

**LIDA RESOURCES INC.**

**Condensed Consolidated Interim Financial Statements**

**For the three months ended November 30, 2020**

(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 the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these condensed consolidated interim 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.****Condensed Consolidated Interim Statements of Financial Position**

(Expressed in Canadian dollars)

As at	November 30, 2020 (unaudited)	August 31, 2020 (audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 93,674	\$ 542,567
Accounts receivable	13,198	10,715
Prepaid expenses	6,826	3,603
	113,698	556,885
Mineral interests (Note 3)	1,094,500	1,094,403
<b>TOTAL ASSETS</b>	<b>\$ 1,208,198</b>	<b>\$ 1,651,288</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 223,016	\$ 245,382
Due to related parties (Note 6)	10,000	10,000
<b>TOTAL LIABILITIES</b>	233,016	255,382
<b>EQUITY</b>		
Share capital (Note 4)	3,940,550	3,940,550
Reserves	105,455	105,455
Accumulated other comprehensive income	(24,230)	(15,728)
Deficit	(3,046,593)	(2,634,371)
<b>TOTAL EQUITY</b>	975,182	1,395,906
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,208,198</b>	<b>\$ 1,651,288</b>

Nature of operations and going concern (Note 1)

Subsequent event (Note 9)

Approved and authorized for issue by the Board of Directors on January 28, 2021

/s/ "Leonard De Melt"

Leonard De Melt, Director

/s/ "Patrick Morris"

Patrick Morris, Director

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

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

(Unaudited - Expressed in Canadian dollars)

	For the three months ended November 30, 2020	For the three months ended November 30, 2019
<b>EXPENSES</b>		
Bank charges	\$ 594	\$ 481
Consulting (Note 6)	333,305	-
Exploration and evaluation costs (Note 3)	53,668	25,229
Transfer agent, regulatory and listing fees	4,043	-
General and administrative (Note 6)	12,730	2,274
Professional fees	9,575	94,681
<b>Loss before other expenses</b>	<b>(413,915)</b>	<b>(122,665)</b>
<b>Other income (expenses)</b>		
Interest Income	1,693	-
<b>Total other (expenses) income</b>	<b>1,693</b>	<b>-</b>
<b>Net (loss) income for the period</b>	<b>(412,222)</b>	<b>(122,665)</b>
<b>Other comprehensive (loss) income</b>		
Item that may be reclassified to profit or loss:		
Foreign exchange (loss) gain on translation adjustment	(8,502)	(2,680)
<b>Other comprehensive (loss) income for the period</b>	<b>\$ (420,724)</b>	<b>\$ (125,345)</b>
<b>Basic and diluted (loss) income per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
Weighted average number of common shares outstanding – basic and diluted		
	54,783,096	34,877,596

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

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

(Unaudited - Expressed in Canadian dollars)

	Share capital		Reserves	Accumulated other comprehensive income (loss)	Deficit	Total
	Number of shares	Amount				
Balance, August 31, 2019	34,877,596	\$ 2,303,384	\$ -	\$ 2,150	\$ (1,703,666)	\$ 601,868
Currency translation adjustment	-	-	-	(2,680)	-	(2,680)
Net loss	-	-	-	-	(122,665)	(122,665)
Balance, November 30, 2019	34,877,596	2,303,384	-	(530)	(1,826,331)	476,523
Issuance of shares on private placement, net	19,496,000	1,543,418	111,828	-	-	1,655,246
Exercise of warrants	409,500	93,748	(6,373)	-	-	87,375
Currency translation adjustment	-	-	-	(15,198)	-	(15,198)
Net loss	-	-	-	-	(808,040)	(808,040)
Balance, August 31, 2020	54,783,096	3,940,550	105,455	(15,728)	(2,634,371)	1,395,906
Currency translation adjustment	-	-	-	(8,502)	-	(8,502)
Net loss	-	-	-	-	(412,222)	(412,222)
Balance, November 30, 2020	54,783,096	\$ 3,940,550	\$ 105,455	\$ (24,230)	\$ (3,046,593)	\$ 975,182

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

**LIDA RESOURCES INC.****Condensed Consolidated Interim Statements of Cash Flows**

(Unaudited - Expressed in Canadian dollars)

For the three months ended	November 30, 2020	November 30, 2019
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net (loss) income	\$ (412,222)	\$ (122,665)
<b>Changes in non-cash working capital items:</b>		
Accounts receivable	(2,483)	(1,202)
Prepaid expenses	(3,223)	(960)
Accounts payable and accrued liabilities	(40,626)	116,333
Due to related party	-	7,533
<b>Net cash used by operating activities</b>	<b>(458,554)</b>	<b>(961)</b>
<b>INVESTING ACTIVITY</b>		
Mineral interest additions	9,661	-
<b>Net cash used in investing activity</b>	<b>-</b>	<b>-</b>
Increase (decrease) in cash	(448,893)	(961)
Cash, beginning of period	542,567	1,511
<b>Cash, end of period</b>	<b>\$ 93,674</b>	<b>\$ 550</b>
<b>Supplemental cash-flow information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
<b>Non-cash transactions</b>		
Mineral interest costs included in accounts payable	\$ 42,188	\$ -

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

# **LIDA RESOURCES INC.**

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

### **For the Three Months Ended November 30, 2020**

(Unaudited - Expressed in Canadian dollars)

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#### **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 condensed consolidated interim 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. During the three months ended November 30, 2020, the Company has not generated any revenues from operations and incurred a net loss of \$412,222 (2019 – \$122,665). As at November 30, 2020, the Company has an accumulated deficit of \$3,046,593 (August 31, 2020 - \$2,634,371). 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. 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 condensed consolidated interim 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.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Basis of Presentation**

These condensed consolidated interim 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 year ended August 31, 2020, which have been prepared with International Financial Reporting Standards (“IFRS”). These condensed consolidated interim financial statements were approved by the Company's Board of Directors on January 28, 2021.

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

## **LIDA RESOURCES INC.**

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

#### **For the Three Months Ended November 30, 2020**

(Unaudited - Expressed in Canadian dollars)

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

### **(b) Basis of Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Imperium Mining SAC (Peru) and Lida Resources SAC (Peru). 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. All inter-company balances and transactions have been eliminated on consolidation.

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

The preparation of these condensed consolidated interim 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 consider 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.



## LIDA RESOURCES INC.

### Notes to the Condensed Consolidated Interim Financial Statements

#### For the Three Months Ended November 30, 2020

(Unaudited - 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 condensed consolidated interim 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.

## 3. 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:*

	San Vicente
Balance, August 31, 2019	\$ 828,079
Foreign currency adjustment	(16,778)
Acquisition costs	283,102
Balance, August 31, 2020	1,094,403
Foreign currency adjustment	(9,514)
Acquisition costs	9,611
Balance, November 30, 2020	1,094,500

### *Exploration and evaluation costs:*

<i>For the three months ended</i>	November 30, 2020	November 30, 2019
Licenses, taxes, and claim fees	\$ 19	\$ 2,733
Geology, lab, and other fees	-	136
Camp operations	4,997	1,579
Professional fees	7,480	4,127
Transportation	5,148	1,258
Community relations	842	-
Management and consulting	2,139	15,396
Wages and salaries	33,043	-
	\$ 53,668	\$ 25,229

## LIDA RESOURCES INC.

### Notes to the Condensed Consolidated Interim Financial Statements

#### For the Three Months Ended November 30, 2020

(Unaudited - Expressed in Canadian dollars)

### 3. MINERAL INTERESTS (continued)

#### *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 remained outstanding on August 31, 2020 (2019 – US\$ 34,000). The funds were advanced by Lida prior to the Company acquiring Imperium.

On June 30, 2020, Imperium entered two agreements to acquire 400 hectares which encompass the Quiruvilca mine, the total acquisition cost to the Company was US\$200,000 with no further obligations.

On July 7, 2020, the Company, through Imperium, staked 2,500 hectares in the vicinity of its San Vicente and Quiruvilca properties.

#### *Las Huaquillas, Peru*

On August 8, 2018, Minera LBJ acquired 44.5% of Rial, a Peruvian company. Rial owns a 100% interest in the Las Huaquillas mineral property located north of Lima, south of the Ecuadorian border.

On December 6, 2018, the Company entered into an agreement with Fidelity Minerals Corp. (formerly Montan Mining Corp.) (“Fidelity”) to sell the Las Huaquillas property through the sale of its subsidiary,

Minera LBJ. The transaction was deemed to have closed on January 29, 2019. As consideration, the Company received 25,000,000 common shares (Fidelity Shares) and 12,500,000 share purchase warrants (“Fidelity Warrants”) of Fidelity. The Fidelity Shares were fair valued on acquisition at \$0.065 per share, the fair value of a Fidelity Share on the closing date. The Fidelity Warrants were valued at \$0.062 per warrant. The fair value of the Fidelity Warrants was estimated using Black-Scholes options pricing model with the following weighted average assumptions: Estimated volatility 185.38%, Risk-free rate 1.89%, Dividend yield 0%, and Expected life 5 years.

<b>Proceeds of disposition</b>	
Value of Fidelity Shares	\$ 1,625,000
Value of Fidelity Warrants	779,625
Total proceeds	2,404,625
<b>Net assets disposed</b>	
Las Huaquillas mineral property	(1,050,710)
Other working capital items disposed	(4,673)
	(1,055,383)
<b>Gain on disposition of Minera LBJ</b>	<b>\$ 1,349,242</b>

## LIDA RESOURCES INC.

### Notes to the Condensed Consolidated Interim Financial Statements

#### For the Three Months Ended November 30, 2020

(Unaudited - Expressed in Canadian dollars)

#### 4. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued and outstanding

During the three months ended November 30, 2020, no share issuances occurred.

(c) Stock option plan

On February 1, 2019, the Company adopted a stock option plan (the "Plan") to provide an incentive to directors, officers, employees, consultants and other personnel of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The exercise price of an Option granted under this Plan shall be as determined by the Board of Directors when such Option is granted and shall not be lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the option. All options are subject to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted. As of November 30, 2020, the Company has not granted any options.

(d) *Common share purchase warrants*

The common share purchase warrants issued were valued using the residual method. At November 30, 2020, the Company had the following share purchase warrants outstanding and exercisable:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, August 31, 2019	-	-
Issued	9,748,000	0.25
Exercised	(309,500)	0.25
Balance, August 31, 2020 and November 30, 2020	9,438,500	0.25

  

Date of Expiry	Exercise Price (\$)	November 30, 2020	August 31, 2020
May 22, 2022	0.25	9,438,500	9,438,500
Total Outstanding and Exercisable		9,438,500	9,438,500

(e) *Agent warrants*

In estimating the fair value of agent warrants issued using the Black-Scholes option pricing model, the Company is required to make assumptions. The expected volatility assumption is based on the historical volatility of common share prices of comparable companies. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the share purchase warrant's expected life. The Company uses historical data to estimate agent warrant exercise and forfeiture within the valuation model. The Company has not paid dividends on its common stock to date.

## LIDA RESOURCES INC.

### Notes to the Condensed Consolidated Interim Financial Statements

#### For the Three Months Ended November 30, 2020

(Unaudited - Expressed in Canadian dollars)

#### 4. SHARE CAPITAL (continued)

(e) Agent warrants (continued)

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, August 31, 2019	-	-
Issued	1,754,640	0.10
Exercised	(100,000)	0.10
Balance, August 30, 2020 and November 30, 2020	1,654,640	0.10

Date of Expiry	Exercise Price (\$)	November 30, 2020	August 31, 2020
May 22, 2022	0.10	1,654,640	1,654,640
Total Outstanding and Exercisable		1,654,640	1,654,640

#### 5. 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 and accrued liabilities, and due to related parties 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. The Company will be required to raise additional capital in the future to fund its operations.

## LIDA RESOURCES INC.

### Notes to the Condensed Consolidated Interim Financial Statements

#### For the Three Months Ended November 30, 2020

(Unaudited - Expressed in Canadian dollars)

## 5. FINANCIAL INSTRUMENTS AND RISKS (continued)

### (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.

#### b. Foreign currency risk

The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in US dollars ("US\$") and Peruvian Soles ("Sol"). The carrying amounts of the Company's foreign currency denominated monetary assets are as follows:

	November 30, 2020		August 31, 2020	
	Sol	US\$	Sol	US\$
Cash	4,899	-	19,981	9,738
Accounts Payable	(117,107)	(47,551)	(128,178)	(47,551)

The Company has not entered 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\$ and Sol by 5% would increase or decrease net loss by approximately \$3,027 and \$2,017, respectively.

#### c. 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.

## 6. RELATED PARTY TRANSACTIONS

During the three months ended November 30, 2020, the Company incurred \$20,400 (2019 - \$nil) of consulting fees to the Chief Executive Officer ("CEO").

During the three months ended November 30, 2020, the Company incurred \$7,500 (2019 - \$Nil) of consulting fees, defined as general and administrative expenses in the consolidated statements of operations and comprehensive loss, to a company controlled by the Chief Financial Officer ("CFO").

During the three months ended November 30, 2020, the Company incurred \$nil (2019 - \$6,000) of consulting fees, defined as Professional Fees in the consolidated statements of operations and comprehensive loss, to the former Chief Financial Officer. As of November 30, 2020, the Company had amounts due to the former CFO for \$47,845 (August 31, 2020 - \$42,473).

At November 30, 2020, the Company had amounts due to a director totaling \$10,000 (August 31, 2020 - \$10,000).

All amounts due to related parties are without interest or stated terms of repayment.

## **LIDA RESOURCES INC.**

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

#### **For the Three Months Ended November 30, 2020**

(Unaudited - Expressed in Canadian dollars)

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#### **7. SEGMENTED INFORMATION**

During the three months ended November 30, 2020, 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, 2020 and August 31, 2020 are in Peru.

#### **8. 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.

#### **9. SUBSEQUENT EVENT**

On December 3, 2020, the Company agreed to a debt settlement and release with a related party through common directors. Under the terms of the agreement, the Company will settle \$30,000 in debt through the issuance of 600,000 common shares. The transaction is subject to regulatory approval.