \$105,000 and issue 200,000 of the Company’s common shares as follows:

Date	Cash	Shares
Within 10 days after execution and delivery of the Agreement (paid)	\$ 15,000	-
Within 10 days after listing of the Company’s shares on the TSXV or such other public securities market or exchange (paid and issued)	\$ 20,000	200,000
Six-month anniversary after listing of the Company’s shares on the TSXV or such other public securities market or exchange	\$ 20,000	-
Twelfth-month anniversary after listing of the Company’s shares on the TSXV or such other public securities market or exchange	\$ 25,000	-
Eighteenth anniversary after listing of the Company’s shares on the TSXV or such other public securities market or exchange	<u>\$ 25,000</u>	<u>-</u>
	<u>\$ 105,000</u>	<u>200,000</u>

During the term of the option, the Company is required to keep the claims in good standing, and to incur minimum Exploration Expenditures on the Properties of not less than an aggregate of \$300,000 as follows:

1. \$100,000 by the first anniversary of the Effective Date (incurred); and
2. an additional \$200,000 by the second anniversary of the Effective Date (incurred).

These claims are also subject to a 2% Net Smelter Return Royalty payable commencing from the date upon which the Property is put into commercial production, one-half (50%) of which can be acquired at a purchase price of \$500,000, leaving the Optionor with a 1.0% remaining Net Smelter Royalty.

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5. Exploration and Evaluation Assets (cont'd...)

Expenditure related to the properties can be summarized as follows:

	Balance April 30, 2018	Additions	Balance October 31, 2018
	\$	\$	\$
Acquisition costs			
Additions during the period			
Property option payments			
- cash	15,000	20,000	35,000
- shares	-	30,000	30,000
	15,000	50,000	65,000
Exploration costs			
Additions during the period			
Airborne geophysical survey	84,000	-	84,000
Fieldwork	2,205	13,025	15,230
Geological consulting	-	2,000	2,000
Geophysical survey	-	126,900	126,900
Project management (Note 7)	14,657	26,857	41,514
Reports	10,251	3,269	13,520
Soil sampling	-	19,232	19,232
Travel, supplies and field expenses	1,696	16,807	18,503
	112,809	208,090	320,899
Balance, end of period	127,809	258,090	385,899

6. Share Capital

a) Authorized:

Unlimited number of common shares with no par value.

b) Issued and Outstanding

As at October 31, 2018, 11,033,334 (April 30, 2018 - 5,750,001) common shares with no par value were issued and outstanding.

During the period from incorporation on September 26, 2017 to the Company's fiscal year ended April 30, 2018 the Company issued Common Shares of the Company (the "Shares") as follow:

- 1 Share at a price of \$0.01 per Share upon Incorporation.
- 1,700,000 Shares at a price of \$0.005 per Share for gross proceeds of \$8,500.
- 200,000 Shares at a price of \$0.05 per Share for gross proceeds of \$10,000.
- 1,950,000 flow-through Common Shares of the Company (the "FT Shares") at a price of \$0.05 per FT Share for gross proceeds of \$97,500. Each FT Share is a Common Share of the Company that qualifies as a "flow-through share" within the meaning of the Tax Act.
- 1,000,000 flow-through Common Shares of the Company (the "FT Shares") at a price of \$0.10 per FT Share for gross proceeds of \$100,000. Each FT Share is a Common Share of the Company that qualifies as a "flow-through share" within the meaning of the Tax Act. In connection therewith, the Company paid a cash finders fee in the amount of \$3,500.
- 900,000 Shares at \$0.10 per Share for gross proceeds of \$90,000. In connection therewith, the Company paid a cash finders fee in the amount of \$3,500.

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6. Share Capital (cont'd...)

b) Issued and Outstanding (cont'd...)

On September 19, 2018, the Company completed an Initial Public Offering (“IPO”, “Offering”), whereby the Company issued an aggregate of 4,333,333 Common Shares of the Company (the “Shares”) at a price of \$0.15 per Share for gross proceeds of \$650,000 and 750,000 flow-through Common Shares of the Company (the “FT Shares”) at a price of \$0.20 per FT Share for gross proceeds of \$150,000. Each FT Share is a Common Share of the Company that qualifies as a “flow-through share” within the meaning of the Tax Act.

The Company paid the agent a cash commission of \$56,000, a corporate finance fee of \$25,000 cash plus 355,833 Agent’s warrants at a fair value of \$23,702 (Note 6e). The Company also incurred and paid to the Agent reasonable expenses associated with the offering in the amount of \$33,058. Additional share issue costs were incurred for legal, accounting, filing and printing fees associated with the IPO.

On September 27, 2018, the Company issued 200,000 common shares pursuant to the acquisition of the Kathleen Mountain Property (Note 5).

c) Escrow shares

As at October 31, 2018 the Company has 3,195,001 common shares held in escrow. These common shares held in escrow are released as follows: - 10% released on the date the Company’s securities are listed on a Canadian exchange (355,000 released on September 19, 2018); and - 15% released every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings.

d) Flow-through shares

The Company issued 1,950,000 common shares on a flow-through basis at a price of \$0.05 per share for gross proceeds of \$97,500 and 1,000,000 common shares on a flow-through basis at a price of \$0.10 per share for gross proceeds of \$100,000 (Note 6b).

On September 19, 2018, the Company completed an initial public offering of its shares and issued 750,000 common shares on a flow-through basis at a price of \$0.20 per share for gross proceeds of \$150,000 (see Note 6b) and recognized a liability on flow-through share premium of \$37,500.

The Company renounced total proceeds of \$197,500 on a look-back basis as of December 31, 2017 and intends to renounce an additional \$150,000 as of December 31, 2018. As at October 31, 2018, the Company has incurred approximately \$279,000 (April 30, 2018 - \$98,152) of qualified expenditures and has approximately \$68,500 (April 30, 2018 - \$99,348) unspent flow-through proceeds, resulting in a \$20,500 reversal of the flow-through share premium liability. As at October 31, 2018 the flow through premium liability is \$17,000.

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6. Share Capital (cont'd...)

e) Agent Warrants

	Number Outstanding	Exercise Price	Expiry Date	Remaining Life
October 31, 2018	355,833	\$0.15	September 19, 2020	1.89 years

On September 19, 2018, upon the closing of IPO (Note 6b), the Company paid a cash commission of 7% of the aggregate gross proceeds of the Offering to the agent in the amount of \$56,000. The Company also issued 355,833 agents warrants. Each warrant is exercisable to purchase an additional common share of the Company at a price of \$0.15 per share on or before September 19, 2020.

The fair value of warrant granted was \$0.07 per warrant as estimated using Black-Sholes option pricing model for a cumulative total of \$23,702, which was recorded against contributed surplus. The following assumptions were used in the Black-Sholes model to determine the fair value of the warrants granted were as follows:

Risk-free interest rate	2.17%
Expected dividend yield	-
Expected Volatility	81%
Expected terms in years	2 years

7. Related Party Balances and Transactions

During the six months ended October 31, 2018, the Company has the following related party transactions:

- Paid or accrued management fees of \$10,000 (2017 - \$Nil) to a company controlled by a Director and the Chief Executive Officer of the Company (Note 8).
- Included in exploration and evaluation assets is \$26,857 (2017 - \$Nil) paid or accrued during the period to Max Investments Inc. a company controlled by a Director of the Company for project management services, and \$2,400 (2017 - \$Nil) for fieldwork paid or accrued by the company to the Director. Included in accounts payable and accrued liabilities as at October 31, 2018 is \$49,826 accrued and payable to Max Investments Inc. for exploration expenditures incurred for the Kathleen Mountain Property on behalf of the Company.
- Included in share issue costs is \$7,500 (2017 - \$Nil) paid to the Company's Chief Financial Officer for services rendered in connection to the Company's Initial Public Offering.

Include in accounts payable as at October 31, 2018, the Company has \$187 (April 30, 2018 - \$Nil) owed to the Company's Chief Executive Officer for expenses incurred on behalf of the Company and \$5,000 (April 30, 2018 - \$13,324) due from the Company's Chief Executive Officer for funds advanced.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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8. Commitments

The Company entered into a consulting agreement with a company controlled by the Chief Executive Officer to provide management services for \$5,000 per month.

See Note 5.

9. Financial Instruments

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to note 1 for further details related to the ability of the Company to continue as a going concern.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2018, the Company had a cash balance of \$512,085 (April 30, 2018 - \$90,778) to settle accounts payable and accrued liabilities of \$104,604 (April 30, 2018 - \$5,625). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole 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.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

Cash is held with reputable banks in Canada. The long-term credit rating of these banks, as determined by Standard and Poor's, was A+.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

Fair value hierarchy

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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9. Financial Instruments (cont'd...)

The Company's financial instruments are cash and accounts payable and accrued liabilities. Cash is measured at fair value and is considered to be Level 1 instruments.

Financial instruments that are not measured at fair value are represented by other receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

10. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Kathleen Mountain property claims in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will

continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The capital structure of the Company consists of shareholder's equity, comprising issued capital and deficit. The Company is not exposed to any externally imposed requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. Subsequent events

The Company announced it has entered into a definitive share exchange agreement dated December 17, 2018 with NorthBase Resources Inc., pursuant to which the Company has agreed to acquire all of the issued and outstanding common shares of NorthBase. NorthBase will become a wholly owned subsidiary of the Company as a result of the acquisition. NorthBase is a private British Columbia company which controls a district-scale (20,265 hectare) land package known as the Blueberry Property in the Babine porphyry copper district in central British Columbia.

Subject to regulatory authority approvals and consents, including the approval of the TSX Venture Exchange and under the terms of the acquisition, the holders of NorthBase shares will receive one common share of the Company in exchange for each NorthBase share held. The Company will issue an aggregate 9,100,001 common shares in connection with the acquisition. The shares will be subject to a four month hold period.