
GTA FINANCECORP INC.
(formerly GTA RSOURCES AND MINING INC.)

Condensed Interim Financial Statements

June 30, 2019

(Unaudited)

(Expressed in Canadian Dollars)

These condensed interim financial statements have not been reviewed by the Company's auditors.

GTA FINANCECORP INC.
(formerly GTA RESOURCES AND MINING INC.)
(Unaudited)
(Expressed in Canadian Dollars)

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June 30, 2019 and 2018

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GTA FINANCECORP INC. (formerly GTA RESOURCES AND MINING INC.)**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited)

(Expressed in Canadian Dollars)

As at	June 30, 2019		March 31, 2019	
Assets				
Current assets				
Cash and cash equivalents	\$	16,236	\$	52,723
Miscellaneous receivables		6,378		18,230
Prepaid expenses		487		3,974
Investments (Note 4)		824,272		1,151,185
		<u>847,373</u>		<u>1,226,112</u>
Exploration and evaluation assets (Note 5)		-		-
	\$	<u>847,373</u>	\$	<u>1,226,112</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$	167,789	\$	185,437
Dividend payable (Note 4)		1,151,185		1,151,185
Loan payable (Note 6)		425,000		425,000
Liability for flow-through shares (Note 11)		-		-
		<u>1,743,974</u>		<u>1,761,622</u>
Shareholders' equity				
Share capital (Note 7)		10,293,208		10,293,208
Contributed surplus (Note 7)		219,043		219,043
Deficit		(11,408,852)		(11,047,761)
		<u>(896,601)</u>		<u>(535,510)</u>
	\$	<u>847,373</u>	\$	<u>1,226,112</u>

Commitments and contingencies (Note 11)

Approved by the Board of Directors

"Peter Clausi"

Director

"Brian Crawford"

Director

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

GTA FINANCECORP INC. (formerly GTA RSOURCES AND MINING INC.)
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(Expressed in Canadian Dollars)

Three months ended June 30	2019		2018	
Operating expenses				
General and administration costs	\$	827	\$	1,110
Filing and transfer agent fees		26,915		62,340
Professional fees		6,436		7,088
Share based compensation		-		45,631
Loss before other (income) expenses		34,178		116,169
Unrealized loss on investment		326,913		-
Loss before income taxes		361,091		116,169
Deferred tax benefit		-		(1,846)
Net loss and comprehensive loss	\$	361,091	\$	114,323
Basic and diluted loss per share	\$	(0.35)	\$	(0.11)
Weighted average number of shares outstanding		1,024,937		1,024,937

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

GTA FINANCECORP INC. (formerly GTA RESOURCES AND MINING INC.)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Deficit	Total
Balance, March 31, 2018	1,024,937	\$ 10,293,208	\$ 218,959	\$ (5,290,409)	\$ 5,221,758
Share-based compensation	-	-	45,631	-	45,631
Loss and comprehensive loss	-	-	-	(114,323)	(114,323)
Balance, June 30, 2018	1,024,937	\$ 10,293,208	\$ 264,590	\$ (5,404,732)	\$ 5,153,066
Transfer to contributed surplus on expiry of options	-	-	(38,709)	38,709	-
Broker warrants expired	-	-	(6,838)	6,839	-
Dividend declared	-	-	-	(1,151,185)	(1,151,185)
Loss for the period	-	-	-	(4,537,391)	(4,537,391)
Balance, March 31, 2019	1,024,937	\$ 10,293,208	\$ 219,043	\$ (11,047,761)	\$ (535,510)
Loss for the period	-	-	-	(361,091)	(361,091)
Balance, June 30, 2019	1,024,937	\$ 10,293,208	\$ 219,043	\$ (11,408,852)	\$ (896,601)

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

GTA FINANCECORP INC. (formerly GTA RESOURCES AND MINING INC.).**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited)

(Expressed in Canadian Dollars)

Three months ended June 30	2019	2018
Operating activities		
Net loss and comprehensive loss for the period	\$ (361,091)	\$ (114,323)
Items not affecting cash and cash equivalents		
Deferred income tax	-	(1,846)
Unrealized loss on investment	326,913	
Share-based payments	-	45,631
Change in non-cash working capital:		
Miscellaneous receivables	11,852	236
Prepaid expenses	3,487	3,892
Accounts payable and accrued liabilities	(17,648)	(19,459)
Net cash used in operating activities	(36,487)	(85,869)
Financing activities		
Issuance of common shares, net of issue costs	-	-
Net cash provided by financing activities	-	-
Investing activities		
Investment in and expenditure on exploration and evaluation assets	-	30,907
Net cash provided by (used) in investing activities	-	30,907
Net change in cash and cash equivalents	(36,487)	304,367
Cash and cash equivalents, beginning of period	52,723	175,790
Cash and cash equivalents, end of period	\$ 16,236	\$ 480,157

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

GTA FINANCECORP INC. (formerly GTA RESOURCES AND MINING INC.).

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

Three months ended June 30, 2019 and 2018

1. NATURE OF OPERATIONS

GTA Financecorp Inc. (formerly GTA Resources and Mining Inc.) (“GTA” or the “Company”) was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on August 9, 2006. The address of the Company’s registered office is 855 Brant Street, Burlington, Ontario L7R 2J6. The Company’s shares were listed on the TSX Venture Exchange until February 8, 2019 at which time the shares were delisted at the request of the Company.

The Company was primarily engaged in the acquisition and exploration of mineral properties. On March 12, 2019, all of the Company’s exploration and evaluation properties were sold (see Note 5).

The Company needs equity capital and financing for its working capital. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. These financial statements do not reflect adjustments or classifications which might be necessary if the Company was not able to continue as a going concern.

These condensed interim financial statements were approved by the board of directors on August 27, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies applied in these financial statements are based on IFRS issued and effective as of March 31, 2019.

Basis of Presentation

These unaudited condensed interim financial statements have been prepared on the basis of accounting policies consistent with those applied in the Company’s March 31, 2019 annual financial statements.

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders’ equity. 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 manage its capital to be able to sustain the future development of the Company’s business.

GTA FINANCECORP INC. (formerly GTA RSOURCES AND MINING INC.).

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

Three months ended June 30, 2019 and 2018

3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS – continued

The Company currently has no source of revenues, and therefore is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2019. The Company is not subject to externally imposed capital requirements.

The Company classified its cash and cash equivalents and sundry receivables as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the expected maturity of these financial instruments. The fair value of amounts due to related parties has not been disclosed as their fair values cannot be reliably measured since the parties are not at arm's length.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure is as follows:

	June 30, 2019	March 31, 2019
Cash and cash equivalents	\$ 16,236	\$ 52,723

The credit risk associated with cash is minimized by ensuring it is placed with a major Canadian financial institution with a strong investment-grade rating issued by a primary ratings agency.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company has significant cash to meet its requirements for administrative overhead, to conduct due diligence on mineral property acquisition targets, and to conduct exploration of its mineral properties and mineral properties that may be acquired.

The Company does not generate cash flows from operations to fund its activities and therefore relies principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

GTA FINANCECORP INC. (formerly GTA RESOURCES AND MINING INC.).

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

Three months ended June 30, 2019 and 2018

3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS – continued

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

i. Interest rate risk

The Company's cash and cash equivalents consist primarily of cash held in bank accounts and term deposits with banks. Due to the short-term nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair value as of June 30, 2018. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subject to interest rate risk.

ii. Foreign currency risk

During the period ended June 30, 2019, the Company was not exposed to material foreign currency risk.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, foreign currency risk or commodity price risk. The Company has no financial instruments exposed to other price risk.

4. INVESTMENTS

	2019	2018
Investment in CBLT Inc. ("CBLT")	\$ <u>824,272</u>	\$ <u>-</u>

As consideration for the sale of all of the exploration and evaluation assets on March 12, 2019, the Company received 21,000,000 units of CBLT with each unit consisting of one common share and one common share purchase warrant exercisable at \$0.08 per share for period of twenty-four months from the date of issue. There is a four month and a day hold period on these units.

The common shares of CBLT were valued using their quoted price of \$0.03 per share on the date of initial recognition. The common shares were revalued at June 30, 2019 using their quoted price of \$0.025 resulting in an unrealized loss of \$105,000 and carrying value of \$525,000.

The warrants of CBLT were revalued at June 30, 2019 using the Black-Scholes option pricing model incorporating the following assumptions: expected dividend yield of 0%, expected volatility of 171%, risk free rate of 1.57%, expected life of 1.71 years, and a share price of \$0.025 resulting in a value of \$299,272.

CBLT is a reporting issuer whose shares are listed on the TSX Venture Exchange (TSX.V: CBLT).

On March 18, 2019 a dividend was declared payable to the Company's shareholders in the form of the 21,000,000 units of CBLT with a Record Date of March 18, 2019 and a payment date of July 19, 2019. The payment of the dividend is comprised of two parts, 21,000,000 common shares of CBLT will be paid on or about July 19, 2019 and 21,000,000 warrants of CBLT will be paid at a later date.

GTA FINANCECORP INC. (formerly GTA RSOURCES AND MINING INC.).**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

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5. EXPLORATION AND EVALUATION ASSETS

During the year ended March 31, 2019, the Company sold all of its exploration and evaluation assets for aggregate consideration of \$1,151,185 comprised of 21,000,000 units of CBLT with each unit consisting of one common share and one common share purchase warrant exercisable at \$0.08 for a period of 24-months after the date of issue. As a result, there was an aggregate loss on the sale recorded in the amount of \$4,334,995.

6. LOAN PAYABLE

	2019	2018
Loan payable	\$ <u>425,000</u>	\$ <u>-</u>

The loan is secured by a general security agreement and bears at 10% per annum payable at the maturity date October 26, 2019. Included in accounts payable and accrued liabilities is \$28,159 of accrued interest related to the loan payable. The loan is payable to Liberty Venture Partners Inc.

7. SHARE CAPITAL

Authorized

Unlimited number of common shares

Issued

	Number of Shares	Share Capital	Contributed Surplus
Balance March 31, 2018	1,024,937	\$ 10,293,208	\$ 218,959
Share based compensation	-	-	45,631
Balance June 30, 2018	1,024,937	\$ 10,293,208	\$ 264,590
Broker warrants expired	-	-	(6,863)
Stock options expired	-	-	(38,709)
Balance March 31, 2019	1,024,937	\$ 10,293,208	\$ 219,043
Balance June 30, 2019	1,024,937	\$ 10,293,208	\$ 219,043

On January 7, 2019, the Company completed a share consolidation on the basis of one (1) post consolidation common share for every fifty (50) pre-consolidation common share. All common shares, options, warrants, and basic and diluted loss per share amounts have been restated to give retrospective effect to the share consolidation.

GTA FINANCECORP INC. (formerly GTA ROURCES AND MINING INC.).**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

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8. WARRANTS

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance June 30, 2016	214,300	\$	0.09
Warrants issued	8,500	\$	0.08
Warrants exercised	(27,200)	\$	0.06
Warrants expired	(178,700)	\$	0.06
Balance June 30, 2017	16,600	\$	0.07
Warrants issued	171,220	\$	0.06
Warrants expired	8,400	\$	0.05
Balance June 30, 2018	179,720	\$	0.06
Warrants expired	(179,720)	\$	0.06
Balance, June 30, 2019	-	\$	0.00

9. SHARE-BASED PAYMENTS

The Company has a formal stock option plan in accordance with the policies of the TSX Venture Exchange (the "Exchange") under which it is authorized to grant options to directors, officers, employees and consultants to purchase common shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Each stock option granted is for a term not exceeding five years unless otherwise specified. Outstanding options vest immediately at date of grant. Options granted to investor relations personnel vest in accordance with Exchange regulations.

A summary of the status of the stock option plan and changes for the period ended June 30, 2019 are presented below:

During the period

Grant date	Expiry date	Exercise Price	Opening Balance	Granted	Exercised	Expired	Closing Balance	Vested and Exercisable
November 12, 2014	November 12, 2019	\$0.07	5,300	-	-	-	5,300	5,300
June 15, 2016	June 15, 2021	\$0.06	21,200	-	-	-	21,200	21,200
November 9, 2016	November 9, 2021	\$0.06	18,000	-	-	-	18,000	18,000
August 22, 2017	August 22, 2022	\$0.05	6,000	-	-	-	6,000	6,000
April 18, 2018	April 18, 2023	\$0.05	24,500	-	-	-	24,500	24,500
			93,700	-	-	-	93,700	93,700
		Weighted average exercise price	\$2.85	\$0.00	\$0.00	\$0.00	\$2.85	\$2.85

The weighted average remaining contractual life of options outstanding at June 30, 2019 was 2.42 years.

The Company applies the fair value method in accounting for its stock options using the Black-Scholes option pricing model.

GTA FINANCECORP INC. (formerly GTA RESOURCES AND MINING INC.).

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

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9. SHARE-BASED PAYMENTS – continued

Total expenses arising from the share-based payment transactions recognized during the three months ended June 30, 2019 as part of share-based compensation expense was \$nil (2018: \$nil).

As at June 30, 2019 there was no amount (2018: \$nil) of total unrecognized compensation cost related to unvested share-based compensation.

Total expenses arising from the share-based payment transactions that were capitalized during the period as part of exploration and evaluation asset acquisition costs were \$nil (2018: \$nil).

10. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions in the normal course of operations with related parties:

	June 30, 2019	June 30, 2018
Management fees (i)	\$ 15,000	\$ 39,000
Mineral property-exploration expenditures (i)	\$ -	\$ 15,000
Office rent, supplies and admin. expense (ii)	\$ 500	-

(i) The Company paid \$7,500 (2018 - \$15,000) in management fees to the President of the Company; \$7,500 (2017 - \$15,000) to the CFO of the Company; \$nil to the Executive VP of the Company (2018 - \$15,000); \$nil to the Chairman of the Company (2018-\$9,000) and \$nil (2018 - \$15,000) in mineral property exploration consulting costs to the VP of Exploration.

(ii) The Company paid \$500 (2018 - \$nil) for rent, supplies and administrative expenses to private companies controlled by directors and officers of the Company.

Accounts payable and accrued liabilities include \$22,860 (2018 - \$45,490) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

11. COMMITMENTS AND CONTINGENCIES

On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. At June 30, 2019 there was no liability related to flow-through shares. The following is a continuity schedule of the commitment for the flow-through shares issuances.

GTA FINANCECORP INC. (formerly GTA RESOURCES AND MINING INC.).

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

Three months ended June 30, 2019 and 2018

11. COMMITMENTS AND CONTINGENCIES – continued

Flow-through Shares

Balance at June 30, 2018	\$	32,801
Liability incurred on flow-through shares issued to December 31, 2018		-
Settlement of flow-through share liability on incurring expenditures		(32,801)
Balance at June 30, 2019	\$	-

12. SUBSEQUENT EVENT

On July 19, 2019, the Company paid a dividend in kind to the shareholders of the Company on a pro rata basis in the form of 21,000,000 common shares of CBLT, 21,000,000 common share purchase warrants of CBLT will be distributed to the Company's shareholders at a date to be determined.