

**LIDA RESOURCES INC.**

**Interim Condensed Consolidated Financial Statements**

**For the three Months Ended November 30, 2019**

(Unaudited – Expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), 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 Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**LIDA RESOURCES INC.****Interim Condensed Consolidated Statements of Financial Position**

(Unaudited – Expressed in Canadian dollars)

	<b>November 30, 2019</b>	<b>August 31 2019</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 550	\$ 1,511
Accounts receivable	2,590	1,388
Prepaid expenses	8,590	7,630
Deferred Financing Cost	77,210	77,210
	<u>88,940</u>	<u>87,739</u>
Mineral interests (notes 5)	827,818	828,079
<b>TOTAL ASSETS</b>	<b>\$ 916,758</b>	<b>\$ 915,818</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 421,302	\$ 302,550
Due to related party (note 8)	18,933	11,400
<b>TOTAL LIABILITIES</b>	<u>440,235</u>	<u>313,950</u>
<b>EQUITY</b>		
Share capital (note 6)	2,303,384	2,303,384
Accumulated other comprehensive income (loss)	(530)	2,150
Deficit	(1,826,331)	(1,703,666)
<b>TOTAL EQUITY</b>	<u>476,523</u>	<u>601,868</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 916,758</b>	<b>\$ 915,818</b>

Approved and authorized for issue by the Board of Directors on January 29, 2020

/s/ "Leonard De Melt"

Leonard De Melt, CEO &amp; Director

/s/ "Hugh Maddin"

Hugh Maddin, Director

The accompanying notes are integral part of these consolidated financial statements

**LIDA RESOURCES INC.****Interim Condensed Consolidated Statements of Operations and Comprehensive Loss**

(Expressed in Canadian dollars)

	For the three months ended November 30, 2019	For the three months ended November 30, 2018
<b>EXPENSES</b>		
Bank charges	\$ 481	\$ 462
Consulting (note 8)	-	13,710
Exploration and evaluation costs (note 5)	25,229	43,927
Transfer agent, regulatory and listing fees	-	-
General and administrative	2,274	4,210
Professional fees	94,681	32,014
Travel	-	-
<b>Loss before other expenses</b>	<b>(122,665)</b>	<b>(94,323)</b>
<b>Other income (expense)</b>		
Foreign exchange gain (loss)	-	(90)
Gain on sale of subsidiary (note 5)	-	-
<b>Total other income</b>	<b>-</b>	<b>(90)</b>
<b>Net income (loss) for the period</b>	<b>(122,665)</b>	<b>(94,413)</b>
<b>Other comprehensive income (loss)</b>		
Item that will be recycled to profit or loss:		
Foreign exchange gain (loss) on translation adjustment	(2,680)	47
<b>Other comprehensive income (loss) for the period</b>	<b>\$ (125,345)</b>	<b>\$ (94,366)</b>
Basic and diluted income or loss per share	\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted		
	34,877,596	32,399,359

The accompanying notes are integral part of these consolidated financial statements

**LIDA RESOURCES INC.****Interim Condensed Consolidated Statements of Changes in Equity**

(Expressed in Canadian dollars)

	Share capital		Accumulated other comprehensive income (loss)	Deficit	Total
	Number of shares	Amount			
Balance, August 31, 2018	31,561,334	\$ 2,117,107	\$ (4,815)	\$ (223,846)	\$ 1,888,446
Issuance of shares on private placement, net of share issue cost	1,769,119	86,505	-	-	86,505
Currency translation adjustment	-	-	47	-	47
Net loss for the period	-	-	-	(94,413)	(94,413)
Balance, November 30, 2018	33,330,453	2,203,612	(4,768)	(318,259)	1,880,585
Issuance of shares on private placement, net of share issue cost	1,547,143	99,772	-	-	99,772
Distribution of Fidelity Minerals Corp. shares and warrants	-	-	-	(2,404,625)	(2,404,625)
Currency translation adjustment	-	-	7,134	-	7,134
Unrealized foreign exchange gain on disposal of subsidiary	-	-	(216)	169	(47)
Net income for the period	-	-	-	1,019,049	1,019,049
Balance, August 31, 2019	34,877,596	\$ 2,303,384	\$ 2,150	\$ (1,703,666)	\$ 601,868
Unrealized foreign exchange gain on disposal of subsidiary	-	-	(2,680)	-	(2,680)
Net income for the period	-	-	-	(122,665)	(122,665)
Balance, November 30, 2019	34,877,596	\$ 2,303,384	\$ (530)	\$ (1,826,331)	\$ 476,523

The accompanying notes are integral part of these consolidated financial statements

**LIDA RESOURCES INC.**  
**Interim Condensed Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars)

	For the three months ended November 30, 2019	For the three months ended November 30, 2018
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net income (loss) from continuing operations	\$ (122,665)	\$ (94,413)
Gain on sale of subsidiary	-	-
Unrealized foreign exchange	-	-
<b>Changes in non-cash working capital items:</b>		
Accounts receivable	(1,202)	(2,486)
Prepaid expenses	(960)	(894)
Deferred financing cost	-	-
Accounts payable and accrued liabilities	116,333	21,442
Due to related party	7,533	-
<b>Net cash used in operating activities</b>	<b>(961)</b>	<b>(76,351)</b>
<b>FINANCING ACTIVITIES</b>		
Shares issued on incorporation	-	86,505
Shares issued on private placement	-	-
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>86,505</b>
<b>INVESTING ACTIVITY</b>		
Acquisition of mineral interests	-	-
<b>Net cash used in investing activity</b>	<b>-</b>	<b>-</b>
Increase (decrease) in cash	(961)	10,154
Cash, beginning of period	1,511	46,088
<b>Cash, end of period</b>	<b>\$ 550</b>	<b>\$ 56,242</b>
<b>Supplemental cash-flow information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
<b>Non-cash transactions</b>		
Share issue costs included in accounts payable	\$ -	\$ 20,661
Mineral interest costs included in accounts payable	\$ -	\$ 45,130

The accompanying notes are integral part of these consolidated financial statements

# LIDA RESOURCES INC.

## Notes to the Interim Condensed Consolidated Financial Statements

### For the Three Months Ended November 30, 2019

(Expressed in Canadian dollars)

#### 1. NATURE OF OPERATIONS AND GOING CONCERN

Lida Resources Inc. (the "Company") was incorporated pursuant to the Business Corporations Act of British Columbia on September 8, 2017 and is an exploration stage company focusing on mineral properties in Peru. The Company's head and registered and records office is located at Suite 2400, 525 8 Avenue SW, Calgary, Alberta, T2P 1G1.

These interim condensed consolidated financial statements have been prepared on the 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. As at November 30, 2019, the Company has a working capital deficiency of \$356,487 has not generated any revenues from operations and has an accumulated deficit of \$1,835,240. Management expects the Company will incur further expenditures to acquire and develop its mineral properties and for administrative expenses. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing (note 12). There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. These interim condensed consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the fiscal period ended August 31, 2019, which have been prepared with International Financial Reporting Standards ("IFRS"). These condensed interim consolidated financial statements were approved by the Company's Board of Directors on January 29, 2020.

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

##### (b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries: Imperium Mining SAC and Lida Resources SAC. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the Company's subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated on consolidation.

	Place of incorporation	Proportion of ownership interest at November 30, 2019
Imperium Mining SAC	Lima, Peru	100%
Lida Resources SAC	Lima, Peru	100%

## **LIDA RESOURCES INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements**

#### **For the Three Months Ended November 30, 2019**

(Expressed in Canadian dollars)

---

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **(c) Use of Estimates and Judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

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 and in any future periods affected. Significant areas requiring the use of judgment include the following:

#### **(i) Functional currency**

Determination of functional currency may involve certain judgments to determine the primary economic environment. The Company reconsiders the functional currency of the group if there is a change in events and conditions, which determined the primary economic environment. Management has determined that the functional currency for the Company is the Canadian dollar and the functional currency of the Peruvian subsidiaries is the Peruvian Sol.

#### **(ii) Valuation of mineral interests**

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

In respect of costs incurred for its investment in exploration and evaluation assets, management has determined the acquisition costs that have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

#### **(iii) Going concern**

The application 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.

#### **(iv) Acquisitions**

Management has had to apply judgment relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of each acquisition in order to reach a conclusion.



## **LIDA RESOURCES INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements**

**For the Three Months Ended November 30, 2019**

(Expressed in Canadian dollars)

---

#### **2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

##### (c) Use of Estimates and Judgments (continued)

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

##### **(i) Deferred income tax assets**

Valuation of deferred tax assets requires the Company to estimate the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities. The Company applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

##### **(ii) Share Based Consideration Received**

In estimating the fair value of share-based consideration received, using the Black-Scholes option pricing model, management is required to make certain assumptions and estimates. Changes in assumptions used to estimate fair value could result in materially different results.

#### **(a) Changes in Accounting Policies**

##### **Leases**

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended August 31, 2019, with the exception of the following:

##### Adoption of new standards - Leases

The Company adopted the requirements of IFRS 16 effective January 1, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

Upon adoption, the Company has elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short term leases (lease term of 12 months or less) and low value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases.

Upon the adoption of IFRS 16, the Company was not required to recognize any right of use assets and lease liabilities related to the Company's leased premises as the only lease outstanding at August 31, 2019 was a month to month contract.

## **LIDA RESOURCES INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements**

**For the Three Months Ended November 30, 2019**

(Expressed in Canadian dollars)

---

### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **(c) Changes in accounting policies (continued)**

For any new contracts entered into on or after August 31, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- i. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- ii. the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- iii. the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If the interest rate implicit in the lease is not readily available, the Company discounts using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included under non-current assets and lease liabilities have been included under current and non-current liabilities.

## LIDA RESOURCES INC.

### Notes to the Interim Condensed Consolidated Financial Statements

#### For the Three Months Ended November 30, 2019

(Expressed in Canadian dollars)

## 5. MINERAL INTERESTS

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

*Mineral interest acquisition costs:*

		<b>San Vicente</b>
Balance, August 31, 2019	\$	828,079
Foreign currency adjustment		(261)
Balance, November 30, 2019	\$	827,818

*Exploration and evaluation costs for the periods ended November 30:*

	<b>2019</b>	<b>2018</b>
Licenses, taxes, and claim fees	\$ 2,733	\$ -
Geology, lab and other fees	136	4,629
Camp operations	1,579	10,986
Professional fees	4,127	4,504
Transportation	1,258	1,917
Community relations	-	19,780
Management and consulting	15,396	-
Rent	-	1,327
Environmental expenditures	-	783
	\$ 25,229	\$ 43,926

### ***San Vicente, Peru***

On March 5, 2018 Imperium Mining SAC (“Imperium”) acquired 100% of the San Vicente mineral property, which comprised of one mining concession located in the western side of the Central Andean Cordillera in Northern Peru. Imperium acquired the property by paying US\$ 100,000, of which US\$ 34,000 remain outstanding as at August 31, 2019 (August 31, 2018 – US\$ 34,000). The funds were advanced by Lida prior to the Company acquiring Imperium.

## 6. SHARE CAPITAL

Authorized: Unlimited number of common shares without par value

Issued: During the three months ended November 30, 2019 there were no shares issued.

## **LIDA RESOURCES INC.**

### **Notes to the Interim Condensed Consolidated Financial Statements**

#### **For the Three Months Ended November 30, 2019**

(Expressed in Canadian dollars)

---

## **7. FINANCIAL INSTRUMENTS AND RISKS**

### **(a) Fair value Hierarchy**

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair values of other financial instruments, which include cash, accounts payable, due to related parties, and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

### **(b) Credit Risk**

Credit risk is the risk of an unexpected loss if an exploration partner, counterparty or third party to a financial instrument fails to meet its contractual obligations. To reduce credit risk, cash is on deposit at major financial institutions. The carrying value of the financial assets represents the maximum credit exposure.

### **(c) Liquidity Risk**

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. All of the Company's financial liabilities have contractual maturities of less than 90 days. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at November 30, 2019, the cash balance of \$550 ( August 31, 2019 – \$1,511) will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities of \$426,494 (August 31, 2019 - \$302,550) and amounts due to related parties of \$18,933 (August 31, 2019 - \$11,400) and required administrative and exploration and evaluation expenditures over the next twelve months. The Company will be required to raise additional capital in the future to fund its operations.

### **(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market price

#### **a. Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. The Company is not exposed to significant interest rate risk.

## LIDA RESOURCES INC.

### Notes to the Interim Condensed Consolidated Financial Statements

#### For the Three Months Ended November 30, 2019

(Expressed in Canadian dollars)

## 7. FINANCIAL INSTRUMENTS AND RISKS (continued)

### (d) Market risk

#### a. Foreign currency risk

The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in US\$. At November 30, 2019 the carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	November 30, 2019	August 31, 2019
	US dollars	US dollars
Cash	32	188
Accounts Payable	(38,915)	(33,760)

The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in the US\$ by 5% would increase or decrease net loss by approximately \$1,945.

#### b. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to such risk.

## 8. RELATED PARTY TRANSACTIONS

During the three months ended November 30, 2019, the Company incurred \$nil (2018 - \$9,000) of consulting fees to the Chief Executive Officer ("CEO"). As at November 30, 2019, the Company had a due to payable to the CEO for \$18,933 (August 31, 2019 - \$11,400).

During the three months ended November 30, 2019, the Company incurred \$6,000 (2018 - \$6,000) of consulting fees, defined as Professional Fees in the Income Statement, to the Chief Financial Officer ("CFO"). As at November 30, 2019, the Company had amounts due to the CFO for \$Nil (August 31, 2019 - \$Nil).

## 9. SEGMENTED INFORMATION

During the three months ended November 30, 2019, the Company operated in one industry segment: mineral exploration; within the two geographic segments of Canada and Peru. The Company and all subsidiaries are operated as one entity with a common management located at the Company's head office in Canada. The Company's non-current assets at November 30, 2019 and August 31, 2019 are in Peru.

## 10. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through issuance of new shares or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged since incorporation.

**LIDA RESOURCES INC.**

**Notes to the Interim Condensed Consolidated Financial Statements  
For the Three Months Ended November 30, 2019**  
(Expressed in Canadian dollars)

---

**12. SUBSEQUENT EVENT**

The Company has evaluated its activities subsequent to November 30, 2019 and has determined that there were no material events to be reported.