
SENTINEL RESOURCES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JULY 31, 2020 AND 2019
(Unaudited – Expressed in Canadian Dollars)

NOTICE TO READER

Under 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 financial statements have been prepared by and are the responsibility of the Company's management.

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

SENTINEL RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

	Note	July 31, 2020 \$	April 30, 2020 \$
ASSETS			
Current assets			
Cash		202,766	324,860
GST recoverable		2,819	-
		205,585	324,860
Exploration and evaluation assets	4	417,566	310,000
Total assets		623,151	634,860
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	41,466	19,663
SHAREHOLDERS' EQUITY			
Share capital	5	743,091	735,591
Contributed surplus	5	26,833	26,833
Deficit		(188,239)	(147,227)
		581,685	615,197
Total liabilities and shareholders' equity		623,151	634,860

Nature of operations and going concern (Note 1)
Subsequent events (Note 7)

Approved and authorized on behalf of the Board of Directors on September 24, 2020

"Robin Gamley" Director

"Robert McMorran" Director

SENTINEL RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three months ended July 31, 2020 and 2019

(Unaudited – Expressed in Canadian Dollars)

	Note	2020 \$	2019 \$
Expenses			
Consulting fees		20,148	-
Filing fees		2,250	9,955
Office expenses		131	146
Professional fees		18,483	18,882
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Net and comprehensive loss for the period		(41,012)	(28,983)
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Basic and diluted loss per share		(0.002)	(0.001)
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Weighted average number of shares outstanding		18,556,441	20,000,100

SENTINEL RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Expressed in Canadian dollars, except for share figures)

	Number of Shares #	Share Capital \$	Share Issue Costs \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, April 30, 2019	20,000,100	310,010	-	-	(35,422)	274,588
Net and comprehensive loss for the period	-	-	-	-	(28,983)	(28,983)
Balance, July 31, 2019	20,000,100	310,010	-	-	(64,405)	245,605
Shares cancelled	(3,000,100)	(10)	-	-	-	(10)
Cancellation of shares issued for acquisition of exploration and evaluation assets	(5,000,000)	(100,000)	-	-	-	(100,000)
Share based compensation	-	-	-	2,763	-	2,763
Shares issued for acquisition of exploration and evaluation assets	50,000	5,000	-	-	-	5,000
Initial public offering share issuance	6,500,000	650,000	(129,409)	24,070	-	544,661
Net and comprehensive loss for the period	-	-	-	-	(82,822)	(82,822)
Balance, April 30, 2020	18,550,000	865,000	(129,409)	26,833	(147,227)	615,197
Shares issued for acquisition of exploration and evaluation assets	50,000	7,500	-	-	-	7,500
Net and comprehensive loss for the period	-	-	-	-	(41,012)	(41,012)
Balance, July 31, 2020	18,600,000	872,500	(129,409)	26,833	(188,239)	581,685

SENTINEL RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

	2020	2019
	\$	\$
Operating activities:		
Net loss for the period	(41,012)	(28,983)
Changes in non-cash working capital related to operations:		
GST recoverable	(2,819)	-
Accounts payable and accrued liabilities	4,504	(6,741)
Net cash used in operating activities	(39,327)	(35,724)
Investing activity:		
Acquisition and exploration costs on exploration and evaluation assets	(82,767)	-
Net cash used in investing activity	(82,767)	-
Decrease in cash during the period	(122,094)	(35,724)
Cash – beginning of the period	324,860	78,099
Cash – end of the period	202,766	42,375
Supplemental cash flow information		
Shares issued for acquisition of exploration and evaluation assets	7,500	-
Increase in accounts payable and accrued liabilities related to exploration and evaluation costs	17,299	-

SENTINEL RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Sentinel Resources Corp. (“the Company” or “Sentinel”) was incorporated under the Business Corporations Act of British Columbia on August 3, 2018. The Company is engaged in the exploration and development of mineral properties in Canada. The Company’s head office is located at 810-609 Granville Street, Vancouver, BC V7Y 1G5.

On February 28, 2020, the Company successfully completed its initial public offering (the “IPO”) and issued 6,500,000 shares of the Company at a price of \$0.10 per share for proceeds of \$650,000. The Company’s common shares were listed on the Canadian Securities Exchange (“CSE”) effective February 28, 2020, with its common shares commencing trading on the CSE on March 2, 2020 under the trading symbol “SNL”.

These condensed interim financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At July 31, 2020, the Company had accumulated losses of \$188,239 since its inception and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration and corporate overhead. In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business and continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These events and conditions indicate a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern.

Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited financial statements for the year ended April 30, 2020. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and therefore should be read together with the audited financial statements for the year ended April 30, 2020.

SENTINEL RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

b) Basis of presentation

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these condensed interim financial statements are prepared using the accrual basis of accounting, aside from cash flow information.

c) Foreign currencies

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

d) Critical judgments and estimates

Shares issued for exploration and evaluation assets

Management makes judgments in determining the share price attributed to issuances of shares for exploration and evaluation assets. Management considers market conditions, recent or pending private placements of the Company, and or contracted terms of the issuance. Should management's judgment as to an appropriate share price be incorrect, the value could be materially different.

Share-based payments

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and compensation warrants granted, modified or settled. Under this method, compensation cost attributable to options granted is measured at fair value, using the Black-Scholes option pricing model, at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options, and an estimated risk-free interest rate.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Future accounting standards issued but not yet effective

In January 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* to clarify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2022. Adoption thereof is not expected to have a material impact on the presentation of the Company's financial statements.

SENTINEL RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Pass	Litter Bear	Total
	\$	\$	\$
April 30, 2020	310,000	-	310,000
Acquisition costs – cash	15,000	25,000	40,000
Acquisition costs – shares issued	7,500	-	7,500
Assaying	9,675	-	9,675
Camp costs	4,513	-	4,513
Consulting	2,000	-	2,000
Geologists	34,300	-	34,300
Other	9,578	-	9,578
	82,566	25,000	107,566
July 31, 2020	392,566	25,000	417,566

Pass Property

On September 30, 2018, the Company entered into an assignment agreement (the “Assignment Agreement”) with Madjak Management Ltd. (“Madjak”), which was amended and restated on August 28, 2019 (the “Amended and Restated Assignment Agreement”), to acquire a 100% interest in the North Pass and Anjuli Rose Claims as well as an option (the “Option Agreement”) to acquire a 100% interest in the Pass Claim (collectively the “Pass Property”). The Pass Property is located in the Nelson Mining Division in the Province of British Columbia.

Under the terms of the Assignment Agreement, the Company paid \$100,000 and issued 5,000,000 units (at fair value of \$100,000) of the Company. Each unit consisted of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional share of the Company at a price of \$0.10 per share for a period of three years from the date of issue. On August 28, 2019, the Company cancelled the 5,000,000 previously issued units issued under the Assignment Agreement.

In addition, under the Assignment Agreement the Company was required to:

- (a) pay \$100,000 within five days of listing on the Canadian Securities Exchange (the “Exchange”) (paid during the year ended April 30, 2020);
- (b) pay \$50,000 sixty days after listing on the Exchange (paid during the year ended April 30, 2020); and
- (c) pay \$50,000 one hundred and twenty days after listing on the Exchange (paid during the year ended April 30, 2020).

SENTINEL RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

As a result of closing the Amended and Restated Assignment Agreement, the Company has assumed all of Madjak's rights and obligations under the Option Agreement. In order to exercise the option, the Company is required to:

(a) pay the Optionor \$5,000 and issue 50,000 common shares upon acceptance by the Exchange of the Pass Claim being acquired or optioned, in full or in part, by the Company (paid and issued shares during the year ended April 30, 2020);

(b) pay the Optionor \$15,000 and issue 50,000 common shares, no later than three months after the date of the Exchange acceptance of the Pass Claim being acquired or optioned, in full or in part by the Company (paid \$15,000 and issued shares at fair value of \$7,500 during the three months ended July 31, 2020);

(c) pay the Optionor \$15,000, no later than one year after the date of the Exchange acceptance of the Pass Claim being acquired or optioned, in full or in part by the Company; and

(d) pay the Optionor \$35,000, no later than two years after the date of the Exchange acceptance of the Pass Claim being acquired or optioned, in full or in part by the Company.

The Optionor will also retain a 2% net smelter return royalty (the "Royalty"). The Company may purchase 1% of the Royalty by paying the Optionor a total of \$500,000.

Little Bear Project

The Company entered into an option agreement (the "Option Agreement") to acquire an additional mineral exploration project in British Columbia. Pursuant to the Option Agreement, the Company can earn a 100% interest in two mineral claims, known as the Little Bear 1 and Little Bear 2 claims, located on Vancouver Island, B.C., by making a one-time cash payment of \$25,000 (paid in May 2020) and completing a \$50,000 work program.

SENTINEL RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

5. SHARE CAPITAL

- a) **Authorized** – Unlimited common shares without par value.
- b) **Issued and outstanding** – 18,600,000 common shares
- c) **Financings**

During the three months ended July 31, 2020, the Company issued the following common shares:

On June 2, 2020, the Company issued 50,000 shares at a fair value of \$7,500 for the acquisition of the Pass Property.

During the year ended April 30, 2020, the Company issued the following common shares:

On February 28, 2020, the Company successfully completed its IPO and issued 6,500,000 shares of the Company at a price of \$0.10 per share for proceeds of \$650,000. Pursuant to the agency agreement dated February 5, 2020, Leede Jones Gable Inc. acted as agent (the “Agent”) for the IPO. The Company paid to the Agent a cash commission of \$45,500 and granted the Agent non-transferable options entitling the Agent to purchase a total of 455,000 common shares at a price of \$0.10 per common share until February 28, 2022. In connection with the IPO, the Agent also received a corporate finance fee of \$26,250 and reimbursements of \$22,941 for its legal and consulting expenses.

The fair value of the Agent’s options issued was determined to be \$24,070 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of \$nil, risk free interest rate of 1.78%, expected life of 2 years and expected volatility of 100%.

Legal fees of \$10,648 were paid in connection with the IPO.

- d) **Escrowed shares**

As at July 31, 2020, 900,000 common shares are held in escrow (April 30, 2020 – 900,000) to be released pro-rata to the shareholders as to 10% on the listing date with the remaining escrow shares being released in six equal tranches of 15% every six months for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities. During the year ended April 30, 2020, 1,000,000 common shares held in escrow were cancelled.

SENTINEL RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

e) Stock Options

On March 15, 2019, the Company adopted a stock option plan (the “Stock Option Plan”), which provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Company’s common shares issued and outstanding at the time such options are granted. Options may be granted under the Stock Option Plan to the directors, officers, employees, management or consultants of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The Stock Option Plan provides that the number of common shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director, officer, employee or consultant, or 1% of the issued common shares, if the individual is engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability.

During the year ended April 30, 2020, the Company granted 275,000 options to officers and directors of the Company. The stock options have an exercise price of \$0.10 per share and expire on January 14, 2025. The options vested immediately upon grant. The weighted average fair value of the options granted during the year ended April 30, 2020 was \$0.01. The fair value of these options on the date of grant was determined using the Black-Scholes option pricing model and the following assumptions:

	2020	2019
Risk free interest rate	1.55%	Nil
Expected life	5 years	Nil
Expected volatility	100%	Nil
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

The expected volatility assumption was based on the estimated volatility of comparable companies trading on the CSE.

The changes in the stock options for the year ended April 30, 2020 and three months ended July 31, 2020 are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, April 30, 2019	-	-	-
Granted	275,000	\$0.10	-
Balance and exercisable, April 30, 2020 and July 31, 2020	275,000	\$0.10	4.46

SENTINEL RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

The balance of options outstanding as at July 31, 2020 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
January 14, 2025	\$0.10	4.46	275,000	-	275,000

f) Warrants

Details of warrants activity for the year ended April 30, 2020 and three months ended July 31, 2020 are as follows:

	Number of Warrants #	Weighted Average Exercise Price \$
Balance, April 30, 2019	20,000,000	0.10
Warrants cancelled ⁽¹⁾⁽²⁾	(8,000,000)	0.10
Balance, April 30, 2020 and July 31, 2020	12,000,000	0.10

⁽¹⁾The shareholders agreed to surrender to the Company one half of their units originally issued to them; as a result, 3,000,000 warrants were cancelled.

⁽²⁾The Company cancelled the 5,000,000 previously issued units issued under the Assignment Agreement. Refer to Note 4.

The balance of warrants outstanding as at July 31, 2020 is as follows:

Expiry Date	Exercise Price \$	Remaining Life (Years)	Warrants Outstanding #
September 30, 2021	0.10	1.17	3,000,000
December 31, 2021	0.10	1.42	9,000,000
		1.36	12,000,000

g) Agent's Options

During the year ended April 30, 2020, the Company granted 455,000 options to brokers in connection with the IPO offering. The Agent's options have an exercise price of \$0.10 per share and expire on February 28, 2022.

The changes in the Agent's options for the year ended April 30, 2020 and three months ended July 31, 2020 are as follows:

SENTINEL RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

	Number of Agent's options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, April 30, 2019	-	-	-
Granted	455,000	\$0.10	-
Balance, April 30, 2020 and July 31, 2020	455,000	\$0.10	1.58

The balance of Agent's options outstanding as at July 31, 2020 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
February 28, 2022	\$0.10	1.58	455,000	-	455,000

6. RELATED PARTY TRANSACTIONS

The Company incurred charges from directors and officers, or to companies associated with these individuals during the three months ended July 31, 2020 and 2019 as follows:

	2020 \$	2019 \$
Accounting fees	4,158	2,388

Accounts payable and accrued liabilities at July 31, 2020 includes \$4,765 (April 30, 2020 – \$399) due to a company in which the CFO is an owner. Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Key management of the Company includes the CEO, the CFO and the Directors. During the three months ended July 31, 2020, compensation paid to key management consisted of accounting fees of \$4,158 (2019 – \$2,388) paid to a company in which the CFO is an owner.

7. SUBSEQUENT EVENTS

a) Loans Payable

In August 2020, the Company entered into loan agreements with several lenders in the total amount of \$200,000. The loans bear an interest rate of 10% per annum and are due and payable on August 25, 2021. In addition, the Company will issue up to 245,614 common shares of the Company at a discount to market price of \$0.285 per share to the lenders.

SENTINEL RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

b) Option Agreement

In September 2020, the Company entered into an option agreement with RebelEX Resources Corp. (“RebelEx”), to acquire up to a 100% interest in the historic Waterloo silver-gold property, located near Vernon, British Columbia.

Terms of the option agreement are as follows:

1. Making cash payments to RebelEX of an aggregate of \$200,000, including: (i) \$30,000 within 10 business days of the effective date of the agreement (“Effective Date”); (ii) \$30,000 on or before the date that is 12 months following the Effective Date; (iii) \$40,000 on or before the date that is 24 months following the Effective Date; (iv) \$40,000 on or before the date that is 36 months following the Effective Date; and (v) \$60,000 on or before the date that is 48 months following the Effective Date;

2. Issuing to RebelEX the aggregate amount of 4,000,000 common shares in the capital of the Company as follows: (i) 300,000 common shares within 10 business days following the Effective Date; (ii) 600,000 common shares on or before the date that is 12 months following the Effective Date; (iii) 700,000 common shares on or before the date that is 24 months following the Effective Date; (iv) 800,000 common shares on or before the date that is 36 months following the Effective Date; (v) 1,600,000 common shares on or before the date that is 48 months following the Effective Date;

3. Funding aggregate expenditures on the property of \$1,200,000 as follows: (i) \$200,000 on or before the date that is 12 months following the Effective Date; (ii) \$250,000 on or before the date that is 24 months following the Effective Date; (iii) \$250,000 on or before the date that is 36 months following the Effective Date; and (iv) \$500,000 on or before the date that is 48 months following the Effective Date.

After the Company has earned the 100% Interest, the Company will pay to RebelEX a royalty being equal to 2% of Net Smelter Returns. The Company may purchase 1% of the royalty interest, for \$1,000,000.

In connection with the transaction, the Company will pay an arm's length finder of 435,000 common shares over the term of the option agreement.

c) Private Placement

On September 21, 2020, the Company closed a non-brokered private placement financing of 2,000,000 units at a price of \$0.25 per unit for gross proceeds of \$500,000. Each unit comprises one common share in the capital of the Company and one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share for \$0.40 for a period of one year from the date of issuance. The Company paid finders fees totalling \$15,750.

SENTINEL RESOURCES CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended July 31, 2020 and 2019
(Unaudited – Expressed in Canadian Dollars)

d) Incorporation of Subsidiary

On August 24, 2020, the Company incorporated a subsidiary, Sentinel Resources (Australia) Pty Ltd, in New South Wales, Australia.