

**SHANE RESOURCES LTD.**

207-120 Sonnenschein Way

Saskatoon, SK

S7M 0W2

**SHANE RESOURCES LTD.**

**Condensed Interim Financial Statements**

**For the nine months ended September 30, 2019**

**(unaudited)**

**(Expressed in Canadian Dollars)**

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements of Shane Resources Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management. These financial statements, along with the accompanying notes, have been reviewed and approved by the members of the Company’s audit committee.

In accordance with Canadian Securities Administrators National Instruments 51-102, the Company discloses that these unaudited condensed interim financial statements have not been reviewed by the Company’s auditors.

**SHANE RESOURCES LTD.**

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**  
**AS AT**

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 551	\$ -
Receivables	3,532	626
	<u>\$ 4,083</u>	<u>\$ 626</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 13,755	\$ 12,500
	<u>\$ 13,755</u>	<u>\$ 12,500</u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Capital stock (Note 5)	6,797,012	6,725,012
Deficit	(6,806,684)	(6,736,886)
	<u>(9,672)</u>	<u>(11,874)</u>
	<u>\$ 4,083</u>	<u>\$ 626</u>

**Nature of operations** (Note 1)

**Going Concern** (Note 2)

**Subsequent Event** (Note 9)

The accompanying notes are an integral part of the condensed interim financial statements.

Approved and authorized by the Board of Directors on November 28, 2019:

“KYLE KOZUSKA”

\_\_\_\_\_  
Director

“GREG BIRCH”

\_\_\_\_\_  
Director

**SHANE RESOURCES LTD.**

**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Operating costs</b>				
Filing fees	\$ 16,618	\$ -	\$ 17,870	\$ -
Management and consulting fees (Note 7)	2,000	-	3,500	-
Professional fees	11,333	-	46,212	-
Transfer agent	-	-	2,216	-
	(29,951)	-	(69,798)	-
<b>Net loss and comprehensive loss for the period</b>	(29,951)	-	(69,798)	-
<b>Loss per share - diluted</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Weighted average common shares</b>	47,203,079	26,490,750	47,203,079	26,490,750
<b>Loss per share - basic</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Basic common shares</b>	112,160,910	26,490,750	112,160,910	26,490,750
<b>Diluted common shares</b>	47,203,079	26,490,750	47,203,079	26,490,750

The accompanying notes are an integral part of the condensed interim financial statements.

**SHANE RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<b>For the period ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2019</b>	<b>2018</b>
<b>Cash flows used in operating activities</b>		
Net loss for the period	\$ (69,798)	\$ -
Non-cash working capital item changes:		
Receivables	(2,906)	-
Payables and accrued liabilities	1,255	-
	(71,449)	-
<b>Cash flows provided by financing activities</b>		
Issuance of share capital	72,000	-
	72,000	-
<b>Increase in cash</b>	551	-
<b>Cash, beginning of year</b>	-	-
<b>Cash, end of period</b>	\$ 551	\$ -
<b>Cash (paid) received during the period for income taxes and interest</b>	\$ -	\$ -

The accompanying notes are an integral part of the condensed interim financial statements.

**SHANE RESOURCES LTD.**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

(Expressed in Canadian Dollars)  
(Unaudited)

	Number of Shares	Capital Stock	Deficit	Total
<b>Balance December 31, 2017</b>	<b>26,490,750</b>	<b>\$ 6,725,012</b>	<b>\$ (6,724,386)</b>	<b>\$ 626</b>
Loss for the period	-	-	-	-
<b>Balance September 30, 2018</b>	<b>26,490,750</b>	<b>6,725,012</b>	<b>(6,724,386)</b>	<b>626</b>
<b>Balance December 31, 2018</b>	<b>26,490,750</b>	<b>6,725,012</b>	<b>(6,736,886)</b>	<b>(11,874)</b>
Issuance of shares	85,670,160	72,000	-	72,000
Loss for the period	-	-	(69,798)	(69,798)
<b>Balance September 30, 2019</b>	<b>112,160,910</b>	<b>\$ 6,797,012</b>	<b>\$ (6,806,684)</b>	<b>\$ (9,672)</b>

The accompanying notes are an integral part of the condensed interim financial statements.

# SHANE RESOURCES LTD.

## Notes to the Condensed Interim Financial Statements September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

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### 1. Nature of Operations

Shane Resources Ltd. (the “Company”) is a corporation incorporated under the laws of Saskatchewan.

The Company has no business other than to identify, evaluate and negotiate an acquisition, or business, or an interest therein.

On January 31, 2014, the shareholders, on a “majority of minority” basis, authorized the delisting of the Company’s shares from the NEX board of the TSX Venture Exchange. Shareholders also approved the sale of substantially all of the assets of the Company and the winding up of the Company.

On June 20, 2014, the Company was dissolved.

On December 21, 2018 the Company was revived. On May 9, 2019, the Securities Division of the Financial and Consumer Affairs Authority of Saskatchewan issued a variation order of its cease trade order dated June 11, 2014, which variation order: (i) authorized the Company to enter into a loan agreement with an arm’s length lender in the amount of \$10,000 which is convertible into 20,000,000 common shares of the Company at \$0.0005 per share and 20,000,000 warrants of the Company at an exercise price of \$0.002 per share; and (ii) authorized the Company to distribute common shares to raise a total of \$62,000, of which the Company proposes to issue 46,226,875 common shares at \$0.0005 per share and 19,443,285 common shares at \$0.002 per share.

On May 9, 2019, the Securities Division of the Financial and Consumer Affairs Authority of Saskatchewan issued a variation order (the “variation order”) to vary a cease trade order issued against the Company on June 11, 2014 (the “CTO”), which variation order was solely for the purpose of allowing the Company to enter into the loan agreement, the conversion of the loan and the private placement. The securities issued pursuant to the conversion of loan and the private placement are subject to the CTO. There is no guarantee that the CTO will be fully revoked and until such time as the CTO is fully revoked, the securities will remain subject to the CTO.

### 2. Going Concern

These condensed interim financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going-concern, 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. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

As at September 30, 2019, the Company had a working capital deficit of \$9,672. The Company’s liquidity is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

# SHANE RESOURCES LTD.

## Notes to the Condensed Interim Financial Statements September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

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### 2. Going Concern (cont'd...)

The Company has not generated revenue from operations and will require additional financing to maintain its operations and activities. These material uncertainties and conditions may cast significant doubt as to the Company's ability to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

### 3. Basis of Presentation

#### Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS34, Interim financial reporting. The comparative information has also been prepared on this basis.

This is the first set of the Company's condensed interim financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in Note 4.

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim financial statements were authorized for issue by the Board of Directors on November 28, 2019.

#### Basis of measurement

These condensed interim financial statements are presented in Canadian dollars, unless otherwise stated.

#### Critical accounting judgments and estimates

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.



# SHANE RESOURCES LTD.

## Notes to the Condensed Interim Financial Statements September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

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### 3. Basis of Presentation (cont'd...)

#### *Critical judgments in applying accounting policies*

The preparation of these condensed interim financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 2.

### 4. Significant Accounting Policies

The condensed interim financial statements of the Company have been prepared in accordance with IFRS and reflect the following significant accounting policies:

#### **Recent Accounting Pronouncements**

The Company has initially adopted *IFRS 15 Revenue from contracts with customers* and *IFRS 9 Financial instruments* from January 1, 2018. The effect of initially applying these standards did not have a material impact on the Company's financial statements. In the case of IFRS 15, because the Company does not have any revenue from contracts with customers the adoption of this standard did not have any effect on the Company's financial statements.

#### *IFRS 9 Financial instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *IAS 39 Financial instruments: recognition and measurement*. There was no material impact to the Company's financial statements as a result of transitioning to IFRS 9.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

#### (a) Classification and measurement of financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of "held to maturity", "loans and receivables" and "available for sale".

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out in the following paragraph.

A financial asset is classified as measured at "amortized cost", "fair value through other comprehensive income (FVOCI)" or "fair value through profit and loss (FVTPL)". The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the

# SHANE RESOURCES LTD.

## Notes to the Condensed Interim Financial Statements September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

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### 4. Significant Accounting Policies (cont'd...)

#### Recent Accounting Pronouncements

standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets, which consist of receivables, are classified at FVTPL.

#### (b) Impairment of financial assets

An "expected credit loss (ECL)" model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of receivables.

The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets on the transition date given that the receivables are substantially all current and that the Company's financial assets are not of a nature which is subject to customer default.

On January 13, 2016, the IASB issued IFRS 16 – Leases, the new leases standard. The standard is effective for periods beginning on or after January 1, 2019. The Company has analyzed the impact of adopting IFRS 16 and anticipates that there will be no material changes as a result of adopting this new standard.

### 5. Capital Stock and Reserves

The authorized capital stock of the Company is an unlimited number of common shares and unlimited number of preferred shares issuable in series. As at September 30, 2019, the Company had 112,160,910 common shares outstanding.

On May 27, 2019, the Company announced that Loomac Management Ltd. acquired, pursuant to the conversion of a loan in the amount of \$10,000 advanced by Loomac Management Ltd. to the company, 20,000,000 units of the Company at a price of \$0.0005 per unit. Each unit consists of one common share and one common share purchase warrant ("warrant"), each warrant entitling the holder to purchase one additional common share at an exercise price of \$0.002 per share until May 27, 2024. The common shares, the warrants and the common shares issuable upon exercise of the warrants are subject to a statutory four-month hold period and cease trade order dated June 11, 2014 issued against the Company by the Securities Division of the Financial and Consumer Affairs Authority of Saskatchewan.

On May 27, 2019, the Company announced that Loomac Management Ltd. acquired, pursuant to a private placement, beneficial ownership and control of 40,000,000 common shares at a price of \$0.0005 per share which have a four-month hold period and cease trade order dated June 11, 2014 issued against the Company by the Securities Division of the Financial and Consumer Affairs Authority of Saskatchewan.

On June 25, 2019, the Company has also closed the private placement where the Company issues (i) 6,226,875 common shares, at a subscription price of \$0.0005 per common share; and (ii) 19,443,285 common shares, at a subscription price of \$0.002 per common share. The common shares are subject to a statutory four-month hold

# SHANE RESOURCES LTD.

## Notes to the Condensed Interim Financial Statements September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

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### 5. Capital Stock and Reserves (cont'd...)

period and cease trade order dated June 11, 2014 issued against the Company by the Securities Division of the Financial and Consumer Affairs Authority of Saskatchewan.

#### Stock Options

The Company has established a share-based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and contractors of the Company as well as persons providing ongoing services to the Company. The aggregate number of shares issuable under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. Unless otherwise determined by the Board of Directors of the Company (the "Board"), the exercise price of options equals at least the closing price of the common shares on the day prior to the date of the grant. Stock options vest in accordance with the determination of the Board at the time of the grant and may be granted for up to a ten-year term in accordance with TSX Venture Exchange policy.

#### Options Granted

During the nine months ended September 30, 2019, the Company granted no stock options and had no stock options outstanding.

#### Warrants

The following is a summary of warrants outstanding as at September 30, 2019 and December 31, 2018:

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	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2018	-	\$ -
Issued	20,000,000	0.002
Outstanding at September 30, 2019	20,000,000	0.002

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As at September 30, 2019, the Company had the following warrants outstanding:

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Outstanding	Exercise Price	Remaining Contractual Life (years)	Expiry Date
20,000,000	\$ 0.002	4.66	May 27, 2024

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# SHANE RESOURCES LTD.

## Notes to the Condensed Interim Financial Statements September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

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### 7. Related Party Transactions

Related parties and related party transactions impacting the accompanying condensed interim financial statements are summarized below and include transactions with the following individuals or entities:

#### Key management personnel

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 executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the nine months ended	
	September 30, 2019	September 30, 2018
Consulting and professional fees	\$ 26,000	\$ -
	<u>\$ 26,000</u>	<u>\$ -</u>

#### Other related parties

As at September 30, 2019, \$9,500 (December 31, 2018, \$7,500) was included in accounts payable due to the directors and officers of the Company

### 8. Financial Instruments and Capital Risk Management

The Company's condensed interim financial instruments consist of receivables, and accounts payable.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

#### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's receivables consist of GST/HST receivable due from the government of Canada. The Company does not believe it is exposed to significant credit risk.

# SHANE RESOURCES LTD.

## Notes to the Condensed Interim Financial Statements September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

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### 8. Financial Instruments and Capital Risk Management (cont'd...)

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company as of September 30, 2019 had cash of \$551 and \$13,755 in current liabilities. The Company is exposed to liquidity risk.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a decline in the interest rate is low, as the Company has no investments with variable interest rates.

##### b) Foreign currency risk

As at September 30, 2019, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As a result, the Company believes its currency risk to be minimal.

##### c) Price risk

Price risk is related to equity and commodity price risks. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. As the Company holds no equity or commodity related investments or assets, the Company has no exposure to price risk.

# SHANE RESOURCES LTD.

## Notes to the Condensed Interim Financial Statements September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

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### 8. Financial Instruments and Capital Risk Management (cont'd...)

#### *Capital management*

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

### 9. Subsequent Event

On November 12, 2019, the Company announced that on November 8, 2019 the Financial and Consumers Affairs Authority, Securities Division of Saskatchewan issued an order revoking its previously issued cease trade order in respect of the securities of the Corporation.