WALCOTT RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

JUNE 30, 2020

(Unaudited – Prepared by Management)

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

As at	Note	June 30, 2020	September 30, 2019
		$	$
ASSETS			
Current			
Cash		128,116	184,631
Taxes recoverable		16,216	7,340
Prepaid expenses		-	9,878
		144,332	201,849
Non-current assets			
Exploration and evaluation assets	5	249,525	181,524
Total assets		393,857	383,373
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		29,014	7,576
Total liabilities		29,014	7,576
Shareholders' equity			
Share capital	6	564,701	504,701
Reserves	6	20,626	20,626
Deficit		(220,484)	(149,530)
Total shareholders' equity		364,843	375,797
Total liabilities and shareholders' equity		393,857	383,373

Nature of Operations and Going Concern (Note 1)
Commitments (Note 10)

Approved and authorized for issue on behalf of the Board:

"Marshall Farris" Director

"Kelvin Lee" 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)

	Three months ended		Nine months ended	
	June 30, 2020	**June 30, 2019**	**June 30, 2020**	**June 30, 2019**
	$	**$**	**$**	**$**
EXPENSES				
General and administrative	1,500	63	4,845	804
Management fees	10,500	-	31,500	
Professional fees	3,745	1,649	12,153	27,693
Regulatory and filing fees	4,108	150	12,476	16,365
Marketing	66	-	9,980	3,000
Loss and comprehensive loss	**19,919**	**1,862**	**70,954**	**47,862**
Loss per share – basic and diluted	**(0.00)**	**(0.00)**	**(0.01)**	**(0.01)**
Weighted average number of common shares outstanding	**12,220,000**	**8,420,000**	**12,044,932**	**8,324,621**

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

WALCOTT RESOURCES LTD.
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Note	Common Shares		Reserves	Deficit	Total Shareholders' Equity
		Number of Shares	Share Capital			
		#	$	$	$	$
Balance, September 30, 2018		8,220,000	202,800	-	(20,433)	182,367
Shares issued for mineral property	**5**	200,000	10,000	-	-	10,000
Loss and comprehensive loss		-	-	-	(55,862)	(55,862)
Balance, June 30, 2019		**8,420,000**	**212,800**	**-**	**(76,295)**	**136,505**
Initial public offering	**6**	3,500,000	350,000	-	-	350,000
Share issuance costs	**6**	-	(58,099)	20,626	-	(37,473)
Loss and comprehensive loss		-	-	-	(73,235)	(73,235)
Balance, September 30, 2019		**11,920,000**	**504,701**	**20,626**	**(149,530)**	**375,797**
Shares issued for mineral property	**5**	300,000	60,000	-	-	60,000
Loss and comprehensive loss		-	-	-	(70,954)	(21,974)
Balance, June 30, 2020		**12,220,000**	**564,701**	**20,626**	**(220,484)**	**413,823**

WALCOTT RESOURCES LTD.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	Nine months ended June,	
	2020	2019
	$	$
Cash flows used in operating activities:		
Loss and comprehensive loss	**(70,954)**	(55,862)
Changes in non-cash working capital items:		
Taxes recoverable	**(8,876)**	(1,397)
Prepaid expenses	**9,878**	-
Accounts payable and accrued liabilities	**21,438**	13,818
Net cash used in operating activities	**(48,514)**	(43,441)
Financing activities		
Shareholder loan	**-**	21,000
Net cash provided by financing activities	**-**	21,000
Investing activities		
Exploration and evaluation assets	**(8,001)**	(40,000)
Net cash used in investing activities	**(8,001)**	(40,000)
Increase (decrease) in cash	**(56,515)**	(62,441)
Cash, beginning	**184,631**	65,545
Cash, ending	**128,116**	3,104

Supplemental cash flow information:		
Shares issued for Exploration and evaluation assets	**60,000**	-

1. NATURE OF OPERATIONS

Walcott Resources Ltd. ("the Company") was incorporated on December 11, 2017 under the laws of British Columbia. On July 20, 2019, the Company completed its initial public offering and listed on the Canadian Securities Exchange ("CSE") under the symbol "WAL". The address of the Company's corporate office and its principal place of business is 1315 Moody Avenue, North Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at June 30, 2020, 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 Company has not generated revenue to date and had an accumulated deficit of $220,484 as at June 30, 2020 (September 30, 2019: $149,530), which has been funded by the issuance of equity. These factors form a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on August 28, 2020.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

c) Cash equivalents

Cash equivalents include short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of June 30, 2020, the Company held no cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a

liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each period end date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, “Financial Instruments: Classification and Measurement”. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVTOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Receivables are measured at amortized cost.

Impairment of financial assets
IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

Impairment
An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade payables are classified under other financial liabilities and carried on the statement of financial position fair value through profit or loss.

l) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as share issue costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Leases

Effective October 1, 2019, the Company adopted all of the requirements of IFRS 16. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the 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. There was no material impact on the Company's consolidated financial statements upon the adoption of this new standard.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable; and

Significant accounting judgments

i. the evaluation of the Company's ability to continue as a going concern; and

ii. the measurement of deferred income tax assets and liabilities.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSET

	Cobalt Hill Property
Acquisitions:	**$**
Balance, September 30, 2018	45,000
Additions	50,000
Balance, September 30, 2019	95,000
Additions	60,000
Balance, June 30, 2020	155,000
Exploration expenditures:	
Balance, September 30, 2018	78,484
Geological and permitting	8,040
Balance, September 30, 2019	86,524
Geological and permitting	8,001
Balance, June 30, 2020	94,525
Balance, September 30, 2019	**181,524**
Balance, June 30, 2020	**249,525**

Cobalt Hill Property

Pursuant to an option agreement (the "Agreement") dated February 5, 2018 and amended on April 25, 2019, 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.

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 (measured 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 (measured 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 (issued January 30, 2020);
- On or before August 5, 2020 - 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.

(Expressed in Canadian dollars)

6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

As at June 30, 2020, the Company had 3,677,475 shares held in escrow.

c) Issued and Outstanding as at June 30, 2020: 12,220,000 common shares.

During the nine months ended June 30, 2020, the Company issued 300,000 to the optionor pursuant to the share issuance commitment detailed in Note 5.

During the year ended September 30, 2019, the Company had the following share capital transactions:

(i) In February 2019, the Company issued 200,000 common shares to the optionor per agreement described in Note 5.

(ii) On July 30, 2019, the Company completed an initial public offering by issuing 3,500,000 shares for gross proceeds of $350,000. The Company incurred $47,786 of share issuance costs and granted 315,000 Agent's Warrants. Each Agent's Warrants entitle the holders to acquire one common share at an exercise price of $0.15 for two years from the grant date. The Company recorded $20,626 in share issuance costs in connection with this grant using the Black-Scholes option pricing model applying a market price of $0.10, an exercise price of $0.150, a risk free rate of 1.48%, an expected volatility of 150% and an expected dividend yield of 0%. Volatility is based on the comparable companies due to non availability of the share price history.

For the purposes of the calculating the tax effect of any premium related to the issuance of the flow-through shares, the Company reviewed recent financings and compared it to determine if there was a premium paid on the shares. As a result of the review the Company did not recognize any premium on the flow-through shares issued.

(i) In February 2018, the Company issued 2,220,000 common shares at a price of $0.05 per share for gross proceeds of $111,000, including 620,000 common shares for gross proceeds of $31,000 issued to directors and management of the Company.

(ii) In September 2018, the Company issued 200,000 common shares to the optionor per agreement described in Note 5.

d) Warrants

Information regarding warrants outstanding as at June 30, 2020 is as follows:

Warrants	Average Exercise Price	Expiry	Weighted Average Life
315,000	$ 0.15	July 30, 2021	1.08

(Expressed in Canadian dollars)

7. 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.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). During the three and nine months ended June 30, 2020, the Company had the following transactions with related parties:

	Three months ended June 30,		**Nine months ended June 30,**	
	2020	2019	**2020**	2019
	$	$	**$**	$
Management fees	**10,500**		**31,500**	-
	10,500	-	**31,500**	-

8. 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.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the 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 the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash and accounts payable. Cash is classified as FVTPL and accounts payable are classified at amortized cost.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

i) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

ii) Interest Rate Risk

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. The Company's cash is exposed to interest rate risk.

iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable are all current and due within 90 days of the balance sheet date.

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 period ended June 30, 2020 would have varied by a negligible amount.

10. COMMITMENTS

i) The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 5.

ii) As at June 30, 2020, the Company had 315,000 share purchase warrants outstanding entitling the holders the right to purchase one common share for each warrant held.

11. SUBSEQUENT EVENTS

On July 9, 2020, the Company amended the terms of the Cobalt Hill property option agreement by reducing the amount of the payment due August 5, 2020 from $80,000 to $15,000, with the balance of $65,000 being payable on or before December 31, 2020.

On August 6, 2020, the Company issued 4,000,000 units (each, a "Unit") of the Company at a price of $0.10 per Unit for aggregate proceeds of $400,000 (the "Private Placement"). Each Unit consisted of one common share of the Company and one non-transferable share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share at an exercise price of $0.15 per share for a period of 24 months from the date of the closing. All of the securities issued in connection with the Private Placement are subject to a statutory four-month hold expiring on December 7, 2020.

Proposed Transaction

On August 13, 2020, the Company entered into a share exchange agreement among the Company, 1256714 B.C. Ltd. ("TargetCo") and the shareholders of TargetCo (the "Definitive Agreement"), pursuant to which, subject to regulatory approval, the Company will acquire 60% of the issued and outstanding shares of TargetCo (the "Proposed Transaction"). Targetco owns a 100% interest (subject to a 2% NSR) in two prospective silver-zinc projects in Australia, being the Tyr Silver Project and the Century South Silver-Zinc Project.

Pursuant to the terms of the Definitive Agreement, upon the date of closing (the "Closing Date") of the Proposed Transaction, Walcott will acquire 60% of the issued and outstanding securities of TargetCo in consideration for the issuance of 15,000,000 common shares of the Company (the "Payment Shares") pro-rata to shareholders of TargetCo at a deemed price of $0.305 per Payment Share. In addition, subject to approval of the Canadian Securities Exchange (the "CSE"), the Company will issue 675,000 common shares to an arm's length third party finder in connection with the Proposed Transaction (the "Finders' shares") at a deemed price of $0.305 per Finders' Share. The Payment Shares will not be subject to any hold periods under applicable securities laws. The Finders' Shares will be subject to a four month and one day hold period under applicable securities laws.

The Proposed Transaction remains subject to certain closing conditions including, without limitation, (a) the receipt by the Company of all necessary corporate and regulatory approvals, including the approval of the CSE, as applicable; and (b) each party's representations and warranties in the Definitive Agreement being true and correct in all aspects as of the Closing Date, and each party meeting its terms and conditions and completing its covenants and obligations as contained therein. There can be no guarantees that the Proposed Transaction will be completed as contemplated or at all.