



AMERICAN PACIFIC MINING CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

(unaudited)

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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. 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 condensed consolidated interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated condensed consolidated interim financial statements of American Pacific Mining Corp. for the three months ended March 31, 2020 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

Table of Contents

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)	4
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)	5
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)	6
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)	7
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)	8
1) Corporate and information and continuance of operations	8
2) Significant accounting policies and basis of preparation.....	9
3) Cash and cash equivalents	9
4) Prepaid expenses	10
5) Reclamation deposits.....	10
6) Equipment.....	10
7) Exploration and evaluation assets	11
8) Share capital.....	14
9) Related party transactions and balances.....	16
10) Segmented information	17
11) Capital management.....	17
12) Financial instruments.....	18
13) Subsequent events.....	20

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at	March 31,	December 31,
	Note(s)	2020	2019
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	257,595	513,021
Amounts receivable		14,942	29,317
Prepaid expenses	4	337,423	381,422
		609,960	923,760
Non-current assets			
Prepaid expenses	4	254,571	324,000
Reclamation deposits	5	28,339	26,032
Equipment	6	3,452	4,044
Exploration and evaluation assets	7	973,657	961,657
		1,260,019	1,315,733
TOTAL ASSETS		1,869,979	2,239,493
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		279,516	160,439
TOTAL LIABILITIES		279,516	160,439
SHAREHOLDERS' EQUITY			
Share capital	8	7,883,934	7,871,934
Stock options reserve	8	816,631	816,631
Warrants reserve	8	28,580	28,580
Accumulated deficit		(7,107,060)	(6,606,469)
Accumulated other comprehensive loss		(31,622)	(31,622)
TOTAL SHAREHOLDERS' EQUITY		1,590,463	2,079,054
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,869,979	2,239,493
Corporate information and continuance of operations	1		
Commitments	7		
Segmented information	10		
Subsequent events	1, 8, 13		

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Warwick Smith Director

/s/ Norman Wareham Director

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended	
		March 31, 2020	March 31, 2019
		\$	\$
Expenses			
Bank charges		896	751
Consulting fees	4	160,989	134,465
Depreciation	6	592	592
Directors' fees		8,461	-
Exploration and evaluation costs	7	79,642	75,718
General and administrative costs		23,353	34,514
Professional fees		54,284	45,044
Project evaluation costs		-	3,912
Shareholder information and investor relations	4	146,016	58,532
Transfer agent, regulatory and listing fees		19,929	25,170
Travel		5,730	25,803
		(499,892)	(404,501)
Other income (expenses)			
Foreign exchange gain (loss)		(699)	(4,186)
Finance income		-	144
		(699)	(4,042)
Loss for the period		(500,591)	(408,543)
Other comprehensive income (loss)			
Foreign currency translation differences for foreign operations		-	(1,986)
		-	(1,986)
Total comprehensive loss		(500,591)	(410,529)
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)		(0.02)	(0.03)
Weighted average number of common shares outstanding - basic and diluted		20,942,462	13,234,496

See accompanying notes to these unaudited condensed consolidated interim financial statements.

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

	Share capital						Accumulated other comprehensive income (loss)	Total
	Note(s)	Number of shares	Amount	Options	Warrants	Accumulated deficit		
Balance at December 31, 2019		20,915,112	7,871,934	816,631	28,580	(6,606,469)	(31,622)	2,079,054
Shares issued for exploration and evaluation assets	7	88,889	12,000	-	-	-	-	12,000
Loss		-	-	-	-	(500,591)	-	(500,591)
Balance at March 31, 2020		21,004,001	7,883,934	816,631	28,580	(7,107,060)	(31,622)	1,590,463
Balance at December 31, 2018		11,250,556	4,656,090	618,769	28	(4,093,290)	(33,121)	1,148,476
Shares issued for cash		4,867,333	1,460,200	-	-	-	-	1,460,200
Share issue costs		-	(78,374)	-	-	-	-	(78,374)
Shares issued for exploration and evaluation assets		422,222	278,666	-	-	-	-	278,666
Shares issued for services		1,266,666	684,000	-	-	-	-	684,000
Fair value of finders' warrants		-	(22,000)	-	22,000	-	-	-
Loss		-	-	-	-	(408,543)	-	(408,543)
Other comprehensive loss		-	-	-	-	-	(1,986)	(1,986)
Balance at March 31, 2019		17,806,777	6,978,582	618,769	22,028	(4,501,833)	(35,107)	3,082,439

See accompanying notes to these unaudited condensed consolidated interim financial statements.

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended	
		March 31, 2020	March 31, 2019
		\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Net loss for the period		(500,591)	(408,543)
Adjustments for items not affecting cash:			
Depreciation	6	592	592
Effects of currency exchange rate changes on reclamation deposit	5	(2,307)	566
Change in non-cash working capital			
Amounts receivable		14,375	(17,654)
Prepaid expenses		113,428	(319,590)
Accounts payable and accrued liabilities		119,077	(18,642)
Cash flow used in operating activities		(255,426)	(763,271)
INVESTING ACTIVITIES			
Exploration and evaluation assets	7	-	(125,000)
Term deposit		-	500,000
Cash flow provided by (used in) investing activities		-	375,000
FINANCING ACTIVITIES			
Proceeds on issuance of common shares, net of cash share issue costs		-	1,381,826
Cash flow provided by financing activities		-	1,381,826
Effects of exchange rate changes on cash and cash equivalents		-	(2,036)
Change in cash and cash equivalents		(255,426)	991,519
Cash and cash equivalents, beginning of period		513,021	135,556
Cash and cash equivalents, end of period		257,595	1,127,075
SUPPLEMENTAL CASH FLOW			
Payment of finder's fees through issue of finder's warrants		-	22,000
Shares issued for exploration and evaluation assets	7	12,000	278,666
Shares issued for services		-	684,000

See accompanying notes to these unaudited condensed consolidated interim financial statements.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

1) CORPORATE AND INFORMATION AND CONTINUANCE OF OPERATIONS

American Pacific Mining Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017, and is in the business of mineral exploration and development.

The Company’s head office, principal address, registered address and records office is Suite 910 - 510 Burrard Street, Vancouver, B.C., V6C 3A8, Canada.

At the date of the unaudited condensed consolidated interim financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at March 31, 2020, the Company had working capital of \$330,444 and an accumulated deficit of \$7,107,060. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and cash equivalents and through further equity financings. Management believes that the Company has sufficient working capital to meet its liabilities for the next twelve months.

COVID-19

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, results of operations and the timing of proposed transaction mentioned below at this time.

Proposed transaction

On April 13, 2020, the Company signed a definitive agreement (the “Definitive Agreement”) with Madison Metals (“Madison”) to acquire the Madison Copper Gold project (the “Project”) near Silver Star, Montana, USA (the “Transaction”). The Project is currently under an earn-in joint venture agreement announced by Broadway Gold Mining Ltd. on April 30, 2019, whereby Kennecott Exploration Company, a subsidiary of the Rio Tinto Group, will incur US\$30 million over 11 years to earn up to 70% of the Project.

Pursuant to the Definitive Agreement, the Company will issue 20 million post-consolidation common shares to Madison. Those shares will be put in escrow and subject to a six-month holding period. The Company will also issue 5 million post-consolidation warrants with a term of 18-months and an exercise price of \$0.25 to Madison. Upon the completion of the Transaction, Madison will appoint one member to the Company’s Advisory board. The Transaction is subject to shareholder approval.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

1) CORPORATE AND INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)

Share consolidation

On April 16, 2020, the Company implemented the share consolidation of one post-consolidation common share for three pre-consolidation common shares. The number of shares and relevant information including but not limited to the share price, number of warrants and options and exercise price per warrant and option presented in these unaudited condensed consolidated interim financial statements had been adjusted accordingly.

These unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2020 were approved by the Board of Directors on May 26, 2020.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2019.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2020 that impacted these condensed consolidated interim financial statements.

3) CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019
	\$	\$
Cash	105,706	110,875
Cash equivalents	151,889	402,146
	257,595	513,021

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

4) PREPAID EXPENSES

Prepaid expenses consist of amounts paid in advance for services which will be amortized over the term of the contract.

During the year ended December 31, 2019, the Company entered into an arm's-length agreement with Wallace Hill Partners Ltd. and affiliates, a media specialist in the natural resources sector. The agreement is for a three-year term. The Company paid \$329,142 (US\$250,000) and issued a total of 933,333 of its common shares with a fair value of \$504,000 in consideration for the consulting services. These amounts were initially classified as prepaid expenses and will be amortized over 3 years. During the three months ended March 31, 2020, \$69,429 was charged to the statement of loss and comprehensive loss as shareholder information and investor relations expenses. As of March 31, 2020, the unamortized amount was \$532,285 (December 31, 2019 – \$601,714) of which \$254,571 (December 31, 2019 – \$324,000) was classified as long term.

During the year ended December 31, 2019, the Company entered into an arm's-length agreement with Capital Pearl Investments Inc. The agreement is for a one-year term. The Company paid \$40,000 and issued a total of 333,333 of its common shares with a fair value of \$180,000 in consideration for the consulting services. These amounts were initially classified as prepaid expenses and will be amortized over 12 months. During the three months ended March 31, 2020, \$18,333 was charged to the statement of loss and comprehensive loss as consulting fees. As of March 31, 2020, the unamortized amount was \$nil (December 31, 2019 – \$18,333).

During the year ended December 31, 2019, the Company entered into another arm's-length agreement with Capital Pearl Investments Inc. The agreement is for a one-year term. The Company paid cash of \$100,000 for the consulting services. These amounts were initially classified as prepaid expenses and will be amortized over 12 months. During the three months ended March 31, 2020, \$25,000 was charged to the statement of loss and comprehensive loss as consulting fees. As of March 31, 2020, the unamortized amount was \$33,333 (December 31, 2019 – \$58,333).

5) RECLAMATION DEPOSITS

The Company has reclamation deposits of \$28,339 (US\$20,000). These bonds were put up as collateral for the Tuscarora project in the event of future operations (December 31, 2019 – \$26,032 (US\$20,000)).

6) EQUIPMENT

	Cost	Accumulated depreciation	Carrying value
	\$	\$	\$
As at December 31, 2019	7,897	(3,853)	4,044
Additions	-	(592)	(592)
As at March 31, 2020	7,897	(4,445)	3,452

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

7) EXPLORATION AND EVALUATION ASSETS**Exploration and evaluation assets as of March 31, 2020**

	South Lida claims \$	Tuscarora property \$	Gooseberry project \$	Total \$
Balance as at December 31, 2019	554,834	369,973	36,850	961,657
Acquisition costs				
- shares	-	12,000	-	12,000
Balance as at March 31, 2020	554,834	381,973	36,850	973,657

Exploration and evaluation costs incurred by the Company during the three months ended March 31, 2020

	For the three months ended March 31, 2020		Total \$
	Gooseberry \$	Tuscarora \$	
Consulting	34,742	9,550	44,292
Equipment rental	-	474	474
Geological	26,898	830	27,728
Sample analysis	-	5,566	5,566
Transportation	1,582	-	1,582
	63,222	16,420	79,642

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

South Lida claims (Nevada, US)

On July 1, 2017, the Company entered into a Claims Purchase Agreement (the "SL Claims Purchase Agreement") with David Saderholm (the "Trustee"), Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (collectively, the "Vendors") whereby the Vendors agreed to sell the South Lida Property in exchange for shares in the Company.

Under the SL Claim Purchase Agreement, the Company will issue to the Vendors a total of 1,000,000 common shares (the "Property Shares") as follows:

- 166,667 Property Shares on July 1, 2017 (issued);
- 166,667 Property Shares on the listing date (issued);
- 333,333 Property Shares on the earlier of (i) six months after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued); and
- 333,333 Property Shares on the earlier of (i) the one-year anniversary after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser. (issued at a fair value of \$220,000)

The acquisition of the South Lida property is a related party transaction as two of the Vendors are officers and directors of the Company.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora property (Nevada, US)

On November 6, 2017, the Company entered into an option agreement (the “Tuscarora Option Agreement”) with Novo Resources Corp. The Tuscarora Option Agreement was amended on December 18, 2019 (the “Amended Tuscarora Option Agreement”). Pursuant to the Tuscarora Option Agreement, Novo Resources Corp. will grant the Company the exclusive right and option to acquire a 100% right, title, and interest in and to the Tuscarora Property (the “Tuscarora Option”).

Pursuant to the Amended Tuscarora Option Agreement, to earn the Tuscarora Option, the Company will:

- a) make \$400,000 cash payments to Novo Resources Corp. as follows:
 - i. \$125,000 due on the earlier of the listing date and January 31, 2018 (paid);
 - ii. \$125,000 due on the earlier of the first anniversary of the listing date and January 31, 2019 (paid); and
 - iii. \$150,000 due on January 31, 2021;
- b) issue 266,667 common shares of the Company to Novo Resources Corp. in three equal instalments, with one-third issued on each of the listing date (issued), the first anniversaries of the listing date (issued) and second anniversaries of the listing date (issued with a fair value of \$12,000); and
- c) incur USD\$100,000 in expenditures on the property annually, starting on the twelve-month period commencing on the first anniversary of the listing date and per each successive twelve-month period thereafter.

The property is subject to net smelter returns royalties of 0.5% which may be reduced to nil (0%) by paying US\$500,000.

In addition, the Company is also required to make the following payments to the Ely Gold Royalties (“Ely Gold”), the owner of the Tuscarora property:

- a) Annual minimum royalty payments

On or before:	\$	
November 7, 2018	4,000	Paid
November 7, 2019	4,000	Paid
November 7, 2020	4,000	
November 7, 2021	8,000	
November 7, 2022	8,000	
November 7, 2023	8,000	
November 7, 2024	8,000	
November 7, 2025	8,000	
November 7, 2026 and each succeeding anniversary	12,000	

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

7) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora property (Nevada, US) (continued)

b) Production royalty based on the net smelter returns from the production and sale of minerals from the Tuscarora property. The royalty percentage rate for precious metals is based on the average daily price per troy ounce of gold during the period of production of minerals from the Tuscarora property for which the royalty is payable as follows:

- less than or equal to \$1,500 Two percent (2%)
- greater than \$1,500 but less than or equal to \$2,000 Three percent (3%)
- greater than \$2,000 Four percent (4%)

The royalty percentage will apply for all other minerals is 2.5% of the net smelter returns.

On March 19, 2018, the Company expanded the Tuscarora Gold Project through the additional staking of 67 claims in Elko County, Nevada.

Joint Venture with OceanaGold U.S. Holdings Inc. ("OceanaGold")

On April 15, 2019, the Company entered into an earn-in agreement with OceanaGold, a US subsidiary of OceanaGold Corp.

According to earn-in agreement, OceanaGold can earn up to 51% of the Tuscarora Gold Project by investing US\$4,000,000 over the next four years ("Phase 1") as follows:

On or before:	US\$	
April 15, 2020	625,000	Incurred
April 15, 2021	750,000	
April 15, 2022	1,125,000	
April 15, 2023	1,500,000	

After Phase 1, OceanaGold has an option to earn an additional 24% interest by investing US\$6,000,000 in the next four years.

To execute the earn-in agreement, OceanaGold made an initial cash payment of US\$50,000 to the Company (\$65,432) during the year ended December 31, 2019. OceanaGold will make a second payment of US\$200,000 in cash or shares at Oceana's option when OceanaGold earns a 51-per-cent interest in the Tuscarora Gold Project.

OceanaGold will also make all payments to holders of underlying property interests and pay claim fees. OceanaGold will be the operator and, upon earning-in an interest, a joint venture management committee will be formed.

On January 13, 2020, OceanaGold decided not to proceed further with the earn-in agreement with the Company.

Gooseberry Gold Project (Nevada, US)

On April 23, 2019, the Company acquired through staking the historic Gooseberry Mine in Storey Nevada, US. The Gooseberry Gold project includes 42 unpatented claims, totaling approximately 708 acres.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

8) SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Escrow shares

During the year ended December 31, 2018, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. During the three months ended March 31, 2020, 87,500 common shares were released from escrow (March 31, 2020 – 87,500. At March 31, 2020, there were 175,000 common shares held in escrow (December 31, 2019 – 262,500).

Issued share capital

On April 16, 2020, the Company implemented the share consolidation of one post-consolidation common share for three pre-consolidation common shares

At March 31, 2020, the Company had 21,004,001 common shares issued and outstanding (December 31, 2019 – 20,915,112) with a value of \$7,883,934 (December 31, 2019 – \$7,871,934).

During the three months ended March 31, 2020

- On March 4, 2019, the Company issued 88,889 common shares with a fair value of \$12,000 in exchange for the Tuscarora Property (Note 7).

During the three months ended March 31, 2019

- On March 1, 2019, the Company completed a non-brokered private placement of 4,867,333 units at a price of \$0.30 for gross proceeds of \$1,460,200. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of \$0.60 at any time prior to February 28, 2020. In connection with the private placement, the Company paid \$78,374 and issued 117,880 finders warrants priced at \$0.60 as share issue costs.

The Company estimated the fair value of finders' warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 1.78%, an expected life of 12 months, an expected volatility of 78% and an expected dividend yield of 0%, which totaled \$22,000, and recorded these values as share issuance costs.

- On March 8, 2019, the Company issued 333,333 common shares with a fair value of \$220,000 for the South Lida Property.
- On March 8, 2019, the Company issued 88,889 common shares with a fair value of \$58,666 for the Tuscarora Property.
- On March 22, 2019, the Company issued 933,333 common shares with a fair value of \$504,000 to Wallace Hill Partners Ltd. and affiliates in consideration for a three-year consulting services agreement.
- On March 22, 2019, the Company issued 333,333 common shares with a fair value of \$180,000 to Capital Pearl Investments in consideration for a one-year consulting services agreement.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

8) SHARE CAPITAL (CONTINUED)

Warrants

The changes in warrants during the three months ended March 31, 2020, are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	4,183,714	0.60
Expired	(117,902)	0.60
Balance, end of period	4,065,812	0.60

During the three months ended March 31, 2020

- 117,902 warrants with an expiry date of February 28, 2020 expired unexercised.
- The Company extended the expiry date of 2,433,667 warrants with an expiry date of February 28, 2020 to February 28, 2021. The extension was approved by the Canadian Securities Exchange.

During the three months ended March 31, 2019

- 2,007,100 warrants expired unexercised.

The following summarizes information about warrants outstanding at March 31, 2019:

Expiry date	Exercise price (\$)	Warrants outstanding	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
July 29, 2020	0.60	1,632,157	6,552	0.33
February 28, 2021	0.60	2,433,655	-	0.92
		4,065,812	6,552	0.68

Stock options

The Company has a Stock Option Plan (the "Plan") applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is ten years from the grant date. Under the stock option plan, management has the option of determining vesting periods.

The changes in stock options during the three months ended March 31, 2020, are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	1,316,667	0.74
Cancelled	(100,000)	0.78
Balance, end of period	1,216,667	0.73

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

8) SHARE CAPITAL (CONTINUED)

Stock options (continued)

During the three months ended March 31, 2020, 100,000 stock options were cancelled.

No options were granted, exercised or cancelled during the three months ended March 31, 2019.

No share-based payments expense arising from stock options was recognized during the three months ended March 31, 2020 and 2019.

The following summarizes information about stock options outstanding and exercisable at March 31, 2020:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
March 8, 2023	0.750	616,667	616,667	509,070	2.94
March 19, 2023	0.900	33,333	33,333	18,717	2.97
June 29, 2023	0.750	100,000	100,000	35,950	3.25
April 15, 2024	0.840	299,999	299,999	140,483	4.04
July 12, 2020	0.435	166,668	166,668	41,764	0.28
		1,216,667	1,216,667	745,984	2.87
Weighted average exercise price (\$)		0.73	0.33		

On May 19, 2020, the Company cancelled all the issued and outstanding options as of March 31, 2020 (1,216,667 stock options).

9) RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the 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.

During the three months ended March 31, 2020 and 2019, the short-term benefits incurred for the key management personnel were \$128,722 and \$141,301, respectively.

During the three months ended March 31, 2020, the Company incurred consulting fees of \$40,020 to Harbourside Consulting Ltd. which is controlled by the Chief Executive Officer and a Director of the Company (March 31, 2019 – \$39,232).

During the three months ended March 31, 2020, the Company incurred consulting fees of \$22,500 to Inlet Consulting Ltd. which is controlled by the Chief Financial Officer and a Director of the Company (March 31, 2019 – \$22,500).

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$83,924, as at March 31, 2020 (December 31, 2019 – \$43,139), which were paid subsequent to March 31, 2020. These amounts are unsecured, non-interest bearing and payable on demand.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

10) SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	March 31, 2020	Canada	United States
	\$	\$	\$
Non-current assets			
Reclamation deposits	28,339	-	28,339
Prepaid expenses	254,571	254,571	-
Equipment	3,452	3,452	-
Exploration and evaluation assets	973,657	-	973,657
	1,260,019	258,023	1,001,996

	December 31, 2019	Canada	United States
	\$	\$	\$
Non-current assets			
Reclamation deposits	26,032	-	26,032
Equipment	4,044	4,044	-
Exploration and evaluation assets	961,657	-	961,657
	1,315,733	4,044	987,689

11) CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its 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 capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management at any time during the three months ended March 31, 2020. The Company is not subject to externally imposed capital requirements.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

12) FINANCIAL INSTRUMENTS**Fair value**

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	March 31, 2020	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
ASSETS				
Cash and cash equivalents	257,595	257,595	-	-
Amounts receivable	14,942	-	14,942	-
Reclamation deposits	28,339	-	28,339	-
LIABILITIES				
Accounts payable and accrued liabilities	279,516	-	279,516	-

	December 31, 2019	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
ASSETS				
Cash and cash equivalents	513,021	513,021	-	-
Amounts receivable	29,317	-	29,317	-
Reclamation deposits	26,032	-	26,032	-
LIABILITIES				
Accounts payable and accrued liabilities	160,439	-	160,439	-

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

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

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

As at March 31, 2020, the financial instrument recorded at fair value on the statements of financial position is cash and cash equivalents which is measured using Level 1 of the fair value hierarchy. As at March 31, 2020, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

12) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable.

The Company's cash and cash equivalents is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash and cash equivalents based in Canada are accessible. The Company's amounts receivable balance does not represent significant credit exposure as it is principally due from the Government of Canada.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

At March 31, 2020, the Company had cash and cash equivalents of \$257,595 and accounts payable and accrued liabilities of \$279,516. All accounts payable and accrued liabilities are current.

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash and cash equivalents are easily accessible.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on the balance of cash at March 31, 2020 would result in an approximately \$2,500 change to the Company's loss for the three months ended March 31, 2020.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2020

(Expressed in Canadian Dollars)

12) FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Foreign Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, amounts receivable, and accounts payable and accrued liabilities are held in CAD and United States dollars ("USD"); therefore, USD accounts are subject to fluctuation against the CAD.

The Company's financial instruments were denominated as follows as at March 31, 2020:

-	CA\$	US\$
Cash and cash equivalents	256,485	783
Amounts receivable	14,942	-
Reclamation deposits	-	20,000
Accounts payable and accrued liabilities	(223,552)	(39,496)
	47,875	(18,713)
Rate to convert to \$1.00 CA\$	1.00	1.42
Equivalent to CA\$	47,875	(26,516)

Based on the above net exposures as at March 31, 2020, and assuming that all other variables remain constant, a 10% change of the CAD against the USD would change profit or loss by approximately \$200.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.

13) SUBSEQUENT EVENTS

- On May 14, 2020, the Company entered into an arm's-length agreement with Primoris Group Inc. for media relations services for a term of 6 months with a monthly fee of \$5,000. In addition, the Company issued 350,000 stock options of the Company with an exercise price of \$0.325 to Primoris Group Inc. The stock options are exercisable for a period of five years.
- On May 22, 2020, the Company completed a non-brokered private placement of 23,923,931 units at a price of \$0.125. Each unit comprised of one common share and one common share purchase warrant with each warrant entitling the holder to purchase one common share of the Company at a price of \$0.20 per common share at any time prior to November 22, 2021.

In connection with the non-brokered private placement, the Company paid finder's fees of \$56,175, issued 450,800 finder's shares and issued 900,200 finder's warrants. Each finder's warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per common share at any time prior to November 22, 2021.