

MOSAIC MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE PERIOD FROM INCORPORATION ON JUNE 21, 2018 TO DECEMBER 31, 2018 AND
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in Canadian Dollars)**

MOSAIC MINERALS INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
UNAUDITED

| | AS AT SEPTEMBER 30, 2019 | AS AT DECEMBER 31, 2018 |
|---|--------------------------------|-------------------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 8,842 | \$ 150,007 |
| Receivables | 20,991 | 10,852 |
| Total Current Assets | 29,833 | 160,859 |
| Non-current | | |
| Property and equipment (Note 5) | 360,000 | 360,000 |
| Total Assets | \$ 389,833 | \$ 520,859 |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables (Note 6) | \$ 77,173 | \$ 59,989 |
| Payable to related party (Note 6) | 705 | 500 |
| Flow through share premium liability (Note 5) | 14,166 | 41,579 |
| Total Current Liabilities | 92,044 | 102,068 |
| Total Liabilities | 92,044 | 102,068 |
| Deficiency | | |
| Share Capital (Note 4) | \$ 654,010 | \$ 654,010 |
| Deficit | (356,221) | (235,219) |
| Total Deficiency | 297,789 | 418,791 |
| Total Liabilities and Deficiency | \$ 389,833 | \$ 520,859 |

These financial statements were approved and authorized for issue by the Board of Directors on January 9, 2020. They are signed on the Company's behalf by:

John Cumming
Director

Maurice Giroux
Director

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

MOSAIC MINERALS INC.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS For the nine month period ended September 30, 2019 and for the period from incorporation June 21, 2018 to December 31, 2018

(Expressed in Canadian Dollars)
UNAUDITED

| | For the three months period ended September 30, 2019 | For the nine months period ended September 30, 2019 | Period from incorporation on June 21, 2018 to December 31, 2018 |
|--|---|--|--|
| Expenses | | | |
| Exploration and evaluation expenditures (Note 5) | \$ 5,295 | \$ 46,065 | \$ 143,312 |
| Project management | - | 25,000 | - |
| Office and administration | 865 | 8,935 | 7,845 |
| Administrative fees | 2,500 | 33,215 | 9,150 |
| Finance fees | - | - | 6,090 |
| Professional fees | - | 29,200 | 62,740 |
| Consulting fees | - | - | 53,853 |
| Investor relations | 6,000 | 6,000 | - |
| Loss before other income (expense) | (13,760) | (148,415) | (282,990) |
| Recovery of flow through premium | 4,683 | 27,413 | 47,771 |
| Net Loss For The Period | (9,077) | (121,002) | (235,219) |
| Basic And Diluted Loss Per Share | \$ (0.00) | (0.01) | \$ (0.04) |
| Weighted average number of shares outstanding | 18,198,250 | 18,198,250 | 7,225,569 |

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

MOSAIC MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
UNAUDITED

| | SHARE CAPITAL | | DEFICIT | TOTAL DEFICIENCY |
|---|-------------------|-------------------|---------------------|---------------------|
| | SHARES | AMOUNT | | |
| Balance, June 21, 2018 (incorporation) | - | \$ - | \$ - | \$ - |
| Founders shares issued for cash | 4,500,000 | 30,000 | - | 30,000 |
| Shares issued for Opawica property | 7,200,000 | 360,000 | - | 360,000 |
| Shares issued for cash | 2,370,750 | 97,550 | - | 97,550 |
| Shares issued for cash: flow through | 4,127,500 | 261,250 | - | 261,250 |
| Flow through premium | - | (89,350) | - | (89,350) |
| Share issue costs | - | (5,440) | - | (5,440) |
| Net loss for the period | - | - | (235,219) | (235,219) |
| Balance, December 31, 2018 | 18,198,250 | \$ 654,010 | \$ (235,219) | \$ 418,791 |
| Net loss for the period | - | - | (121,002) | (121,002) |
| Balance, September 30, 2019 | 18,198,250 | \$ 654,010 | \$ (356,221) | \$ 297,789 |

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

MOSAIC MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
UNAUDITED

| | For the nine months period ended September 30, 2019 | Period from incorporation on June 21, 2018 to December 31, 2018 |
|--|---|---|
| Operating Activities | | |
| Net loss for the period | \$ (121,002) | \$ (235,219) |
| Items not involving cash | | |
| Recovery of flow through premium | 27,413 | 47,771 |
| Changes in operating assets and liabilities | | |
| Receivables | (10,139) | (10,852) |
| Trade and other payables | (37,642) | (35,553) |
| Due to related party | 205 | 500 |
| Cash flows used in operating activities | (141,165) | (233,353) |
| Financing Activities | | |
| Shares issued for cash | - | 388,880 |
| Share issuance costs | - | (5,440) |
| Cash flows provided by financing activities | - | 383,360 |
| Net change in cash | (141,165) | 150,007 |
| Cash, beginning of the period | 150,007 | - |
| Cash, end of the period | \$ 8,842 | \$ 150,007 |

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

MOSAIC MINERALS INC.
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Mosaic Minerals Inc. (hereinafter the "Company") specialize in exploration of gold mining sites located in Quebec, Canada. The Company is preparing to list its common shares on the Canadian Securities Exchange (the "CSE"). The Company was incorporated under the Business Corporations Act (British Columbia) in June 2018 with a registered office and principal place of business at 4908 Pine Crescent, Vancouver, British Columbia, V6M 3P6.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The recoverability of the amounts expensed for exploration and resource property evaluation assets are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the evaluation and development of commercially viable reserves, and upon future profitable production or proceeds from the disposition of exploration and evaluation assets.

The Company incurred a net loss of \$121,002 for the nine months ended September 30, 2019 and had an accumulated deficit of \$356,221. At September 30, 2019, the Company had a working capital deficit of \$62,211. These factors may cast significant doubt about the ability of the Company to continue as a going concern. The Company has set December 31 as its fiscal year end.

Plan of Arrangement Spin-Out Share Distribution

On November 7, 2018, Stellar AfricaGold Inc. ("Stellar") signed an arrangement agreement with the Company pursuant to which Stellar would distribute to Stellar shareholders 2,000,000 shares of the Company. On December 18, 2018 Stellar shareholders approved the plan of arrangement.

Pursuant to the distribution each Stellar shareholder will receive 0.0312 of a Company share for each Stellar share held. This distribution will increase the number of the Company shareholders sufficiently to satisfy the shareholder distribution requirement of the Canadian Securities Exchange ("CSE") which is one condition of the Company's application to list its shares on the CSE. The plan of arrangement and the spin out share distribution will be effective after the receipt of a final order from the British Columbia Supreme Court and after required filings are made with the BC regulatory authorities.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 <Interim Financial Reporting> and do not include all the information required for full annual financial statements. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

b) Basis of Measurement

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

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c) Functional and presentation currency

The condensed interim financial statements are presented In Canadian dollars, which is also the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company applied the same accounting policies in these condensed interim financial statements as those applied in the Company's annual audited financial statements as at and for the period from incorporation June 21, 2018 to December 31, 2018.

In preparing these condensed interim financial statements, the significant judgements we made in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the period from incorporation on June 21, 2018 to December 31, 2018.

Accounting Pronouncements Adopted

The following new and revised IFRSs have been adopted by the Company and have had no significant impact on the condensed interim financial statements of the Company.

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019.

4. SHARE CAPITAL

i) Authorized

Unlimited number of shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meetings of the Company.

ii) Issued during the period ended September 30, 2019

During the period ended September 30, 2019, the Company issued nil shares.

iii) Issued during the period from the date of incorporation June 21, 2018 to December 31, 2018

During the period the Company issued 4,500,000 shares of common stock to founders of the Company for cash of \$30,000 or \$0.0067 per share.

On July 30, 2018, the Company issued 5,327,500 units consisting of 1,942,500 common shares for \$77,700 cash or \$0.04 per share and 3,385,000 common shares with Canadian Exploration Expense ('CEE') income tax flow through benefits for cash of \$203,100 or \$0.06 per share.

On October 15, 2018, the Company issued 218,750 units consisting of 156,250 common shares for \$6,250 cash or \$0.04 per share and 62,500 common shares with CEE income tax flow through benefits for cash of \$3,750 or \$0.06 per share.

On October 15, 2018, the Company issued 7,200,000 common shares valued at \$360,000 for the acquisition of the Opawica mineral property described in Note 8.

On December 28, 2018 the Company issued 952,000 units consisting of 272,000 common shares for \$13,600 cash or \$0.05 per share and 680,000 common shares with CEE income tax flow through benefits for cash of \$54,400 or \$0.08 per share. Pursuant to this financing the Company issued 476,000 share purchase warrants exercisable at \$0.10 per share for a period of 18 months. The 476,000 warrants were allocated a value of \$nil using the residual value allocation method.

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In connection with the December 2018 financing, the Company issued 11,200 share purchase warrants exercisable at \$0.05 per share for a period of 18 months with a nominal fair value based on the Black Scholes model. The Black Scholes valuation model was used to determine the fair value of the warrants with the following assumptions: risk free rate of 1.75%, expected annual volatility of 100%, expected life of 18 months, expected dividend yield of 0% and an exercise price of \$0.05.

iv) Warrants

On December 28, 2018, the Company issued 476,000 share purchase warrants exercisable at \$0.10 per share for 18 months from the date of issuance and paid a finder's fee of \$800 (representing an 8% commission) and issued 11,200 share purchase warrants exercisable at \$0.05 per share for 18 months from the date of issuance to an arm's length party.

The number of outstanding warrants which could be exercised for an equivalent number of ordinary shares is as follows:

| Expiration date | Number of warrants | Remaining year | Expiry date | Exercise price |
|---------------------------------|---------------------------|-----------------------|--------------------|-----------------------|
| Outstanding, June 21, 2018 | - | | | - |
| June 28, 2020 | 11,200 | 0.75 | June 28, 2020 | \$ 0.05 |
| June 28, 2020 | 476,000 | 0.75 | June 28, 2020 | \$ 0.10 |
| Outstanding, September 30, 2019 | 487,200 | 0.75 | | |

v) Stock Options

The Company granted no options to acquire common shares during the period ended September 30, 2019.

5. EXPLORATION AND EVALUATION EXPENDITURES

| | Period ended September 30, 2019 | Period ended September 30, 2018 |
|---|--|--|
| EXPLORATION EXPENDITURES | | |
| Acquisition costs – expensed | \$ - | \$ - |
| Geology | 46,065 | 76,294 |
| Geophysics, milling and sampling | - | - |
| Geologist and professional fees | - | - |
| General exploration and campsite expenses | - | - |
| TOTAL EXPLORATION EXPENSES | \$ 46,065 | \$ 76,294 |

Pursuant to a June 28, 2018 sale agreement and July 27, 2018 modification agreement the Company acquired the Opawica mineral property located in Quebec for \$360,000 payable by the issuance of 7,200,000 shares of Mosaic Minerals Corp. at \$0.05 per share, pending receipt of approval by the Company's shareholders.

The Company issued 4,127,500 flow-through common shares for total proceeds of \$261,250 during the period ended December 31, 2018. As at September 30, 2019, \$223,473 (December 31, 2018 - \$143,312) had been spent on eligible exploration expenditure and the Company has a remaining commitment to spend \$37,777 (December 31, 2018 - \$117,938) by December 31, 2019 resulting in a recovery of flow-through premium of \$27,413 (December 31, 2018 - \$47,771).

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The following is a continuity schedule of the deferred premium on flow-through share issuances:

| | |
|--|-----------|
| Balance June 21, 2018 | \$ - |
| Initial recognition of deferred premium on flow through shares | 89,350 |
| Settlement of flow-through share liability on incurring expenditures | (47,771) |
| Balance at December 31, 2018 | \$ 41,579 |
| Settlement of flow-through share liability on incurring expenditures | (27,413) |
| Balance at September 30, 2019 | \$ 14,166 |

6. RELATED PARTY TRANSACTIONS

The Company's related parties include Company directors, officers, key management and companies held by key management.

Related party transactions include executive remuneration, shareholder loans to the Company, participation in private placements, incentive stock options and interest paid or accrued on shareholder loans and unpaid remuneration.

During the period ended September 30, 2019 the Company paid \$25,000 to a director of the Company for management services, paid \$7,500 to a director of the Company for administration services and paid a director of the Company \$30,600 in project management fees.

A director of the Company has paid a creditor of the Company \$705 in expenses on behalf of the Company. This loan is unsecured, has no terms of repayment and does not bear interest.

As at September 30, 2019 amounts due to key management personnel was \$18,750.

During the period ended December 31, 2018, the Company closed its purchase of the Opawica property located in Quebec from Stellar in exchange for 7,200,000 shares of common stock of Mosaic Minerals Corp. at a deemed price of \$0.05 per share. Mosaic has two directors in common with the property vendor.

7. CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to owners of the parent.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means. The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which proceeds are committed for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

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No changes were made in the objectives, policies and processes for managing capital during the period ended September 30, 2019.

8. FINANCIAL INSTRUMENT RISK DISCLOSURES

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities are summarized below. The main risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The most significant financial risks to which the Company is exposed to are described below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at September 30, 2019 the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

| | 2019 | 2018 |
|------------------|----------|------------|
| Cash | \$ 8,842 | \$ 247,770 |
| Carrying amounts | \$ 8,842 | \$ 247,770 |

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the past period, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private equity and flow-through share financings.

The Company's trade and other payables all contractually mature within three months, except for amounts due to related parties which are payable on demand. The carrying amounts and fair value of financial Instruments presented in the consolidated interim statement of financial position are as follows:

| | 2019 | | 2018 | |
|------------------------------|--------------------|------------|--------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| FINANCIAL ASSETS | | | | |
| Cash | \$ 8,842 | \$ 8,842 | \$ 247,770 | \$ 247,770 |
| FINANCIAL LIABILITIES | | | | |
| Trade and other payables | 77,173 | 77,173 | 41,055 | 41,055 |
| Related party loan | 705 | 705 | 500 | 500 |

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9. CONTINGENCIES AND COMMITMENTS

The Company issued 3,447,500 flow-through common shares in the amount of \$206,850 during the period ended September 30, 2018. The Company expended this money on exploration work on its Quebec mineral properties by December 31, 2018 before incurring Part XII.6 tax and extending the deadline to December 31, 2019.

10. SUBSEQUENT EVENTS

On November 28, 2019 the Company issued a) 1,416,000 flow-through common shares at \$0.10 per share for total proceeds of \$141,600, b) 4,188,000 common shares at \$0.05 per share for total proceeds of \$209,400 and c) granted 2,802,000 share purchase warrants exercisable at the price of \$0.10 per share for a period of 24 months.

On November 28, 2019 the Company cancelled one investors share subscription, return the subscription amount of \$5,000 and returned to treasury 31,250 common shares previously issued at \$0.04/share and 62,500 flow-through shares previously issued at \$0.06/share.