Silver Dollar Resources Inc.
(An exploration stage company)

Condensed Interim Financial Statements
(Unaudited – Prepared by Management)

November 30, 2020

Notice of No Auditor Review

The accompanying unaudited condensed interim financial statements were prepared by management and approved by the Audit Committee and the Board of Directors.

The Company’s independent auditors have 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 auditors.

Silver Dollar Resources Inc.
(An exploration stage company)

Condensed Interim Statements of Financial Position
(Unaudited - Prepared by Management)

	November 30 2020	August 31 2020
ASSETS		
Current		
Cash	$ 10,662,115	$ 702,047
Accounts receivable	52,577	19,086
Prepaid expenses	733,048	57,863
	11,447,740	778,996
Equipment	5,809	-
Exploration and evaluation assets (note 5)	5,860,586	5,607,745
	$ 17,314,135	$ 6,386,741
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 741,598	$ 69,504
Due to related party (note 7)	-	32,000
	741,598	101,504
SHAREHOLDERS' EQUITY		
Share capital (note 6)	17,462,843	6,831,692
Share-based payment reserve (note 6)	260,099	307,073
Deficit	(1,150,405)	(853,528)
	16,572,537	6,285,237
	$ 17,314,135	$ 6,386,741

Subsequent events (note 9)

The accompanying Notes to the Condensed Interim Financial Statements are an integral part of these financial statements

Silver Dollar Resources Inc.
(An exploration stage company)

Condensed Interim Statements of Comprehensive Loss
(Unaudited - Prepared by Management)
Three month periods ended November 30

		2020		2019
Expenses				
Consulting	$	111,339	$	-
Depreciation		306		-
Insurance		4,612		-
Interest and bank charges		1,171		57
Listing and filing fees		10,342		-
Management and administration fees (note 7)		19,000		10,200
Office		3,429		3,113
Professional fees		19,579		7,000
Rent		-		5,813
Share-based compensation (notes 6 and 7)		-		21,000
Transfer agent		5,905		-
Travel and promotion		142,084		3,670
Operating loss		(317,767)		(50,853)
Other income				
Interest income		20,890		-
Net and comprehensive loss	$	(296,877)	$	(50,853)
Loss per share - basic and diluted	$	(0.01)	$	-
Weighted average number of shares outstanding		33,481,016		12,600,001

The accompanying Notes to the Condensed Interim Financial Statements are an integral part of these financial statements

Silver Dollar Resources Inc.
(An exploration stage company)

Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited - Prepared by Management)
Three month periods ended November 30, 2020 and 2019

	Issued Share Capital Number	Issued Share Capital Amount	Share-based Payment Reserve	Deficit	Total
Balances, August 31, 2019	**12,600,001**	**$ 399,001**	**$ 30,000**	**$ (127,355)**	**$ 301,646**
Share-based compensation	-	-	21,000	-	21,000
Net loss	-	-	-	(50,853)	(50,853)
Balances, November 30, 2019	**12,600,001**	**399,001**	**51,000**	**(178,208)**	**271,793**
Shares and warrants issued for cash	7,000,000	1,050,000	-	-	1,050,000
Shares issued upon exercise of options and warrants	2,236,218	529,698	(24,065)	-	505,633
Shares issued for exploration and evaluation assets	5,146,401	5,094,937	-	-	5,094,937
Share issuance costs	-	(241,944)	91,444	-	(150,500)
Share-based compensation	-	-	188,694	-	188,694
Net loss	-	-	-	(675,320)	(675,320)
Balances, August 31, 2020	**26,982,620**	**6,831,692**	**307,073**	**(853,528)**	**6,285,237**
Shares and warrants issued for cash	7,500,000	10,500,000	-	-	10,500,000
Shares issued upon exercise of warrants	669,587	178,412	(46,974)	-	131,438
Share issuance costs	101,360	(47,261)	-	-	(47,261)
Net loss	-	-	-	(296,877)	(296,877)
Balances, November 30, 2020	**35,253,567**	**$ 17,462,843**	**$ 260,099**	**$ (1,150,405)**	**$ 16,572,537**

The accompanying Notes to the Condensed Interim Financial Statements are an integral part of these financial statements

Silver Dollar Resources Inc.
(An exploration stage company)

Condensed Interim Statements of Cash Flows
(Unaudited - Prepared by Management)
Three month periods ended November 30

		2020		2019
Operating activities				
Net loss	$	(296,877)	$	(50,853)
Adjustment for item not involving cash:				
Depreciation		306		-
Share-based compensation		-		21,000
		(296,571)		(29,853)
Changes in non-cash working capital:				
Accounts receivable		(33,491)		1,317
Prepaid expenses		(675,185)		(15,000)
Accounts payable and accrued liabilities		672,094		18
Due to related party		(32,000)		-
		(365,153)		(43,518)
Investing activity				
Purchase of equipment		(6,115)		-
Investments in exploration and evaluation assets		(252,841)		(16,000)
		(258,956)		(16,000)
Financing activity				
Proceeds from issuance of shares and warrants, net		10,584,177		-
Net change in cash		9,960,068		(59,518)
Cash, beginning of period		702,047		213,459
Cash, end of period	$	10,662,115	$	153,941
Supplemental cash flow information				
Interest received	$	20,890	$	-
Income taxes paid		-		-

Non-cash transactions (note 8)

The accompanying Notes to the Condensed Interim Financial Statements are an integral part of these financial statements

1. Nature and Continuance of Operations

The Company was incorporated on November 19, 2018 under the laws of the Province of British Columbia, Canada.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. As of November 30, 2020, the Company was in the exploration stage and had interests in properties in Durango, Mexico and Ontario, Canada.

These condensed interim financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management considers all available information about the future within one year from the date the condensed interim financial statements are issued.

The Company has sustained losses from operations and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As of November 30, 2020, the Company had working capital of $10,706,142 (August 31, 2020 – $677,492). Based on its current plans, budgeted expenditures and cash requirements, the Company has sufficient cash to finance its current plans for at least 12 months from the date the condensed interim financial statements are issued.

The Company expects it will need to raise substantial additional capital to accomplish its plans over the next several years. The Company intends to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

In early 2020, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

1. Nature and Continuance of Operations (continued)

There can be no assurance that the Company will not be impacted by adverse consequences from the pandemic on global financial markets, resources, share prices and financial liquidity that may severely limit the financing capital available in the mineral exploration sector. Should such financing not be available in that time-frame, the Company will be required to reduce its activities and will not be able to carry out all of its presently planned exploration and development activities on its currently anticipated scheduling.

The address of the Company's office is 108 - 800 Kelly Road, Suite 416, Victoria, British Columbia, V9B 6J9, Canada.

2. Significant Accounting Policies

Basis of Presentation

These condensed interim financial statements, including comparatives, comply with IAS 34 – Interim Financial Reporting. The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of the date the Board of Directors approved these condensed interim financial statements.

These condensed interim financial statements are presented in the Company's functional and presentation currency – the Canadian dollar – on a historical cost basis except for certain items that are measured at fair value. The accounting policies described herein have been applied consistently to all periods presented in these condensed interim financial statements.

Financial Instruments

The Company recognizes a financial asset or financial liability in the Condensed Interim Statements of Financial Position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Classification and Measurement
The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

a) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
b) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

a) amortized cost;
b) FVTPL if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
c) FVTOCI when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at FVTOCI or amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

2. Significant Accounting Policies (continued)

Financial Instruments (continued)

Classification and Measurement (continued)
The Company's financial assets consist of cash which is classified and measured at FVTPL with realized and unrealized gains or losses related to changes in fair value reported in profit or loss. The Company's financial liabilities consist of accounts payable and accrued liabilities and amounts due to related parties which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Impairment
The Company assesses all information available including, on a forward-looking basis, the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available and reasonable and supportive forward-looking information.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and cashable highly liquid investments with limited interest and credit risk. The Company places its cash and cash investments with institutions of high creditworthiness.

Equipment

Equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset. Equipment is amortized using the declining-balance method at a rate of 20% per year.

2. Significant Accounting Policies (continued)

Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and pre-exploration expenses, are expensed in the period in which they occur.

The Company may occasionally enter into option arrangements whereby the Company will transfer part of a mineral interest as consideration for an agreement by the transferee to meet certain exploration and evaluation expenditures, which would otherwise be undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the exploration and evaluation asset given up by the Company with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation costs in excess of estimated recoveries are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment at each reporting date and when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets. Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits.

2. Significant Accounting Policies (continued)

Decommissioning Provision

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows based on internal estimates discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Costs of reclamation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred upon cessation of exploration and evaluation or at the end of the life of a mine.

Loss per Share

The Company uses the treasury stock method of calculating diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share options and warrants had an anti-dilutive impact in 2020 and 2019. There were 7,594,195 outstanding options and warrants as of November 30, 2020 (August 31, 2020 – 8,263,782) that were not included in the calculation of diluted per share amounts.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Share Capital

The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

Commissions and finders' fees paid to underwriters, agents and finders and other related share issue costs, such as legal, auditing and printing, on the issue of the Company's shares are charged directly to share capital.

2. Significant Accounting Policies (continued)

Share Capital (continued)

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing trade price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets requiring a substantial period to get ready for their intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense.

2. Significant Accounting Policies (continued)

Share-based Compensation

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are considered by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

2. Significant Accounting Policies (continued)

Flow-Through Shares

The Company will, from time to time, issue flow-through common shares to finance its exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. Upon issuance, the Company bifurcates the flow-through share into: (i) share capital; and (ii) a flow-through share premium equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability. Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the investors. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Impairment of Long-Lived Assets

Management evaluates non-current assets at each reporting period for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

Significant Accounting Estimates and Judgments

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the financial statement date and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These condensed interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the condensed interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future years.

2. Significant Accounting Policies (continued)

Significant Accounting Estimates and Judgments (continued)

These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Share-based payments
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for the share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value of share-based payment transactions are described in note 6.

Exploration and evaluation expenditures
The application of the Company's accounting policy for exploration and evaluation expenditures requires estimate in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

Reclamation and environmental obligations
Reclamation provisions have been created based on internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates consider any material changes to the assumptions that occur when reviewed regularly by management.

Estimates are reviewed at least annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year.

2. Significant Accounting Policies (continued)

Significant Accounting Estimates and Judgments (continued)

Reclamation and environmental obligations (continued)
Actual reclamation costs will ultimately depend on future market prices for the reclamation costs, which will reflect the market condition at the time of reclamation costs are actually incurred. The final cost of the currently recognized reclamation provisions may be higher or lower than currently provided for.

Critical Accounting Judgments
Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company made the following critical accounting judgments:

Income taxes
Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Exploration and evaluation assets
Once technical feasibility and commercial viability of an exploration and evaluation asset can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment. As of the financial reporting date, management had determined that no reclassification of exploration and evaluation assets was required.

New Accounting Standards and Interpretations Recently Adopted

The following standard was adopted by the Company effective September 1, 2020, but had no material impact on these condensed interim financial statements:

Amendments to IFRS 3: Business Combinations
Amendments to IFRS 3: Business Combinations assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amended the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits.

3. Capital Management

The Company manages its capital to continue as a going concern largely through issuances of shares. These share issues depend on several factors, including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management. The capital structure of the Company consists of shareholders' equity, comprising share capital, share-based payment reserve and deficit. The Company is not subject to any external capital requirements. There were no changes to the Company's approach to capital management during the period ended November 30, 2020.

4. Financial Instruments

The fair value of the Company's cash, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying value due to the short-term nature of these instruments unless otherwise noted. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Company monitors and manages the risks relating to its financial instruments through analysis of exposures by degree and magnitude of risks. These risks include credit risk, market risk and liquidity risk.

Credit risk

Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. As of November 30, 2020, such contractual obligations comprised cash held with high creditworthy financial institutions in the amount of $10,662,115 (August 31, 2020 – $702,047). Management considers this risk to be negligible.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Management considers this risk to be negligible.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due or can only do so at excessive cost. As of November 30, 2020, the Company had working capital of $10,706,142 (August 31, 2020 – $677,492). Management anticipates that the Company will be able to meet its obligations as they become due.

4. Financial Instruments (continued)

Fair Value Hierarchy

Financial instruments recorded at fair value in the Condensed Interim Statements of Financial Position are classified using 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 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on 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 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Cash is measured using Level 1 of the fair value hierarchy.

5. Exploration and Evaluation Assets

La Joya Project, Durango, Mexico

In August 2020, the Company acquired an option to purchase an initial 80% indirect interest in the La Joya Project comprising 15 mineral concessions located approximately 75 kilometres southeast of Durango in the State of Durango, Mexico, and if exercised, a second option to acquire the remaining 20% interest.

To exercise the first option and acquire an 80% interest in the optionor's subsidiary that owns the La Joya Project, the Company must: (i) pay $1,300,000 over four years (of which $300,000 has been paid) plus annual holding costs; (ii) issue common shares of the Company equal to 19.9% of its then-issued and outstanding shares (for which 5,146,401 shares with a fair value of $0.99 per share were issued); (iii) incur exploration expenditures on the property of not less than $1,000,000 within three years of entering into a surface rights agreement relating to the property, but in any event by August 7, 2025; and (iv) grant the optionor a 2% net smelter returns royalty. If the Company incurs at least $1,000,000 of exploration expenditures on the Property by August 7, 2023, the optionor will waive $600,000 of the option payments.

5. Exploration and Evaluation Assets (continued)

La Joya Project, Durango, Mexico (continued)

To exercise the second option and acquire the remaining 20% interest in the optionor's subsidiary that owns the La Joya Project, the Company must, within 30 days after exercising its first option, issue common shares of the Company equal to 5% of its then-issued and outstanding shares.

Longlegged Lake Property, Red Lake, Ontario, Canada

In January 2019, the Company acquired an option to purchase 100% of the Longlegged Lake Property comprising eight cell claims located in the Red Lake Mining Division of northwestern Ontario, Canada. To exercise its option, the Company must pay the optionor $85,000 over four years (of which $24,000 has been paid), and grant to the optionor a 1.5% net smelter returns royalty. The Company may repurchase half of the royalty for $500,000.

Pakwash Lake Property, Red Lake, Ontario, Canada

In November 2019, the Company entered into an option agreement to purchase a 100% interest in the Pakwash Lake Property comprising 18 cell claims located in the Red Lake Mining Division of northwestern Ontario, Canada. To exercise its option, the Company must pay the optionor $131,000 over four years (of which $36,000 has been paid) and grant to the optionor a 1.5% net smelter returns royalty. The Company may repurchase half of the royalty for $500,000.

6. Share Capital

Authorized

An unlimited number of common shares without par value

Escrow Shares

The Company is party to an escrow agreement with four directors and officers pursuant to which as of November 30, 2020 1,500,001 common shares were held in escrow (2019 – nil) and will be released in six equal instalments over a period of three years.

6. Share Capital (continued)

Common Shares

In May 2020, the Company completed an initial public offering of 7,000,000 units at a price of $0.15 per unit. Each unit comprised one common share and one-half of one share purchase warrant. Each full warrant, in turn, entitles the holder to purchase one additional common share at a price of $0.25 per share until May 28, 2021. In respect of the offering, the Company paid agency and corporate finance fees and disbursements totalling $150,500 and issued 700,000 agents' warrants exercisable at $0.15 per share and valued at $91,444 until May 28, 2021.

Between June and August 2020, the Company issued 2,086,218 shares at a weighted average price of $0.23 per share upon the exercise of warrants.

In August 2020, the Company issued 150,000 shares at a price of $0.15 per share upon the exercise of incentive stock options. The Company's common shares were trading at a price of $0.93 per share when the stock options were exercised.

In August 2020, the Company issued 5,146,401 common shares at a price of $0.99 per share pursuant to an option to purchase exploration and evaluation assets.

In September 2020, the Company completed a private placement of 7,500,000 common shares at a price of $1.40 per share. The Company paid finders' fees of $47,261 and 101,360 common shares valued at $1.40 per share in respect of the offering.

Between September and November 2020, the Company issued 669,587 common shares at a weighted average price of $0.20 per share upon the exercise of warrants.

Warrants

As of November 30, 2020, the Company had outstanding warrants to purchase a total of 6,744,195 common shares (August 31, 2020 – 7,413,782). Of this total, 750,000 warrants may be exercised at $0.05 until February 21, 2021, 1,500,000 warrants may be exercised at $0.05 until March 7, 2021, 2,800,000 warrants may be exercised at $0.25 until March 27, 2021, 1,538,000 warrants may be exercised at $0.25 until May 28, 2021 and 156,195 warrants may be exercised at $0.15 until May 28, 2021. A summary of the warrants as of November 30, 2020 and August 31, 2020, and the changes for the periods ending on those dates is as follows:

6. Share Capital (continued)

Warrants (continued)

	November 30, 2020		August 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	7,413,782	$ 0.18	5,300,000	$ 0.11
Issued	-	-	4,200,000	0.23
Exercised	(669,587)	0.20	(2,086,218)	0.23
Balance, end of period	6,744,195	$ 0.18	7,413,782	$ 0.18

Share-Based Compensation

The Company adopted a stock option plan whereby up to a maximum of 10% of the outstanding shares of the Company as of the date of grant are reserved for the grant and issuance of incentive stock options. Under the plan, the exercise price of an option may not be set at less than the market price of the Company's common shares on the grant date and the options may be exercisable for up to 10 years. The aggregate number of options granted to any one individual during any twelve-month period may not exceed 5% of the issued shares of the Company or 2% in the case of consultants. Furthermore, the aggregate number of options granted to all investor relations representatives during any twelve-month period may not exceed 1% of the issued shares of the Company.

The Company granted stock options in October 2019 to purchase 600,000 shares of the Company at a price of $0.15 per share until October 23, 2024.

The fair value of stock options issued during the periods ended November 30, 2020 and 2019 was estimated using the Black-Scholes option valuation model with the following assumptions:

	Total or Weighted Average 2020	2019
Number of options	-	600,000
Number of options vested	-	600,000
Estimated life	-	5 years
Share price at date of vesting	-	$ 0.05
Option exercise price	-	$ 0.15
Risk-free interest rate	-	1.53%
Estimated annual volatility	-	120%
Expected dividends	-	-
Option fair value	-	$ 0.036
Compensation cost	-	$21,000

6. Share Capital (continued)

Share-Based Compensation (continued)

As of November 30, 2020, the Company had outstanding stock options, which may be exercised to purchase a total of 850,000 shares (August 31, 2020 – 850,000). Of this total, 450,000 options may be exercised at $0.15 until October 23, 2024 and 400,000 options may be exercised at $0.59 until June 26, 2025. A summary of the Company's stock options as of November 30, 2020 and August 31, 2020, and the changes for the periods ending on those dates is as follows:

	Number Outstanding and Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balances, August 31, 2019	-	$ -	-
Options granted	1,000,000	0.33	
Options exercised	(150,000)	0.15	
Balances, August 31, 2020	850,000	0.36	4.5
Options granted	-	-	
Options exercised	-	-	
Balances, November 30, 2020	850,000	$ 0.36	4.2

7. Related Party Transactions

The following transactions with related parties have been valued in these condensed interim financial statements at the exchange amount, which is the amount of consideration established and agreed to by the parties:

Key Management Compensation

a) During the three-month period ended November 30, 2020, the Company paid management and administration fees of $13,000 (2019 – nil) to a corporation controlled by the Company's Chief Executive Officer; and
b) During the three-month period ended November 30, 2019, the Company granted stock options to purchase up to a total of 600,000 shares at $0.15 per share until October 23, 2024 and with a fair value of $21,000 to four directors and officers.

Amounts due to related parties are without interest, unsecured and without stated terms of repayment.

8. Non-Cash Transactions

During the three-month period ended November 30, 2020, the Company issued a total of 101,360 common shares with a fair value of $141,904 as finders' fees in respect of a private placement.

9. Subsequent Events

In December 2020, the Company completed a private placement of 400,000 common shares at a price of $1.40 per share to raise gross proceeds of $560,000.

In December 2020, the Company granted stock options to purchase up to 2,550,000 common shares of the Company at a price of $1.75 per share until December 14, 2025 to four directors and officers and nine consultants.

Subsequent to the end of the period, the Company issued 1,111,833 common shares at a weighted average price of $0.14 per share upon the exercise of warrants.

Silver Dollar Resources Inc.
(An exploration stage company)

Condensed Interim Schedule of Exploration and Evaluation Assets
(Unaudited - Prepared by Management)
Three month period ended November 30, 2020

	La Joya	Longlegged Lake	Pakwash Lake	Totals
Acquisition costs				
Option payments, cash	$ -	$ -	$ 20,000	$ 20,000
Option payments, shares	-	-	-	-
	-	-	20,000	20,000
Opening balance	5,394,937	24,000	16,000	5,434,937
	5,394,937	24,000	36,000	5,454,937
Deferred exploration expenditures				
Geophysics	-	140,000	-	140,000
Prospecting and mapping	-	17,197	1,016	18,213
Reporting and analysis	74,628	-	-	74,628
	74,628	157,197	1,016	232,841
Opening balance	9,607	146,473	16,728	172,808
	84,235	303,670	17,744	405,649
Balance, November 30, 2020	$ 5,479,172	$ 327,670	$ 53,744	$ 5,860,586

The accompanying Notes to the Condensed Interim Financial Statements are an integral part of these financial statements

Silver Dollar Resources Inc.
(An exploration stage company)

Condensed Interim Schedule of Exploration and Evaluation Assets
(Unaudited - Prepared by Management)
Three month period ended November 30, 2019

	Longlegged Lake	Pakwash Lake	Totals
Acquisition costs			
Option payments, cash	$ -	$ 16,000	$ 16,000
Option payments, shares	-	-	-
	-	16,000	16,000
Opening balance	12,000	-	12,000
	12,000	16,000	28,000
Deferred exploration expenditures			
Geophysics	-	-	-
Prospecting and mapping	-	-	-
Reporting and analysis	-	-	-
	-	-	-
Opening balance	107,370	-	107,370
	107,370	-	107,370
Balance, November 30, 2019	$ 119,370	$ 16,000	$ 135,370

The accompanying Notes to the Condensed Interim Financial Statements are an integral part of these financial statements