

NORTHERN LIGHTS RESOURCES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

JULY 31, 2020

Head Office

Suite 1000 – 355 Burrard Street
Vancouver, BC
V6C 2G8
Canada

Registered and Records Office

Suite 2900 – 595 Burrard Street
Vancouver, BC
V7X 1J5
Canada

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 financial statements have not been reviewed by an auditor.

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

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

NORTHERN LIGHTS RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
AS AT,

	July 31, 2020	April 30, 2019
ASSETS		
Current		
Cash	\$ 39,729	\$ 6,236
Receivables	8,999	4,812
Prepaid expenses	-	10,000
	<u>48,728</u>	<u>21,048</u>
Exploration and evaluation assets (Note 3)	<u>1,022,464</u>	<u>950,446</u>
	<u>\$ 1,071,192</u>	<u>\$ 971,494</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities (Note 4 and 7)	\$ 393,813	\$ 337,016
Loans payable (Note 5 and 7)	30,000	30,000
	<u>423,813</u>	<u>367,016</u>
Shareholders' equity		
Share capital (Note 6)	5,841,457	5,841,457
Share-based payment reserve	600,877	539,200
Subscriptions received in advance	161,158	5,000
Deficit	<u>(5,956,113)</u>	<u>(5,781,179)</u>
	<u>647,379</u>	<u>604,478</u>
	<u>\$ 1,071,192</u>	<u>\$ 971,494</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 11)

On behalf of the Board:

“Albert (Rick) Timcke”

Director

“Jason Bahnsen”

Director

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

NORTHERN LIGHTS RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three months period ended	
	2020	July 31, 2019
EXPENSES		
Amortization	\$ -	\$ 1,210
Consulting fees	2,500	11,500
Filing and regulatory fees	2,512	2,721
Foreign exchange	295	-
Management fees (Note 7)	45,000	45,000
Office and miscellaneous	4,449	3,076
Professional fees (Note 7)	6,250	11,200
Promotion and advertisement	42,631	9,305
Share based compensation (Note 6)	61,677	-
Travel and accommodation	9,620	2,926
Loss and comprehensive loss for the period	\$ (174,934)	\$ (86,938)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	64,540,654	46,165,928

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

NORTHERN LIGHTS RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of shares	Share Capital	Share-based payment reserve	Subscriptions received in advance	Deficit	Total Shareholders' Equity
April 30, 2019	45,162,232	\$ 4,994,203	\$ 470,800	\$ 60,000	\$ (5,350,814)	\$ 174,189
Private placements	3,420,000	171,000	-	(60,000)	-	111,000
Loss for the period	-	-	-	-	(86,938)	(86,938)
July 31, 2019	48,582,232	5,165,203	470,800	-	(5,437,752)	198,251
Private placements	12,627,772	562,988	68,400	-	-	631,388
Shares issued for exploration and evaluation assets	3,330,650	113,266	-	-	-	113,266
Subscription received in advance	-	-	-	5,000	-	5,000
Loss for the period	-	-	-	-	(343,427)	(343,427)
April 30, 2020	64,540,654	5,841,457	539,200	5,000	(5,781,179)	604,478
Share-based compensation	-	-	61,677	-	-	61,677
Subscription received in advance	-	-	-	156,158	-	156,158
Loss for the period	-	-	-	-	(174,934)	(174,934)
July 31, 2020	64,540,654	5,841,457	600,877	161,158	(5,956,113)	647,379

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NORTHERN LIGHTS RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED JULY 31,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (174,934)	\$ (86,938)
Non-cash items:		
Amortization	-	1,210
Share based compensation	61,677	-
Changes in non-cash working capital items:		
Receivables	(4,187)	(26,769)
Prepaid expenses	10,000	(48,118)
Accounts payable and accrued liabilities	56,797	55,050
Net cash used in operating activities	<u>(50,647)</u>	<u>(105,565)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	<u>(72,018)</u>	<u>(5,460)</u>
Net cash used in investing activities	<u>(72,018)</u>	<u>(5,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	-	111,000
Subscription received in advance	<u>156,158</u>	<u>-</u>
Net cash provided by financing activities	<u>156,158</u>	<u>111,000</u>
Change in cash for the period	33,493	(25)
Cash, beginning of period	<u>6,236</u>	<u>10,282</u>
Cash, end of period	<u>\$ 39,729</u>	<u>\$ 10,257</u>
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Supplemental disclosure with respect to cash flows (non-cash transactions)		
Transfer of subscriptions to share capital	<u>\$ -</u>	<u>\$ 60,000</u>

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

NORTHERN LIGHTS RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED JULY 31, 2020

1. NATURE AND CONTINUANCE OF OPERATIONS

Northern Lights Uranium Corp. (the "Company") was incorporated under the laws of British Columbia on March 28, 2007. On April 22, 2008, the Company changed its name to Northern Lights Resources Corp. The Company's principal business activities include the acquisition and exploration of resource properties. On June 28, 2012, the Company completed its initial public offering ("IPO") by way of prospectus, and a listing on the Canadian Securities Exchange ("CSE"). On October 31, 2013, the CSE halted the shares of the Company due to the Company being in default of CSE requirements. On January 22, 2014, the CSE delisted the common shares. On November 9, 2017, a revocation orders were received from the British Columbia Securities Commission and the Ontario Securities Commission lifting the cease trade orders previously issued on September 10, 2013 and September 24, 2013, respectively. On November 10, 2017 a revocation order was received from the Alberta Securities Commission lifting the final cease trade order previously issued on December 10, 2014. On October 31, 2018, the Company resumed trading on the CSE with the acceptance of the relisting application and received trading approval from the exchange.

The Company has incurred losses since inception, has a working capital deficiency of \$375,085 and expects its current capital resources will not be sufficient to complete its exploration plans and operations through its current operating year and will be required to raise additional funds through future equity issuances. The Company's ability to continue as a going concern is therefore dependent on its ability to raise additional funds through equity issuances. These material uncertainties may cast significant doubt on the entity's ability to continue as a going concern.

These condensed interim financial statements have been prepared on a going concern basis 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. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

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. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been recorded at fair value. The financial statements are presented in Canadian dollars which is the functional currency of the Company.

These condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

The policies applied in these condensed interim financial statements are presented below and are based on IFRS issued and outstanding as of July 31, 2020. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ending April 30, 2021 could result in restatements of these condensed consolidated interim financial statements. None of these standards are expected to have a significant effect on the condensed interim financial statement. The Board of Directors approved these financial statements on September 24, 2020.

NORTHERN LIGHTS RESOURCES CORP.
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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Comprehensive income

Comprehensive income (loss) reflects the net gain (loss) and other comprehensive income (loss) for the period. Other comprehensive income (loss) includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided on a declining balance basis at 20% per annum for furniture and equipment.

Estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Significant Judgments

a. Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

b. Deferred taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred income and resource tax assets.

Significant Estimates

a. Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on the estimated fair value of all share-based awards at the date of grant and is expensed to the statement of loss and comprehensive income (loss) over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

NORTHERN LIGHTS RESOURCES CORP.
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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Loss per share

The Company computes the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period.

Exploration and evaluation assets

Upon acquiring the legal right to explore an exploration and evaluation asset, costs related to acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

NORTHERN LIGHTS RESOURCES CORP.
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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The following is the Company's accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

NORTHERN LIGHTS RESOURCES CORP.
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(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED JULY 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial Instruments (cont'd...)

Measurement (cont'd...)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or liability	Category	Measurement
Cash	FVTPL	Fair value
Receivables	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
Loans payable	Amortized cost	Amortized cost

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent adopted accounting standards

On May 1, 2019, the Company adopted the following accounting standard.

IFRS 16 Leases

IFRS 16, published on January 13, 2016, supersedes IAS 17 – Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless a lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company adopted IFRS 16 effective May 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its lease commitments for its office lease. It will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at May 1, 2019. The associated right of use asset will be measured at the lease obligation amount, less prepaid lease payments, resulting in no adjustment to the opening balance of retained earnings. The Company applied the following practical expedients permitted under the new standard:

- lease of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

As at May 1, 2019 IFRS 16 did not have any impact on the amount recognized in the financial statements. The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. There was no material impact on the Company's financial statements.

NORTHERN LIGHTS RESOURCES CORP.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED JULY 31, 2020

3. EXPLORATION AND EVALUATION ASSETS

	Secret Pass	Medicine Springs	Total
Acquisition Costs:			
Balance at April 30, 2019	-	98,537	98,537
Cash	493,949	-	493,949
Shares	80,000	33,266	113,266
Others	7,600	38,319	45,919
Balance at April 30, 2020	581,549	170,122	751,671
Others	-	36,245	36,245
Balance at July 31, 2020	581,549	206,367	787,916
Deferred Exploration Costs:			
Balance at April 30, 2019	-	185,816	185,816
Assays	922	-	922
Consulting	5,433	6,604	12,037
Balance at April 30, 2020	6,355	192,420	198,775
Consulting	2,792	5,000	7,792
Field Work	27,981	-	27,981
Balance at July 31, 2020	37,128	197,420	234,548
Total	\$ 618,677	\$ 403,787	\$ 1,022,464

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3. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Medicine Springs

The Company entered into a mineral property option agreement dated August 20, 2017 to acquire 100% of the property in southeastern Elko County, Nevada.

The option agreement is for a 6-year term. Completion of the option agreement is subject to staged cash payments of \$950,000, equity consideration of USD \$250,000 and incurring exploration expenditures of USD \$2,700,000. The agreement was amended in July 2020 to extend certain due dates.

Northern Lights Resources has the option to proceed with each subsequent Phase in the Option Agreement upon the completion of all cash and equity consideration payments to the vendors in addition to meeting the minimum exploration expenditure payments defined for each Phase of the Option Agreement.

- i) Cash payments
 - a) Phase 1B - USD \$25,000 within 30 days of receipt of regulatory approval (paid).
 - b) Phase 2 - USD \$50,000 by December 31, 2020 (“Phase 2 Commencement Date”).
 - c) Phase 3 - USD \$100,000 by December 31, 2021 (“Phase 3 Commencement Date”).
 - d) Phase 4 - USD \$150,000 within 30 days of completion of all phase 3 requirements (“Phase 4 Commencement Date”).
 - e) Phase 5 - USD \$200,000 within 30 days of completion of all phase 4 requirements (“Phase 5 Commencement Date”).
 - f) Phase 6 - USD \$425,000 within 30 days of completion of all phase 5 requirements (“Phase 6 Commencement Date”).

- ii) Share issuance
 - a) Phase 2 - issuance of common shares with a value of USD \$50,000 by December 31, 2021 (issued 1,330,650 common shares fair valued at \$33,266) (Note 6).
 - b) Phase 3 - issuance of common shares with a value of USD \$50,000 by December 31, 2021.
 - c) Phase 4 - issuance of common shares with a value of USD \$50,000 after the Phase 4 Commencement Date.
 - d) Phase 5 - issuance of common shares with a value of USD \$50,000 after the Phase 5 Commencement Date.
 - e) Phase 6 - issuance of common shares with a value of USD \$50,000 after the Phase 6 Commencement Date.

- iii) Exploration expenditures
 - a) incur USD \$25,000 in exploration upon execution of the agreement (incurred).
 - b) Phase 1B - incur USD \$225,000 by December 31, 2020.
 - c) Phase 2 - incur USD \$300,000 by December 31, 2020.
 - d) Phase 3 - incur USD \$400,000 by December 31, 2021.
 - e) Phase 4 - incur USD \$500,000 within 1 year of the Phase 4 Commencement Date.
 - f) Phase 5 - incur USD \$500,000 within 1 year of the Phase 5 Commencement Date.
 - g) Phase 6 - incur USD \$750,000 within 1 year of the Phase 6 Commencement Date.

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3. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Medicine Springs (cont'd...)

In addition, the property owner will retain a 2.5% NSR. The Company has the option to purchase back 1.5% of the NSR for US\$3,000,000 on a portion of the mineral claims (126/149) and US\$1,000,000 on a portion of the mineral claims (23/149). The royalty to the project vendors is in addition to a further 0.5% royalty over a portion of the mineral claims (23/149).

Secret Pass Gold Project

During the year ended April 30, 2020, the Company entered into an option agreement, subsequently amended, to acquire 100% interest in the Secret Pass Gold Project located in northwestern Arizona. Under the term of the agreement, the Company holds an exclusive option to acquire the project until September 20, 2019. The Company was granted an additional extension on the option to November 8, 2019 for additional consolidation of US\$25,000 (paid).

Pursuant to the option agreement, the Company agrees to make the following consideration payments:

- a) within 5 working days following the exercise of the option, the Company will pay cash consideration of US\$50,000 (paid);
- b) within 30 days following the exercise of the option, the Company will issue 2,000,000 common shares (issued and valued at \$80,000) (Note 6); and
- c) under the terms of the agreement, the Company will make the following additional payments:
 - i) US\$175,000 on or before September 20, 2019 (paid); and
 - ii) US\$125,000 on or before November 8, 2019 (paid).

There are no third-party royalties payable on future production from the project.

Del Undur Project

The Company entered into an earn-in agreement dated June 17, 2017 whereby the Company can earn up to 100% interest in the property located in north-eastern Mongolia for aggregate consideration of (i) cash payments of \$500,000, (ii) issuing 20,000,000 shares, and (iii) incurring exploration expenditures totaling \$2,000,000, all over a four year term. In addition, the property owner will retain a 2.0% net smelter return royalty (“NSR”) of which the Company has the option to buy back 1% for \$1,000,000.

On February 1, 2019, the Company terminated the earn in agreement for Del Undur. During the year ended April 30, 2019, the Company wrote-off the exploration and evaluation assets at \$24,617.

The Company will pay cash consideration of \$50,000 pursuant to the termination of the option agreement which has been accrued and included in the write-off of exploration and evaluation assets as of April 30, 2019.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2020	April 30, 2020
Trade payables	\$ 324,613	\$ 271,066
Accrued liabilities	69,200	65,950
	\$ 393,813	\$ 337,016

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5. LOANS PAYABLE

During the year ended April 30, 2020, the Company:

- i) received a non-bearing interest loan of \$22,500 from a director of the Company. The loan was settled as a subscription for the January 2020 private placement (Note 6).
- ii) received a non-bearing interest loan of \$22,000 from a director of the Company. The loan was settled as a subscription for the January 2020 private placement (Note 6).
- iii) received a non-bearing interest loan of \$32,808 (USD25,000) from a director of the Company. The loan was repaid.
- iv) received a non-bearing interest loan in September 2019 of \$30,000 from a director of the Company. The loan matures in 120 days or payable upon closing of a private placement, whichever is sooner. The loan remains outstanding as of July 31, 2020.

6. SHARE CAPITAL

Authorized: Unlimited common shares, without par value

During the period ended July 31, 2020, the Company had no share activity.

During the year ended April 30, 2020, the Company:

- i) closed a non-brokered private placement of 3,420,000 units at a price of \$0.05 per unit for gross proceeds of \$171,000, of which \$60,000 was received during year ended April 30, 2019. Each unit consists of one common share and one share purchase warrant, of which \$68,400 was allocated to the warrant component of the unit offering completed. Each warrant is exercisable into one common share at a price of \$0.075 until July 4, 2021.
- ii) issued 2,000,000 common shares (valued at \$80,000) pursuant to the option payment of the Secret Pass Gold Project (Note 3).
- iii) closed a non-brokered private placement of 12,627,772 units at a price of \$0.05 per unit for gross proceeds of \$631,388. Each unit consists of one common share and one share purchase warrant, of which \$nil was allocated to the warrant component of the unit offering completed. Each warrant is exercisable into one common share at a price of \$0.075 until January 20, 2022.
- iv) issued 1,330,650 common shares (valued at \$33,266) pursuant to the option payment of the Medicine Spring Project (Note 3).

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6. SHARE CAPITAL (cont'd...)

Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option will not be less than the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as at April 30, 2019	3,400,000	\$ 0.10
Cancelled	<u>(850,000)</u>	<u>0.10</u>
Outstanding as at April 30, 2020	2,550,000	0.10
Granted	<u>3,650,000</u>	<u>0.05</u>
Outstanding as at July 31, 2020	<u>6,200,000</u>	<u>\$ 0.07</u>

As at July 31, 2020, the following options were outstanding and exercisable:

Number of Options	Exercise Price	Expiry Date
2,550,000	\$ 0.10	November 7, 2023
<u>3,650,000</u>	<u>\$ 0.05</u>	<u>July 23, 2025</u>
<u>6,200,000</u>		

During the period ended July 31, 2020, the Company granted 3,650,000 stock options to directors, officers and consultants of the Company, exercisable at a price of \$0.05 per share, expiring on July 23, 2025. The estimated fair value of these options was \$140,700.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended July 31, 2020 and 2019:

	2020	2019
Risk-free interest rate	0.24%	-
Expected life of options	5.00 years	-
Expected annualized volatility	191.00%	-
Expected dividend rate	<u>0.00%</u>	<u>-</u>

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6. SHARE CAPITAL (cont'd...)

Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at April 30, 2019	11,005,000	\$ 0.20
Granted	16,047,772	0.075
Outstanding as at April 30, 2020	27,052,772	0.13
Granted	-	-
Outstanding as at July 31, 2020	27,052,772	\$ 0.13

As at July 31, 2020, the following warrants were outstanding and exercisable:

Number of Options	Exercise Price	Expiry Date
11,005,000	\$ 0.20	October 2, 2020
3,420,000	\$ 0.075	July 4, 2021
12,627,772	\$ 0.075	January 20, 2022
27,052,772		

7. TRANSACTIONS WITH RELATED PARTIES

The Company defines key management as officers and directors. During the period ended July 31, 2020, the Company:

- i) paid or accrued management fees of \$22,500 (2019 - \$22,500) to a director of the Company.
- ii) paid or accrued management fees of \$22,500 (2019 - \$22,500) to the Chief Executive Officer (“CEO”) of the Company.
- iii) paid or accrued professional fees of \$3,000 (2019 - \$3,000) to the Chief Financial Officer (“CFO”) of the Company.
- iv) recorded share-based compensation of \$57,822 (2019 - \$Nil) related to options granted to officers and directors of the Company.

Included in prepaid expenses as at July 31, 2020 is \$Nil (April 30, 2020 - \$ Nil) paid to a Company’s director.

Included in accounts payable and accrued liabilities as at July 31, 2020 is \$167,967 (April 30, 2020 - \$133,581) owed to officers of the Company.

Included in loans payable as at July 31, 2020 is \$30,000 (April 30, 2020 - \$30,000) owed to a director of the Company (Note 4).

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has applied a three-level hierarchy to reflect the significance of the inputs used in making fair value measurements. The three levels of fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and

Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and loans payables. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

The Company is exposed to nominal foreign currency risk.

b) Credit risk

Credit risk is risk of financial loss to the Company if the counterparty to a financial statement fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds non-interest bearing debt.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) Price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of commodities. The Company monitors these prices to determine the appropriate course of action to be taken.

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9. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company did not change its approach to capital management during the period ended July 31, 2020.

10. SEGMENTED INFORMATION

The Company's primary business activity is the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	July 31, 2020	April 30, 2020
Exploration and evaluation assets		
United States	\$ 1,022,464	\$ 950,466

11. SUBSEQUENT EVENTS

Subsequent to July 31, 2020, the Company

- i) completed a non-brokered private placement of 43,730,014 units at a price of \$0.05 per unit for gross proceeds of \$2,186,501. To date, 108,270,688 units have been issued. Each unit consists of one common share and one full share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.075 per share until August 19, 2022. The Company paid cash finder's fees of \$121,200 and issued 2,144,000 broker warrants.