

WALCOTT RESOURCES LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
JUNE 30, 2019
(Unaudited – Prepared by Management)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three and nine months ended June 30, 2019.

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities administrators, 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 consolidated financial statements of Walcott Resources Ltd. (“the Company” or “Walcott”) for the interim period ended June 30, 2019, have been prepared in accordance with the International Accounting Standard 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company’s management.

The Company’s independent auditors, Manning Elliott, have not performed a review of these interim financial statements.

August 29, 2019

WALCOTT RESOURCES LTD.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	As at June 30, 2019 (Unaudited) \$	As at September 30, 2018 (Audited) \$
ASSETS			
Current			
Cash		3,104	65,545
Taxes recoverable		5,800	4,403
Prepaid expenses	9(i)	10,000	10,000
		18,904	79,948
Exploration and evaluation asset	5	173,484	123,484
Total assets		192,388	203,432
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		34,883	21,065
		34,833	21,065
Shareholder loan	6	21,000	-
Total liabilities		55,883	21,065
Equity			
Share capital, net of issuance costs	6	212,800	202,800
Deficit		(76,295)	(20,433)
Total shareholders' equity		136,505	182,367
Total liabilities and shareholders' equity		192,388	203,432

Nature of operations and going concern (Note 1)
Commitments (Note 9)
Subsequent events (Note 10)

Approved and authorized for issue on behalf of the Board of Directors on August 29, 2019:

"Marshall Farris" Director

"Tracy Mabone" Director

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

WALCOTT RESOURCES LTD.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars, except number of shares outstanding - Unaudited)

	Three months ended June 30, 2019	June 30, 2018	Nine months ended June 30, 2019	Period from inception to June 30, 2018
	\$	\$	\$	\$
Expenses				
Professional Fees	1,649	19,524	27,693	19,524
Marketing	-	-	3,000	-
Filing Fees	150	-	16,365	-
Office & miscellaneous	63	45	804	45
Net loss and comprehensive loss for the period	9,862	19,569	55,862	19,569
Weighted average number of common shares outstanding				
Basic and diluted	8,420,000	8,020,000	8,324,621	8,020,000
Loss per common share				
Basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)

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

WALCOTT RESOURCES LTD.

Condensed Interim Statement of Changes in Equity

(Expressed in Canadian Dollars, except number of shares outstanding - Unaudited)

	Note	Number of Shares	Share Capital	Deficit	Total
		#	\$	\$	\$
Balance, December 11, 2017 (inception)		-	-	-	-
Shares issued to founders	5	8,020,000	192,800	-	192,800
Comprehensive loss		-	-	(19,569)	(19,569)
Balance, June 30, 2018		8,020,000	192,800	(19,569)	(173,231)
Balance, September 30, 2018		8,220,000	202,800	(20,433)	182,367
Shares issued pursuant to the Agreement	4, 5	200,000	10,000	-	10,000
Comprehensive loss		-	-	(55,862)	(55,862)
Balance, June 30, 2019		8,420,000	212,800	(76,295)	136,505

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

WALCOTT RESOURCES LTD.Condensed Interim Interim Statement of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	Nine months ended June 30, 2019	Period from inception to June 30, 2018
	\$	\$
Cash flows used in operating activities		
Net loss for the period	(55,862)	(19,569)
Changes non-cash working capital items:		
Taxes recoverable	(1,397)	(976)
Accounts payable and accrued liabilities	13,818	14,200
Net cash used in operating activities	(43,441)	(6,345)
Cash flows used in investing activities		
Investment in exploration and evaluation assets	(40,000)	(89,560)
Net cash used in investing activities	(40,000)	(89,560)
Cash flows provided by financing activities		
Issuance of shares	-	192,800
Shareholders' loan	21,000	-
Net cash provided by financing activities	21,000	192,800
Net increase (decrease) in cash	(62,441)	96,895
Cash, beginning of period	65,545	-
Cash, end of period	3,104	96,895

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

WALCOTT RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Walcott Resources Ltd. (“the Company”) was incorporated under the British Columbia, Canada, Business Corporations Act on December 11, 2017. The address of the Company’s corporate office and its principal place of business is 1315 Moody Avenue, North Vancouver, BC, Canada, V7L 3T5.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at June 30, 2019, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time.

These unaudited condensed interim financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three and nine months ended June 30, 2019, the Company incurred a net loss of \$9,862 and \$55,862 respectively. As of that date, the Company had a deficit of \$76,295 and a working capital deficit of \$15,979. There is no certainty that additional financing at terms that are acceptable to the Company will be available, and an inability to obtain financing would have a direct impact on the Company’s ability to continue as a going concern. These conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. Management intends to finance operating costs with the proceeds from equity financings.

These unaudited condensed interim financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These unaudited condensed interim financial statements (“financial statements”) have been prepared in accordance with International Accounting Standards 34 - *Interim Financial Reporting*, using accounting policies consistent with the International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. IFRS include International Accounting Standards (“IAS”) and interpretations issued by the IFRS Interpretations Committee. As such, these financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the period from incorporation on December 11, 2017 to September 30, 2018.

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on August 29, 2019.

WALCOTT RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars - Unaudited)

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value, or amortized cost, as applicable. The presentation currency is the Canadian dollar; therefore, all amounts are presented in Canadian dollars unless otherwise noted.

c) Significant accounting judgements and key sources of estimate uncertainty

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

Significant judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the financial statements are as follows:

i. Going concern

These 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 assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the financial statements, then adjustments to the carrying value of assets and liabilities, the reported expenses and the statement of financial position would be necessary (Note 1).

ii. Functional currency

The functional currency for the Company is the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

WALCOTT RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars - Unaudited)

2. BASIS OF PRESENTATION (continued)

iii. Economic recoverability of future economic benefits of mineral property interests

Management has determined that exploration and evaluation of mineral properties and related costs incurred, which have been recognized on the statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

iv. Indications of impairments of assets

Impairment testing is done at the cash generating unit level and judgment is involved in assessing whether there is any indication that an asset or a cash generating unit may be impaired. The assessment of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables, including metal price trends, exploration plans for properties and the results of exploration and evaluation to date.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

i. Provisions

Provisions recognized in the financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

ii. Income taxes

The provision for income taxes and composition of income tax assets and liabilities require management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and apply those findings to the Company's transactions.

WALCOTT RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars - Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied and disclosed in note 3 to the annual consolidated financial statements with exception of the following:

i. Revenue recognition

On October 1, 2018, the Company adopted a new accounting standard IFRS 15 – Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2018 using the retrospective method of adoption. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customer. The Company generates revenue through licensing and lease agreements with a sole customer. The Company has reviewed the guidance found in IFRS 15 and determined that there are no changes to the Company’s financial statements as the Company is not generating any revenues yet.

ii. Financial instruments

On October 1, 2018, the Company adopted a new accounting standard IFRS 9 *Financial Instruments* which replaces IAS 39 – Financial Instruments: Recognition and Measurement and is intended to reduce the complexity in the classification and measurement of financial instruments. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The Company has assessed the classification and measurement of its financial assets and financial liabilities in accordance with the new measurement categories under IFRS 9. Classification and measurement of the Company’s assets and liabilities remained the same.

4. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	\$	\$	\$
Opening balance December 31, 2017	-	-	-
Acquisition and exploration costs	45,000	78,484	123,484
Balance, September 30, 2018	45,000	78,484	123,484
Acquisition and exploration costs	50,000	-	50,000
Balance June 30, 2019	95,000	78,484	173,484

Cobalt Hill Property

Pursuant to an option agreement (the “Agreement”) dated February 5, 2018, the Company was granted an option to acquire a 100% undivided interest in certain Cobalt Hill mineral claims (the “Property”) located in the Trail Creek Mining Division in British Columbia.

WALCOTT RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars - Unaudited)

4. EXPLORATION AND EVALUATION ASSET (continued)

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Property by making cash payments totaling \$355,000, and issuing a total of 1,100,000 common shares of the Company as follows:

- Upon signing the Agreement – 200,000 common shares (estimated at \$10,000 using a share price of \$0.05 and issued on September 29, 2018) and \$35,000 in cash (paid);
- On or before February 5, 2019 - 200,000 common shares (estimated at \$10,000 using a share price of \$0.05 and issued on February 5, 2019) and \$40,000 in cash (paid);
- On or before February 5, 2020 - 300,000 common shares and \$80,000 in cash;
- On or before February 5, 2021 - 400,000 common shares and \$200,000 in cash.

The optionor will retain a 1.5% Net Smelter Returns royalty on the Property.

5. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value

b) Issued share capital

As at June 30, 2019, 8,420,000 commons shares were issued and outstanding.

c) Share issuances

Nine months ended June 30, 2019:

- On February 5, 2019, pursuant to the Agreement the Company issued 200,000 shares at a deemed price of \$0.05 per share for a total consideration of \$10,000.

Year ended September 30, 2018:

- During the year ended September 30, 2018, the Company issued an aggregate of 8,020,000 shares for total proceed of \$192,800 with varying values.
- On February 5, 2018, upon signing the Agreement the Company issued 200,000 shares at a deemed price of \$0.05 per share for a total consideration of \$10,000.

WALCOTT RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian Dollars - Unaudited)

6. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

- i) Key management includes directors and key officers of the Company, including the President, Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). During the nine month period ended June 30, 2019, the Company accepted loans from two directors of the Company in the aggregate amount of \$21,000. Such loans are non-interest bearing with no specific terms of repayment.

7. MANAGEMENT OF 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 the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject. The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. 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 or dispose of assets or adjust the amount of cash.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

a) Overview of changes in IFRS

The Company adopted IFRS 9 on October 1, 2018 in accordance with the transitional provisions of the standard.

b) Classification and measurement changes

The Company has assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 and have summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	Measurement Category	
	Original (IAS 39)	New (IFRS 9)
Financial assets:		
Cash and cash equivalents	Amortized Cost	Amortized Cost
Financial liabilities:		
Accounts payables and accrued liabilities	Amortized Cost	Amortized Cost

WALCOTT RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars - Unaudited)

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

c) Fair Value of Financial Instruments

As at June 30, 2019 and December 31, 2018, the Company's financial instruments consist of cash, prepaid expenses, sales tax receivable and accounts payable and accrued liabilities. Cash, sales tax receivable and prepaid expenses are designated as loans and receivables, which is measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

Level 1 – 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 for the asset or liability that are not based on observable market data.

As at June 30, 2019, the Company believes that the carrying values of cash, prepaid expenses, sales tax receivable, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

d) Financial Instruments Risk

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

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.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

ii) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high-quality financial institution.

WALCOTT RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars - Unaudited)

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

iii) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at June 30, 2019, the Company had cash of \$3,104 (September 30, 2018 – \$65,545) and working capital deficit of \$15,979 (September 30, 2018 – positive working capital of \$58,883) with total liabilities of \$55,883 (September 30, 2018 – \$21,065).

iv) Market risk

- a. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A change of 100 basis points in the interest rates would not be material to the financial statements.
- b. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables constant, an increase or a decrease of 10% of the US dollar against the Canadian dollar, the net loss of the Company and the equity for the nine months ended June 30, 2019 would have varied by a negligible amount.
- c. The Company had no hedging agreements in place with respect to foreign exchange rates.

9. COMMITMENTS

- i) The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in note 4.
- ii) The Company entered into an agency agreement with PI Financial Corp. (the "Agent") whereby the Agent has agreed to raise on commercially reasonable efforts up to \$350,000 in the initial public offering ("IPO") by the issuance of up to 3,500,000 common shares of the Company at a price of \$0.10 per common share. Pursuant to the terms of the agency agreement, the Company has agreed to pay to the Agent a commission of 9% of the gross proceeds of the IPO on the closing of the IPO. The Company has also agreed to pay to the Agent a corporate finance fee of \$20,000 plus GST of \$1,000 for a total of \$21,000. In addition, the Company will pay the Agent's legal fees incurred, and any other reasonable expenses of the Agent pursuant to the IPO. The Company has also agreed to grant to the Agent options (the "Agent's Option") which will entitle the Agent to purchase up to 9% of the common shares sold under the IPO, at \$0.15 per share for 24 months from the listing date. As at March 31, 2019, the Company had paid \$10,000 plus GST of \$500 in corporate finance fee and \$10,000 in future legal expenses (included in prepaid expenses at March 31, 2019) for a total amount of \$20,500.
- iii) The Company has agreed to repay to two directors of the Company loans in the aggregate amount of \$21,000. Such loans are non-interest bearing with no specific terms of repayment, see note 6.

WALCOTT RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars - Unaudited)

10. SUBSEQUENT EVENT

On July 30, 2019, the Company completed its initial public offering (the “Offering”). Pursuant to the Offering, the Company issued in aggregate 3,500,000 common share at \$0.10 per common share for gross proceed of \$350,000. The Company issued 315,000 finders’ warrants with an exercise price of \$0.15 to the agent. Walcott’s common shares were listed on the Canadian Securities Exchange on July 30, 2019 under the trading symbol “WAL”.