

# **SIERRA GROWTH CORP.**

**(formerly GRENVILLE GOLD CORP.)**

**Condensed Consolidated Interim Financial Statements**

**For the Three and Nine Months Ended September 30, 2019 and 2018**

**(Unaudited, Expressed in Canadian Dollars)**

## **NOTICE TO READER**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

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

**SIERRA GROWTH CORP. (formerly Grenville Gold Corp.)**  
**CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited, in Canadian dollars)*

	Note	September 30, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 456,001	\$ 1,078,371
Receivables		2,196	4,747
		458,197	1,083,118
<b>Non-Current Assets</b>			
Property, plant and equipment		1,351	2,162
Exploration and evaluation assets	3	1,731,901	1,496,430
		<b>\$ 2,191,449</b>	<b>\$ 2,581,710</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	4	\$ 105,997	\$ 151,283
Advance payable	5	-	100,000
<b>TOTAL LIABILITIES</b>		105,997	251,283
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	11,553,280	11,319,732
Reserves		4,188,605	4,327,153
Deficit		(13,656,433)	(13,316,458)
		2,085,452	2,330,427
		<b>\$ 2,191,449</b>	<b>\$ 2,581,710</b>
Nature and continuance of operations	1		
On behalf of the Board of Directors		<u>"Sonny Janda"</u> Sonny Janda, Director	<u>"Shaun Dykes"</u> Shaun Dykes, Director

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

**SIERRA GROWTH CORP. (formerly Grenville Gold Corp.)****CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS***(Unaudited, in Canadian dollars)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Revenue</b>				
Consulting	\$ -	\$ 9,524	\$ -	\$ 9,524
	-	9,524	-	9,524
<b>Operating Expenses</b>				
Amortization	270	270	811	811
Consulting fee	10,000	-	104,500	-
Filing and transfer fees	2,872	1,558	21,609	32,104
Foreign exchange	842	(1,120)	(23,061)	1,058
Impairment of exploration and evaluation assets	-	-	-	135,236
Management fees	20,145	41,998	99,379	62,721
Office and general	9,475	3,862	32,381	4,952
Professional fees	30,374	17,363	79,356	27,347
Project investigation costs	-	106	-	14,365
Rent	-	-	25,000	7,500
	73,978	64,037	339,975	286,094
<b>Net loss and comprehensive loss</b>	\$ (73,978)	\$ (54,513)	\$ (339,975)	\$ (276,570)
<b>Basic and diluted comprehensive loss per share</b>	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>				
- Basic and diluted	41,107,095	28,178,792	40,654,348	28,178,792

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

**SIERRA GROWTH CORP. (formerly Grenville Gold Corp.)**

**CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

*(Unaudited, in Canadian dollars, except share number)*

	Share Capital		Reserves				Total
	Number	Amount	Options	Equity portion of convertible debt	Warrants	Deficit	
<b>Balance, December 31, 2017</b>	<b>29,020,984</b>	<b>\$ 10,191,065</b>	<b>\$ 2,872,403</b>	<b>\$ -</b>	<b>\$ 1,454,750</b>	<b>\$ (12,874,437)</b>	<b>\$ 1,643,781</b>
Net loss for the period	-	-	-	-	-	(276,570)	(276,570)
<b>Balance, September 30, 2018</b>	<b>29,020,984</b>	<b>10,191,065</b>	<b>2,872,403</b>	<b>-</b>	<b>1,454,750</b>	<b>(13,151,007)</b>	<b>1,367,211</b>
Shares issued for cash	10,025,000	1,002,500	-	-	-	-	1,002,500
Equity portion of a convertible debenture	-	-	-	30,435	-	-	30,435
Settlement of convertible debenture with cash	-	-	-	(6,087)	-	-	(6,087)
Shares issued on the conversion of a debenture	1,111,111	126,167	-	(24,348)	-	-	101,819
Net loss for the period	-	-	-	-	-	(165,451)	(165,451)
<b>Balance, December 31, 2018</b>	<b>40,157,095</b>	<b>11,319,732</b>	<b>2,872,403</b>	<b>-</b>	<b>1,454,750</b>	<b>(13,316,458)</b>	<b>2,330,427</b>
Exercise of warrants	950,000	233,548	-	-	(138,548)	-	95,000
Net loss for the period	-	-	-	-	-	(339,975)	(339,975)
<b>Balance, September 30, 2019</b>	<b>41,107,095</b>	<b>\$ 11,553,280</b>	<b>\$ 2,872,403</b>	<b>\$ -</b>	<b>\$ 1,316,202</b>	<b>\$ (13,656,433)</b>	<b>\$ 2,085,452</b>

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

**SIERRA GROWTH CORP. (formerly Grenville Gold Corp.)**  
**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited, in Canadian dollars)*

	Note	Nine Months Ended September 30,	
		2019	2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (339,975)	\$ (276,570)
Interests paid on short-term loan		-	13,514
Items not involving cash:			
Amortization		811	811
Impairment of exploration and evaluation assets	3	-	135,236
Changes in non-cash working capital:			
Receivables		2,551	(2,045)
Prepaid expenses		-	(499,329)
Accounts payable and accrued liabilities		(45,286)	(10,741)
<b>Net cash used in operating activities</b>		<b>(381,899)</b>	<b>(639,124)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of equipment		-	(3,243)
Exploration and evaluation assets	3	(235,471)	(137,021)
<b>Net cash used in investing activities</b>		<b>(235,471)</b>	<b>(140,264)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loan repayment	7	-	(157,800)
Loan borrowed		-	500,000
Proceeds from exercise of warrants	8	95,000	-
Advance payable	5	(100,000)	-
<b>Net cash used in financing activities</b>		<b>(5,000)</b>	<b>342,200</b>
<b>Change in cash</b>		<b>(622,370)</b>	<b>(437,188)</b>
<b>Cash, beginning of period</b>		<b>1,078,371</b>	<b>441,556</b>
<b>Cash, end of period</b>		<b>\$ 456,001</b>	<b>\$ 4,368</b>

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

**SIERRA GROWTH CORP. (formerly Grenville Gold Corp.)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three and Nine Months Ended September 30, 2019

*(Unaudited, expressed in Canadian dollars)*

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Sierra Growth Corp. (formerly Grenville Gold Corp.) (the “Company”) was incorporated under the laws of the province of Ontario by articles of incorporation effective November 17, 1994. On June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia. On February 15, 2019, the Company changed its name from Grenville Gold Corp. to Sierra Growth Corp.

Prior to October 16, 2018, the Company was listed on the TSX Venture Exchange (“TSX-V”) under the symbol “GVG”, the Company has since delisted from the TSX-V and is now listed on the Canadian Securities Exchange (“CSE”) under the symbol “SGRO” as well as on the Berlin and Frankfurt stock exchanges in Germany under the symbol “F91Q”, and a pink sheet listing (“OTCPP”) in the United States under the symbol “SIERF”.

The head office, principal address and records office of the Company are 4770 – 72<sup>nd</sup> Street, Delta, British Columbia, Canada, V4K 3N3.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at September 30, 2019, the Company had not advanced its property to commercial production and is not able to finance day-to-day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate 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 over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares. Should the Company be unable to continue as going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 22, 2019.

## 2. BASIS OF PRESENTATION

### Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Commencing January 1, 2019, the Company adopted IFRS 16 *Leases*, which replaces IAS 17 *Leases*. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts, and record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. This change in the new standard does not have significant impact to the Company’s financial statements.

### Basis of Measurement

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

### Basis of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of Incorporation	Percentage Owned	
		March 31, 2019	December 31, 2018
Genville Silveria Ltd.	Canada	100%	100%
Grenville Espanola Holdings Ltd.	Canada	100%	100%
Minera Grenville S.A.C.	Peru	100%	100%
Minera Espanola S.A.C.	Peru	100%	100%
Upper Canyon Minerals Peru S.A.C.	Peru	100%	100%
Inversiones Mineras Alexander S.A.C.	Peru	100%	100%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.



## **2. BASIS OF PRESENTATION (Continued)**

### **Significant Estimates and Assumptions**

The preparation of these 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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised in any future periods affected.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, and the recoverability and measurement of deferred tax assets.

### **Significant Judgments**

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed consolidated interim financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- the classification of financial instruments; and
- the determination of the functional currency of the parent company and its subsidiaries.

### **Functional Currency**

The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of the Company's subsidiaries is the Canadian dollar.

**SIERRA GROWTH CORP. (formerly Grenville Gold Corp.)**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three and Nine Months Ended September 30, 2019

*(Unaudited, expressed in Canadian dollars)***3. EXPLORATION AND EVALUATION ASSETS**

	Espanola	Silver Mountain	Total
Balance, December 31, 2017	\$ 1,364,229	\$ 135,236	\$ 1,499,465
Acquisition	132,201	-	132,201
Impairment charge	-	(135,236)	(135,236)
Balance, December 31, 2018	1,496,430	-	1,496,430
Maintenance of mineral properties	235,471	-	235,471
Balance, September 30, 2019	\$ 1,731,901	\$ -	\$ 1,731,901

**Espanola Property**

The Company owns 100% of the Espanola property which consists of 17 claims in the San Mateo Mining District in the province of Canete, Peru. During the nine months ended September 30, 2019, the Company capitalized its renewal fees of \$235,471 (2018 - \$nil).

**4. TRADE PAYABLES AND ACCRUED LIABILITIES**

	June 30, 2019	December 31, 2018
	\$	\$
Accounts payable	85,538	136,788
Accrued liabilities	20,459	14,495
	105,997	151,283

**5. ADVANCE PAYABLE**

In connection with the Company's issuance of 10,000,000 shares in a private placement during the year ended December 31, 2018, one of the subscribers paid \$100,000 in excess of the agreed issuance. The Company recorded this balance as an advance as at December 31, 2018 with the amount refunded during the first quarter of 2019 without any terms of interest.

**6. CONVERTIBLE DEBENTURE PAYABLE**

During the year ended December 31, 2018, the Company issued a convertible debenture to an unrelated party for a principal amount of \$500,000. This debenture was convertible into common shares of the Company at a conversion price of \$0.09 per share at the option of the holder. This convertible debenture was unsecured, was due to mature one year from issuance and bore interest of 8% per annum.

**SIERRA GROWTH CORP. (formerly Grenville Gold Corp.)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three and Nine Months Ended September 30, 2019

*(Unaudited, expressed in Canadian dollars)*

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**6. CONVERTIBLE DEBENTURE PAYABLE (continued)**

The Company estimated the market interest rate for a similar debt instrument without a conversion feature to be 15% and recorded the debenture at its fair value of \$469,565. The resulting discount attributable to the equity conversion feature of the instrument in the amount of \$30,435 was recorded in equity reserves at the inception of the debenture. The Company recorded accretion expense of \$9,096 at the year ended December 31, 2018.

In December 2018, the Company repaid \$410,083 to the holder which included \$400,000 in principal and \$10,083 in accrued interest and incurred a loss on the early settlement of \$17,071. The holder opted to convert the remaining principal balance of \$100,000 into 1,111,111 common shares of the Company.

**7. SHORT-TERM LOAN**

On June 28, 2017, the Company entered into a loan agreement with an unrelated entity to borrow \$150,000 at an interest rate of 10% per annum. This loan was repayable on demand. During the year ended December 31, 2018, the Company repaid the loan in full, including \$7,800 in accrued interest which was recorded at the year ended December 31, 2018.

**8. SHARE CAPITAL**

Authorized share capital:   An unlimited number of common shares without par value  
  An unlimited number of preferred shares without par value

2019

During the three months ended March 31, 2019, 50,000 warrants were exercised for gross proceeds of \$5,000.

During the three months ended June 30, 2019, 900,000 warrants were exercised for gross proceeds of \$90,000.

2018

In November 2018, the Company closed a private placement financing consisting of 10,000,000 units at a price of \$.10 per unit for proceeds of \$1,000,000. Each unit consists of one common share and one common share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of \$0.10 per share for a period of six months after issuance, subject to a 30-day accelerated expiry upon announcement by the Company that its shares have traded at \$0.50 or more for ten consecutive trading days.

**SIERRA GROWTH CORP. (formerly Grenville Gold Corp.)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
 Three and Nine Months Ended September 30, 2019  
*(Unaudited, expressed in Canadian dollars)*

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**8. SHARE CAPITAL** (continued)

In December 2018, 25,000 warrants were exercised for gross proceeds of \$2,500.

Also in December 2018, the holder of the Company's convertible debenture opted to convert \$100,000 into 1,111,111 common shares of the Company at the contractual price of \$0.09 per share (Note 6).

**Stock Options**

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of options. The term of the stock options granted is fixed by the Board of Directors and is not to exceed five years. The exercise prices of the stock options granted may not be less than the minimum then specified by the rules of the CSE. Vesting periods are determined by the Board. As at September 30, 2019 and December 31, 2018, there was no outstanding option.

**Warrants**

Warrant transactions as at September 30, 2019 and December 31, 2018 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding at December 31, 2017	-	\$ -
Warrants issued	10,000,000	0.10
Warrants exercised	(25,000)	0.10
Warrants outstanding at Decmeber 31, 2018	9,975,000	0.10
Warrants exercised	(950,000)	0.10
Warrants expired	(9,025,000)	0.10
Warrants outstanding at September 30, 2019	-	\$ -

As at September 30, 2019, there was no outstanding warrant.

**8. SHARE CAPITAL** (continued)

**Stock Option Reserve**

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

**Warrant Reserve**

The warrant reserve records the fair value of warrants issued until such time that they are exercised, at which time the corresponding amount will be transferred to share capital.

**Equity Portion of Convertible Debt Reserve**

The equity component of convertible debt reserve records the fair value of conversion option of convertible debentures.

**9. RELATED PARTY TRANSACTIONS**

The Company considers key management to be directors or senior officers of the Company. Transactions with related parties for goods and services are made in normal commercial terms.

During the three months ended September 30, 2019, the Company incurred \$6,000 (2018 - \$nil) in professional fees to a company owned by the CFO and \$30,000 in professional fees to a company owned by the CEO (2018 - \$nil).

During the nine months ended September 30, 2019, the Company incurred \$10,000 (2018 - \$nil) in professional fees to a company owned by the CFO and \$104,500 in professional fees to a company owned by the CEO (2018 - \$nil).

As at September 30, 2019, \$6,000 (December 31, 2018 - \$31,598) is included in trade payables and accrued liabilities from amounts owing to a company owned by the CFO.

**10. SEGMENTED INFORMATION**

The Company has just one operating segment, the exploration and evaluation of mineral properties. All of the Company's equipment and exploration and evaluation assets are located in Peru.