# STRAIGHTUP RESOURCES INC.

**CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of unaudited condensed interim financial statements and are in accordance with International Accounting Standard 34 - Interim Financial Reporting.

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

**Straightup Resources Inc.**
**INDEX TO CONDENSED INTERIM FINANCIAL STATEMENTS**
**(Expressed in Canadian Dollars)**
**Three months ended March 31, 2020 and 2019**

**Straightup Resources Inc.**
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**
**(Expressed in Canadian Dollars)**
**As at March 31, 2020 and December 31, 2019**

| | March 31 2020 | December 31 2019 |
|---|---|---|
| **ASSETS** | | |
| CURRENT | | |
| Cash and cash equivalents | $ 189,193 | $ 11,049 |
| Prepaid expenses | - | 10,000 |
| Goods and Services Tax recoverable | 6,692 | 128 |
| | 195,885 | 21,177 |
| EXPLORATION AND EVALUATION ASSET *(Note 3)* | 123,239 | 123,239 |
| Deferred financing costs *(Note 4)* | - | 47,000 |
| | $ 319,124 | $ 191,416 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | $ 61,877 | $ 115,256 |
| Share capital *(Note 5)* | 528,093 | 243,501 |
| Contributed surplus | 103,945 | 79,750 |
| Deficit | (374,791) | (247,091) |
| | 257,247 | 76,160 |
| | $ 319,124 | $ 191,416 |

**ON BEHALF OF THE BOARD**

"Matthew Coltura" *Director*

"Mark Lotz" *Director*

The accompanying notes are an integral part of these Financial Statements

**Straightup Resources Inc.**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS**

**(Expressed in Canadian Dollars)**

**Three months ended March 31, 2020 and 2019**

| | **2020** | 2019 |
|---|---|---|
| **EXPENSES** | | |
| Consulting fees | **9,000** | 9,000 |
| Office | **17,537** | 3,522 |
| Listing fees | **79,550** | - |
| Professional fees | **13,060** | 9,650 |
| Rent | **7,500** | 2,250 |
| Telephone | **1,053** | 949 |
| | **127,700** | 25,371 |
| NET LOSS | **(127,700)** | (25,371) |
| COMPREHENSIVE INCOME | | |
| **COMPREHENSIVE LOSS** | **$ (127,700)** | $ (25,371) |
| **EARNINGS PER SHARE** | **$ (0.01)** | $ - |
| **WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING** | **12,942,089** | 12,070,001 |

The accompanying notes are an integral part of these Financial Statements

**Straightup Resources Inc.**
**CONDENSED STATEMENT OF CHANGES IN EQUITY**
**(Expressed in Canadian Dollars)**
**Period ended March 31, 2020 and Years ended December 31, 2019 and 2018**

| | Common Shares | | | | | |
|---|---|---|---|---|---|---|
| | Number of shares | Amount | Share subscriptions | Contributed surplus | Deficit | **Total equity** |
| **As at January 1, 2018** | 1 | $ 1 | $ - | $ - | $ (1,629) | **$ (1,628)** |
| Shares issued to founders | 2,000,000 | 10,000 | (5,000) | - | - | **5,000** |
| Shares issued for cash | 4,820,000 | 128,500 | - | - | - | **128,500** |
| Shares issued for cash (flow-through) | 5,250,000 | 105,000 | - | - | - | **105,000** |
| Share-based payments | - | - | - | 30,000 | - | **30,000** |
| Net loss for the year | - | - | - | - | (91,422) | **(91,422)** |
| **As at December 31, 2018** | 12,070,001 | $ 243,501 | $ (5,000) | $ 30,000 | $ (93,051) | **$ 175,450** |
| **As at January 1, 2019** | 12,070,001 | $ 243,501 | $ (5,000) | $ 30,000 | $ (93,051) | **$ 175,450** |
| Shares subscriptions received | - | - | 5,000 | - | - | **5,000** |
| Share-based payments | - | - | - | 49,750 | - | **49,750** |
| Net loss for the year | - | - | - | - | (154,040) | **(154,040)** |
| **As at December 31, 2019** | 12,070,001 | 243,501 | - | 79,750 | (247,091) | **76,160** |
| **As at January 1, 2020** | 12,070,001 | 243,501 | - | 79,750 | (247,091) | **76,160** |
| Shares issued for cash | 3,968,000 | 396,800 | - | - | - | **396,800** |
| Share issuance costs | - | (88,013) | - | - | - | **(88,013)** |
| Warrants issued | - | (24,195) | - | 24,195 | - | **-** |
| Net loss for the period | - | - | - | - | (127,700) | **(127,700)** |
| **As at March 31, 2020** | 16,038,001 | $ 528,093 | $ - | $ 103,945 | $ (374,791) | **$ 257,247** |

The accompanying notes are an integral part of these Financial Statements

**Straightup Resources Inc.**
**CONDENSED INTERIM STATEMENT OF CASH FLOW**
**(Expressed in Canadian Dollars)**
**Three months ended March 31, 2020 and 2019**

| | 2020 | 2019 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net loss for the period | $ (127,700) | $ (25,371) |
| | (127,700) | (25,371) |
| Changes in non-cash working capital: | | |
| Trade and other receivables | (6,563) | (462) |
| Trade and other payables | (53,380) | 8,310 |
| Prepaid expenses | 10,000 | (10,000) |
| | (49,943) | (2,152) |
| Cash flow used by operating activities | (177,643) | (27,523) |
| **INVESTING ACTIVITY** | | |
| Cash flow from investing activity | - | - |
| **FINANCING ACTIVITIES** | | |
| Share subscription received | - | 5,000 |
| Shares issued | 396,800 | - |
| Deferred financing costs | 47,000 | - |
| Share issuance costs | (88,013) | - |
| Cash flow from financing activities | 355,787 | 5,000 |
| **INCREASE (DECREASE) IN CASH** | 178,144 | (22,523) |
| **CASH AND CASH EQUIVALENT - BEGINNING OF PERIOD** | 11,049 | 49,249 |
| **CASH AND CASH EQUIVALENT - END OF PERIOD** | $ 189,193 | $ 26,726 |

The accompanying notes are an integral part of these Financial Statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Straightup Resources Inc. ("the Company") was incorporated on August 22, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200 - 551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at March 31, 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 outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of $374,791 as at March 31, 2020, which has been funded by the issuance of equity. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance and basis of presentation

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 by the Board of Directors on June 08, 2020.

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.

(b) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

*(continues)*

**(Expressed in Canadian Dollars)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant areas requiring the use of estimates include fair value of share-based payments and unrecognized deferred income tax assets. Actual results could differ from those estimates.

Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

3. EXPLORATION AND EVALUATION ASSET

| | Acquisition costs | Exploration costs | | Total |
|---|---|---|---|---|
| Balance, December 31, 2017 | $ - | $ 110,684 | $ - | $ 110,684 |
| Year 2018 additions | 5,000 | 7,555 | - | 12,555 |
| Balance, March 31, 2020, December 31, 2019 and 2018 | 5,000 | 118,239 | - | 123,239 |

**Hi Mars Project**

Pursuant to an option agreement dated October 30, 2017 (the "Agreement"), with Rich River Exploration and Craig A. Lynes, collectively, the "Optionors", the Company was granted an option to acquire a 100% undivided interest in the Hi Mars Project (the "Property") located near Powel River area in the Vancouver Mining Division, British Columbia.

In accordance with the Agreement, the Company has the option to earn the undivided 100% interest in the Property (subject to the Net Smelter Returns ("NST") described below) by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling $160,000, and incurring a total of $600,000 in exploration expenditures as follows:

*(continues)*

**(Expressed in Canadian Dollars)**

3. EXPLORATION AND EVALUATION ASSET *(continued)*

| | Common Shares | Cash | Exploration Expenditures |
|---|---|---|---|
| | # | $ | $ |
| Upon signing of the Agreement | - | 5,000 | - |
| Upon listing of the Company's common shares on a Canadian Stock Exchange (the "Listing") | 100,000 | - | - |
| On or before the first anniversary of the Listing | 100,000 | - | - |
| On or before the second anniversary of the Listing | 100,000 | 25,000 | 200,000 |
| On or before the third anniversary of the Listing | 100,000 | 30,000 | 100,000 |
| On or before the fourth anniversary of the Listing | 200,000 | 100,000 | 300,000 |
| Total | 600,000 | 160,000 | 600,000 |

The cash payment due upon signing of the agreement on October 30, 2017 was made during the year ended December 31, 2018.

The Optionors will retain a 3% NSR royalty on the Property. The Company has the right to purchase the first 1% of the royalty for $750,000 and the remaining 2% for $1,000,000 at any time prior to the commencement of commercial production.

4. DEFERRED FINANCING COSTS

In the year ended December 31, 2019, the Company recorded deferred financing costs in the amount of $47,000 in connection with the initial public offering then being prepared. This amount was reversed as of the IPO date when the expenses were billed to the Company.

5. SHARE CAPITAL

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

On January 7, 2020 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 month from date of listing. At December 31, 2019, there were 6,125,001 common shares held in escrow. In connection with the Company's IPO, the Company held 7,250,001 common shares in escrow.

Issued and Outstanding as at March 31, 2020: 16,038,001 common shares.

During the year ended December 31, 2019, the Company had no share capital transactions.

During the year ended December 31, 2018, the Company had the following share capital transactions:

(i) The Company issued 2,000,000 common shares at a price of $0.005 per share for $10,000, of which $5,000 is recorded as share subscriptions. The fair value of the 2,000,000 common shares was estimated to be $40,000. Accordingly, the Company recorded share-based payments of $30,000 and a corresponding increase to contributed surplus.

*(continues)*

**(Expressed in Canadian Dollars)**

5. SHARE CAPITAL *(continued)*

(ii) The Company issued 3,750,000 units at a price at $0.02 and 1,070,000 units at $0.05 per unit for total gross proceeds of $128,500. Each unit is comprised of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to purchase one common share of the Company at $0.05 for a period of 5 years.

(iii) The Company issued 5,250,000 flow-through units at a price of $0.02 per unit for gross proceeds of $105,000, which the Company was committed to spend in Qualifying Canadian Exploration Expenditures (“CEE”). None of the Qualifying CEE will be available to the Company for future deduction from taxable income. Each unit is comprised of one flow-through common share and one common share purchase warrant. Each purchase warrant entitles the holder to purchase one common share of the Company at $0.05 for a period of 5 years.

As at December 31, 2018, the Company has spent and renounced $105,000 in CEE.

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.

On March 11, 2020, the Company completed its initial public offering (the "IPO") of 3,968,000 common shares in its capital (each a "Share"), 468,000 of which were sold pursuant to an over-allotment option, at a price of $0.10 per Share for gross proceeds of $396,800. Share issuance costs totaled $159,837. The net proceeds from the IPO will be used for working capital and to carry out exploration of the Company's Hi-Mars Property.

In consideration for the services provided by the Agent, the Company paid the Agent a cash commission equal to 10% of the gross proceeds of the IPO and a corporate finance fee of $25,000. Additionally, the Company granted the Agent and its selling group compensation warrants entitling the holder to purchase in aggregate 396,800 Shares at a price of $0.10 per Share, exercisable on or before March 11, 2022.

The Shares were listed on the Canadian Securities Exchange on March 10, 2020 and began trading on March 18, 2020 under the symbol "ST".

**Warrants**

As at March 31, 2020, the Company had the following outstanding warrants:

| Number of warrants | Exercise price | Expiry date |
|---|---|---|
| 9,000,000 | $ 0.05 | August 31, 2023 |
| 1,070,000 | $ 0.05 | September 21, 2023 |
| 396,800 | $ 0.10 | March 11, 2022 |
| 10,466,800 | | |

*(continues)*

**(Expressed in Canadian Dollars)**

5. SHARE CAPITAL *(continued)*

**Stock Options**

As at December 31, 2019, the Company had the following outstanding stock options:

| Exercise Price | Number of Options | Expiry Date |
|---|---|---|
| 0.10 | 600,000 | May 17, 2024 |

The following table summarizes the continuity of the Company's stock options:

| | Number of stock options | Weighted average exercise price |
|---|---|---|
| | | $ |
| Outstanding, January 1, 2019 | - | - |
| Granted | 600,000 | 0.10 |
| Outstanding and exercisable, December 31, 2019 | 600,000 | 0.10 |

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the period ended December 31, 2019, the Company recognized share-based compensation expense of $49,750 in contributed surplus. Weighted average assumptions used in calculating the fair value of share-based compensation expense were as follows:

| | | |
|---|---|---|
| Exercise price | $ | 0.10 |
| Share price | $ | 0.10 |
| Risk-free interest rate | | 2.03% |
| Expected life of warrants | | 5 years |
| Dividend rate | | 0.00% |
| Annualized volatility | | 120% |

During the three months ended March 31, 2020, the Company recognized share issue costs of $24,195 in contributed surplus. The assumptions used in calculating the fair value of the warrants issued were as follows:

| | | |
|---|---|---|
| Exercise price | $ | 0.10 |
| Share price | $ | 0.10 |
| Risk-free interest rate | | 1.50% |
| Expected life of warrants | | 2 years |
| Dividend rate | | 0.00% |
| Annualized volatility | | 120% |

**(Expressed in Canadian Dollars)**

6. RELATED PARTY 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.

The Company had incurred the following key management personnel costs from related parties:

| | | **2019** | | 2018 |
|---|---|---|---|---|
| Share-based payments | **$** | **49,750** | $ | 30,000 |

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

During the year ended December 31, 2018, the Company issued 2,000,000 common shares with estimated fair value of $40,000 to directors and officers of the Company. Accordingly, the Company recorded an amount of $30,000 as share-based payments for the year ended December 31, 2018.

During the three months ended March 31, 2020, the Company paid consulting fees of $9,000 (2019 - $9,000) and rent of $7,500 (2019 - $2,250) to a former director and CEO of the Company.

During the three months ended March 31, 2020, the Company incurred accounting fees of $9,850 to a company owned by the CFO. The Company also incurred $88,039 in listing-related costs and other fees to a firm controlled by a family member of the CFO. In addition, accrued liabilities included $46,692 due to the firm.

7. CAPITAL MANAGEMENT

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.

**(Expressed in Canadian Dollars)**

8. FINANCIAL INSTRUMENTS

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) 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 (unobservable inputs).

***Fair value of financial instruments***

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at March 31, 2020 were as follows:

| | | Fair value measurements using | | |
|---|---|---|---|---|
| | Carrying amount | Level 1 | Level 2 | Level 3 |
| March 31, 2020 | | | | |
| Cash | **$ 189,193** | $ 189,193 | $ - | $ - |
| December 31, 2019 | | | | |
| Cash | **11,049** | 11,049 | - | - |

**Risk Management**

The Company is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives for growth and stakeholder returns. The principal risks to which the Company is exposed, and the actions taken to manage them, are described below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*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.

*Interest Rate Risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates.
The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.
The Company has not entered into any derivative instruments to manage interest rate fluctuations.

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8. FINANCIAL INSTRUMENTS *(continued)*

*Liquidity Risk*
Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

9. COMMITMENTS

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 3.

10. SUBSEQUENT EVENTS

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Company's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the Company's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

On May 8, 2020 the Company announced the formation of its advisory board and the appointment of Gerald Carlson as its initial member. The advisory board was created to make advisors available to the Company's management and board of directors with expertise in business development, capital markets and the natural resource sector.

On June 4, 2020 the Company announced a non-brokered private placement (the "Offering") of up to 10,000,000 units (the "Units") at a price of $0.15 per Unit for aggregate gross proceeds of up to $1,500,000. Each Unit will consist of one common share in the capital of the Company (each, a "Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Share at an exercise price of $0.25 per share for a period of 12 months from the closing of the Offering. In the event the closing price of the Shares on the Canadian Securities Exchange (the "Exchange") is equal to or greater than $0.40 per Share for a minimum of ten consecutive trading days commencing four months and one day after the closing of the Offering, the Company may accelerate the expiry date of the Warrants by providing notice to the holders thereof and, in such case, the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

The Company may pay finder's fees to arm's length parties that have introduced the Company to subscribers participating in the Offering. All securities issued in connection with the Offering will be subject to a four-month and one day hold period in Canada.

The net proceeds from the Offering are intended to be used for property expenditures and for general working capital.