SILVER PHOENIX RESOURCES INC.

(An Exploration Stage Company)

Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

For the six months ended June 30, 2020 and 2019

SILVER PHOENIX RESOURCES INC.

(An Exploration Stage Company)

(**the "Company" or "Silver Phoenix")**

CONDENSED INTERIM FINANCIAL STATEMENTS
As at and for the six months ended June 30, 2020

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Management of Silver Phoenix Resources Inc. is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

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

SILVER PHOENIX RESOURCES INC.
Condensed Interim Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

		June 30, 2020		December 31, 2019
Assets				
Current Assets				
Cash	$	1,387	$	8,724
Amounts receivable		2,421		19,652
Marketable securities (Note 4)		1		1
		3,809		28,377
Non-current Assets				
Exploration and evaluation assets (Note 6)		1		1
Equipment (Note 5)		-		-
Total Assets	$	3,810	$	28,378
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$	119,780	$	62,769
		119,780		62,769
Equity (Deficiency)				
Share capital (Note 7)		3,010,579		3,010,579
Equity reserve (Note 7)		363,699		363,699
Deficit		(3,490,248)		(3,408,669)
		(115,970)		(34,391)
Total Liabilities and Equity	$	3,810	$	28,378

Nature and continuance of operations (Note 1)
Commitments (Note 12)

Approved on Behalf of the Board on August 18, 2020:

"Scott Ackerman"
Scott Ackerman – CEO/Director

"Doug McFaul"
Doug McFaul – CFO/Director

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

SILVER PHOENIX RESOURCES INC.
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Expenses				
Bank charges	**$ 576**	$ 43	**$ 594**	$ 145
General and administrative	**-**	-	**43**	490
Management fees	**36,000**	36,000	**72,000**	72,000
Professional fees	**-**	22,631	**-**	24,631
Transfer agent and filing fees	**6,024**	16,572	**8,942**	30,225
Travel	**-**	-	**-**	131
Loss before other items	**(42,600)**	(75,246)	**(81,579)**	(127,622)
Other items:				
Expenses recovery	**-**	-	**-**	59,322
Net loss and comprehensive loss	**$ (42,600)**	$ (75,246)	**$ (81,579)**	$ (68,300)
Weighted average number of common shares outstanding	**38,557,844**	22,265,709	**38,557,844**	22,265,709
Basic and diluted loss per share	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)

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

SILVER PHOENIX RESOURCES INC.

Condensed Interim Statements of Changes in Equity (Deficiency)

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Number of Common Shares[1]	Share Capital	Subscriptions Received	Equity Reserve	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2018	13,557,844	$ 1,737,454	$ 1,250,000	$ 363,699	$ (3,286,156)	$ 64,997
Shares issued (Note 7)	25,000,000	1,250,000	(1,250,000)	-	-	-
Deferred flow-through premium adjustment (Note 8)	-	23,125	-	-	-	23,125
Net loss and comprehensive loss	-	-	-	-	(68,300)	(68,300)
Balance, June 30, 2019	38,557,844	$ 3,010,579	$ -	$ 363,699	$ (3,354,456)	$ 19,822
Balance, December 31, 2019	38,557,844	$ 3,010,579	$ -	$ 363,699	$ (3,408,669)	$ (34,391)
Net loss and comprehensive loss	-	-	-	-	(81,579)	(81,579)
Balance, June 30, 2020	**38,557,844**	**$ 3,010,579**	**$ -**	**$ 363,699**	**$ (3,490,248)**	**$ (115,970)**

[1]All share information has been retroactively adjusted to reflect the February 28, 2019 1.45 old for 1 new common share consolidation.

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

SILVER PHOENIX RESOURCES INC.
Condensed Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the six months ended June 30, 2020	2019
Cash (used in) provided by:		
Operating Activities		
(Loss)/Income for the period	$ **(81,579)**	$ (68,300)
Changes in non-cash working capital items:		
Amounts receivable	**17,231**	(5,831)
Accounts payables and accrued liabilities	**57,011**	(284,900)
	(7,337)	(359,031)
Financing Activities		
Shares issued for cash	**-**	1,250,000
Share subscriptions received	**-**	(1,250,000)
	-	-
Change in cash for the period	**(7,337)**	(359,031)
Cash, beginning of the period	**8,724**	429,297
Cash, end of the period	$ **1,387**	$ 70,266

Supplemental cash flow information:		
Interest paid	$ -	$ -
Income taxes	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Silver Phoenix Resources Inc. (the "Company") was incorporated on February 14, 2003 under the Company Act (British Columbia). The Company is an exploration stage company engaged in acquiring, exploring and developing mineral properties, principally located in British Columbia, Canada. The Company is listed on the Canadian Securities Exchange, under the trading symbol SP. The address of the Company's corporate office and principal place of business is 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3, and the registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, BC V6C 3E8.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. As of June 30, 2020, the Company has not generated revenues from its principal activities and is considered to be in the exploration stage.

Going Concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception, has a working capital deficit of $115,971 and an accumulated deficit of $3,490,248 at June 30, 2020. The Company has no source of operating cash flows and expects to incur further losses in the exploration and development of its mineral properties. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. The Company's continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able to continue to do so in the future.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. BASIS OF PRESENTATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB"). The financial statements have been prepared on an accrual basis and are based on historical costs, modified for specific financial instruments at fair value where applicable. These financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

The Company's financial statements were authorized for issue by the Board of Directors on August 18, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies applied in these condensed unaudited interim financial statements are the same as those applied in the Company's most recent audited annual December 31, 2019 financial statements of the Company which are available on www.sedar.com and reflect all the adjustments necessary for fair presentation in accordance with IAS 34. There has been no material impact on these financial statements from changes in accounting standards during the period.

4. MARKETABLE SECURITIES

As at June 30, 2020, the Company owns 475,000 common shares (2019 - 475,000 shares) of Armadillo Resources Ltd. During the year ended December 31, 2013, the shares of Armadillo Resources Ltd. were halted from trading. As a result, the marketable securities were written down to $1.

5. EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value June 30, 2020	Net Book Value December 31, 2019
	$	$	$	$
Computer equipment	6,748	6,748	-	-
Equipment	2,877	2,877	-	-
Total	9,625	9,625	-	-

During the year ended December 31, 2019, and the six months ended June 30, 2020, there were no equipment additions.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

June 30, 2020	Big Showing	Total
	$	$
Acquisition costs:		
Opening balance, January 1, 2020	1	1
Balance, June 30, 2020	**1**	**1**

December 31, 2019	Big Showing	Waverley Tangier	River Jordan	Total
	$	$	$	$
Acquisition costs:				
Opening balance, January 1, 2019	1	1	1	3
Write-down	-	(1)	(1)	(2)
Balance, December 31, 2019	**1**	**-**	**-**	**1**

The Company's mineral properties are described as follows:

Big Showing Property, British Columbia

On February 14, 2003, the Company entered into an agreement to acquire a 100% interest in the Big Showing property for mineral claims for a total area of 1,000 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the former President and director of the Company and 10% from an individual who became a director of the Company on November 1, 2006.

During the year ended December 31, 2018, due to a lack of available funding, the Company temporarily ceased exploration of the Big Showing Property and considered to instead explore opportunities to sell the property. Accordingly, the Company wrote the property down to $1 by recording an impairment charge of $82,488 against the carrying value of the property.

The Company continues to actively pursue opportunities to sell the property, and, dependent upon the availability of funding, is also considering plans to recommence further exploration activities. During the year ended December 31, 2019, the Company made a payment instead of exploration and development work of $2,855 to the Ministry of Finance in order to keep the claims in good standing, and this amount is included in expenses in net loss.

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Waverley-Tangier Property, British Columbia

On March 15, 2004, the Company entered into an agreement to acquire a 100% interest in the Waverley-Tangier Property for mineral claims for a total area of 5,675 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the former President and director of the Company and 10% from an individual who became a director of the Company on November 1, 2006. As at December 31, 2018, the mineral claims were held for the Company in trust by the former President of the Company.

During the year ended December 31, 2018, due to a lack of available funding, the Company temporarily ceased exploration of the Waverley-Tangier Property and considered to instead explore opportunities to sell the property. Accordingly, the Company wrote the property down to $1 by recording an impairment charge of $86,622 against the carrying value of the property. On October 17, 2019, the Company transferred ownership of this property to the former President of the Company as part of a debt-settlement agreement. See Note 9.

River Jordan Property, British Columbia

On March 16, 2006, the Company entered into an agreement to acquire a 100% interest in the River Jordan Property for mineral claims for a total area of 649 hectares in the Revelstoke Mining Division of British Columbia. The Company acquired 90% of the property from the former President and director of the Company and 10% from an individual who became a director of the Company on November 1, 2006. As at December 31, 2018, the mineral claims were held for the Company in trust by the former President of the Company.

During the year ended December 31, 2018, due to a lack of available funding, the Company temporarily ceased exploration of the River Jordan Property and considered to instead sell the property. Accordingly, the Company wrote the property down to $1 by recording an impairment charge of $386,463 against the carrying value of the property. On October 17, 2019, the Company transferred ownership of this property to the former President of the Company as part of a debt-settlement agreement. See Note 9.

7. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Shares issued

On February 28, 2019, pursuant to a non-brokered private placement, the Company issued 25,000,000 units at $0.05 per unit for gross proceeds of $1,250,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.075 per common

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

share until February 28, 2024. The Company collected the proceeds during the year ended December 31, 2018.

On March 12, 2018, the Company closed a non-brokered private placement of 68,966 units of the Company at the price of $0.29 per unit for gross proceeds of $20,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase an additional common share at $0.36 per share until March 12, 2023. The fair value of the warrants was calculated to be $10,575 based on the residual method and was recorded in equity reserves.

	Number of Common shares
Balance as at December 31, 2017	13,488,878
Private placement	68,966
Balance as at December 31, 2018	13,557,844
Private placement	25,000,000
Balance as at December 31, 2019 and June 30, 2020	**38,557,844**

(c) Share consolidation

On February 28, 2019, the Company completed a consolidation of the Company's shares on a 1.45 for 1 new share basis. All share and per share information has been retroactively adjusted to reflect the share consolidation.

(d) Stock options

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option will be five years and the vesting is at the direction of the board, however, options granted to consultants performing "investor relations' activities" must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with stock exchange on which the common shares are listed.

On December 14, 2018, the Company granted 1,310,344 stock options to directors, officers and a consultant of the Company. The stock options have an exercise price of $0.145 and a life of five years. The stock options vested immediately upon grant. The fair value of the options of $247,000 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, grant date share price of $0.13, dividend rate of 0.00%, a risk-free interest rate of 2.04% and an expected volatility of 351%.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (CONTINUED)

A summary of the Company's stock option activity is as follow:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2018	**1,310,344**	**$ -**
Granted	-	0.145
Balance as at December 31, 2019 and June 30, 2020	**1,310,344**	**$ 0.145**

As at June 30, 2020, outstanding and exercisable options were as follows:

Grant Date	Number of Options	Exercise Price	Expiry date	Weighted average contractual life (years)
December 14, 2018	1,310,444	$ 0.145	December 14, 2023	3.46

(e) Warrants

On February 28, 2019, all prior outstanding share purchase warrants were cancelled by mutual agreement.

On February 28, 2019, as part of a non-brokered private placement the Company issued 25,000,000 share purchase warrants, with each warrant entitling the holder to acquire one common share at a price of $0.075 per share until February 28, 2024.

On March 12, 2018, as part of the Company's non-brokered private placement, the Company issued 68,966 share purchase warrants with each warrant entitling the holder to purchase an additional common share at the price of $0.36 until March 12, 2023.

A summary of the Company's share purchase warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at December 31, 2017	**2,017,241**	**$0.25**
Issued	68,966	$0.36
Balance as at December 31, 2018	**2,086,207**	**$ 0.25**
Warrants cancelled	(2,086,207)	$ 0.25
Issued with private placement	25,000,000	$ 0.075
Balance as at December 31, 2019 and June 30, 2020	**25,000,000**	**$ 0.075**

As at June 30, 2020, the following share purchase warrants were issued and outstanding:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average contractual life (years)
25,000,000	$ 0.075	February 28, 2024	3.83

8. FLOW-THROUGH PREMIUM

During the year ended December 31, 2015, the Company issued 1,724,138 flow-through units and recognized a deferred flow-through premium of $62,500 as the difference between the amounts recognized in common shares and the amounts the investors paid for the units. During 2015, the Company recognized $39,375 as amortization of the deferred flow-through premium liability to other income based on the amount of eligible expenditures spent as at December 31, 2015.

The Company was unable to renounce, to the flow-through subscriber, resource expenses in an equal amount to the flow-through funds and accordingly, there was a shortfall of $93,212 calculated as the amount of flow-through funds less the amount of resource expenses renounced to the subscriber by the Company. The Company and the flow-through subscriber agreed to an amendment to the flow-through agreement, and the subscriber agreed to refile its return and covenanted not to claim the shortfall in the future.

The amendment to the flow through agreement was accounted for in 2019 with the original flow-through premium liability of $23,125 eliminated and adjusted to share capital because it is considered to be capital in nature based on the initial transaction which was the issuance of shares. The accrued expense liability for interest and penalties in the amount of $49,722 is also eliminated; however, it is recorded within expense recoveries in net loss because it was originally recorded as an expense provision. Therefore, in accordance with the amendment to the flow-through agreement the deferred flow-through premium and penalty provision is $Nil as at December 31, 2019 and June 30, 2020.

9. RELATED PARTY TRANSACTIONS AND BALANCES

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.

A transaction is considered to be a related party transaction when there is a transfer of resources on obligations between related parties. There were no such related party transactions during the period ended June 30, 2020.

On October 17, 2019, pursuant to a debt settlement agreement between the Company and its former President, in consideration of final and full settlement of indebtedness owed to the former President in an aggregate amount of $40,000, the former President accepted full and sole ownership of the Waverly-Tangier and River Jordan properties, along with the $10,000 property bond held by the Company in connection with the properties, and all related property data and records. Accordingly, the Company recorded a gain of $29,998 on the debt settlement.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises all the components of shareholders' equity.

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. The Company's investment policy is to invest its cash in financial instruments of high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

11. FINANCIAL INSTRUMENTS

The fair value of the Company's amounts receivable, marketable securities and accounts payable approximate their carrying values due to the short-term nature of the instruments. The Company's other financial instrument, being cash, is classified as FVTPL.

Financial Risk Factors

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

(i) *Currency risk*
The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

(ii) *Interest rate risk*
The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*
Credit risk is the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. As at June 30, 2020, the Company had $2,421 (December 31, 2019 - $19,652) in receivables due from the Government of Canada and as such the Company considers its credit risk to be low.

11. FINANCIAL INSTRUMENTS (CONTINUED)

(iv) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company has a working capital deficit of $115,971 (December 31, 2019, working capital deficit of $34,392) and requires additional funds to meet its current obligations. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at June 30, 2020, the Company has no sources of revenue to fund its operating expenditures or fund any identified business acquisition and as such requires additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital, or debt financing. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern as disclosed in Note 1. Consequently, the Company is currently exposed to a significant level of liquidity risk.

(v) *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 equity prices.

i. Interest rate risk

The Company considers itself to have minimal exposure to interest rate risk as it currently has no interest-bearing investments or debt.

ii. Price risk

The Company is exposed to price risk with respect to equity prices. 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. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

12. COMMITMENTS

On November 30, 2018, the Company entered into to a management services agreement with Emprise Management Services Corp. The agreement requires payments of $12,000 per month. The contract is payable monthly and may be terminated by both parties by giving six months' notice.