

MOSAIC MINERALS CORP.

**CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in Canadian Dollars)
(Unaudited)**

MOSAIC MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	June 30, 2020	December 31, 2019
	unaudited	audited
ASSETS		
Current		
Cash	\$ 355,050	\$ 360,419
Sales taxes receivable	4,331	4,495
Total Current Assets	359,381	364,914
Non-current		
Exploration and evaluation assets (Note 6)	360,000	360,000
Total Assets	\$ 719,381	\$ 724,914
LIABILITIES		
Current Liabilities		
Trade and other payables	\$ 106,419	\$ 102,503
Due to related party (Note 7)	1,228	704
Flow through share premium liability (Note 10)	74,812	74,812
Total Current Liabilities	182,459	178,019
Total Liabilities	182,459	178,019
Shareholders' Equity		
Share Capital (Note 5)	\$ 925,210	\$ 925,210
Deficit	(388,288)	(378,315)
Total Shareholders' Equity	536,922	546,895
Total Liabilities and Shareholders' Equity	\$ 719,381	\$ 724,914

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on August 31, 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 CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	For the three month period ended June 30,		For the six month period ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Expenses				
Exploration and evaluation expenditures	-	6,674	-	40,770
Administrative fee	-	3,215	-	30,715
Professional fees	24,202	29,200	24,202	29,200
Project supervision	-	800	-	25,800
Office and administration	4,435	3,116	6,771	8,070
Loss from operations for the period	(28,637)	(43,005)	(30,973)	(134,555)
Other income (expense)				
Recovery of professional fees	-	-	21,000	-
Amortization of flow thru premium	-	11,365	-	22,730
Loss before income taxes	(28,637)	(31,640)	(9,973)	(111,825)
Income tax	-	3,367	-	11,900
Deferred income tax recovery	-	(3,367)	-	(11,900)
Net comprehensive loss for the period	(28,637)	(31,640)	(9,973)	(111,825)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding	7,724,013	7,225,569	7,724,013	7,225,569

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

MOSAIC MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	SHARE CAPITAL		CONTRIBUTED SURPLUS	DEFICIT	TOTAL EQUITY
	SHARES	AMOUNT			
Balance, January 1, 2019	18,198,250	\$ 654,010	\$ -	\$ (235,219)	\$ 418,791
Net loss for the period	-	-	-	(111,825)	(111,825)
Balance, June 30, 2019	18,198,250	\$ 654,010	\$ -	\$ (347,044)	\$ 306,966
Shares issued for cash (Non-flow through)	4,188,000	209,400	-	-	209,400
Shares issued for cash (Flow-through)	1,416,000	141,600	-	-	141,600
Flow through premium	-	(70,800)	-	-	(70,800)
Share subscriptions cancelled	(93,750)	(5,000)	-	-	(5,000)
Share issue costs	-	(4,000)	-	-	(4,000)
Net loss for six months	-	-	-	(31,271)	(31,271)
Balance, December 31, 2019	23,708,500	\$ 925,210	\$ -	\$ (378,315)	\$ 546,895
Net loss for the period	-	-	-	(9,973)	(9,973)
Balance, June 30, 2020	23,708,500	\$ 925,210	\$ -	\$ (388,288)	\$ 536,922

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

MOSAIC MINERALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Six Months Ended:	
	June 30, 2020	June 30, 2019
Operating Activities		
Net loss for the period	\$ (9,973)	\$ (111,825)
Items not involving cash		
Flow through premium recovery	-	(22,730)
Changes in operating assets and liabilities		
Sales taxes receivable	164	(4,502)
Due to related party	524	-
Trade and other payables	3,916	26,679
Cash flows used in operating activities	(5,369)	(112,378)
Net change in cash	(5,369)	(112,378)
Cash, beginning of the period	360,419	150,007
Cash, end of the period	\$ 355,050	\$ 37,629

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

MOSAIC MINERALS CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED June 30, 2020 AND 2019
(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Mosaic Minerals Corp. (hereinafter the "Company") was incorporated June 21, 2018 to specialize in exploration of gold mining sites located in Quebec, Canada. The Company is preparing to list its common shares on the CSE venture exchange. The Company was incorporated under the British Columbia *Business Corporations Act* 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 \$9,973 for the six months ended June 30, 2020 and had a deficit of \$388,288 to June 30, 2020. At June 30, 2020 the Company had working capital of \$176,922. 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.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Plan of Arrangement Spin-Out Share Distribution

On November 7, 2018, Stellar AfricaGold Inc. ("Stellar") signed an arrangement agreement with Mosaic pursuant to which Stellar would distribute 2,000,000 shares of Mosaic Minerals Corp. to Stellar shareholders. The arrangement was completed on February 12, 2020.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2019. They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions deemed significant to provide an understanding of the changes in the Company's financial position and performance since its most recent annual financial statements.

b) Basis of Measurement

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments that are measured at fair value. In addition, these condensed interim 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 financial statements are presented in Canadian dollars.

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 year ended December 31, 2019.

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 year ended December 31, 2019.

4. LOAN PAYABLE

A director of the Company has paid a creditor of the Company \$1,228 (\$nil at June 30, 2019) in expenses on behalf of the Company. This loan is unsecured, has no terms of repayment and does not bear interest. See Note 7.

5. 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 six month period ended June 30, 2020 and 2019

There were no new share issuances during the periods ended June 30, 2020 or 2019.

iii. Warrants

The number of outstanding warrants which could be exercised is as follows:

Date of Issuance	Number of warrants	Remaining life (in years)	Expiry date	Exercise price
Outstanding December 31, 2018	487,200	1.49		
Granted	2,802,000	1.91	November 28, 2021	\$ 0.10
Outstanding December 31, 2019	3,289,200	1.70		
Expired	487,200			
Outstanding June 30, 2020	2,802,000	1.41	November 28, 2021	\$ 0.10

iv. Stock Options

The Company had no outstanding options as at June 30, 2020 or 2019

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6. EXPLORATION AND EVALUATION EXPENDITURES

	June 30, 2020	June 30, 2019
EXPLORATION EXPENDITURES		
Geophysics, trenching and sampling	\$ -	\$ 34,096
Geologist and professional fees	-	25,800
General exploration and campsite expenses	-	-
TOTAL EXPLORATION EXPENSES	\$ -	\$ 59,896

7. 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, incentive stock options and interest paid or accrued on shareholder loans and unpaid remuneration.

During the period ended December 31, 2018 the Company entered into an unsecured, non-interest bearing loan with a director of the Company. There is no term of repayment and \$1,228 (\$nil at June 30, 2019) remains outstanding as at June 30, 2020.

During the period ended June 30, 2020 the Company paid \$nil (June 30, 2019: \$27,500) to an officer and director of the Company for administrative services and paid a director of the Company \$nil (June 30, 2019: \$25,800) in project management fees.

The Company owes \$5,250 (June 30, 2019: \$nil) to a company with common directors with the Company and recovered \$21,000 in fees from that same company.

8. 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 is not exposed to 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.

No changes were made in the objectives, policies and processes for managing capital during the period ended June 30, 2020.

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9. 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 June 30, 2020 the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	June 30, 2020	December 31, 2019
Cash	\$ 355,050	\$ 360,419

The credit risk for cash is considered negligible, since the counterparties are government agencies or 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 periods, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through 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.

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10. CONTINGENCIES AND COMMITMENTS

During the year ended December 31, 2019, the Company raised \$141,600 of flow-through financing (2018 - \$261,250). By December 31, 2018, \$143,212 had been spent on eligible exploration expenditure and the Company spent \$107,238 by December 31, 2019 which resulted in a recovery of flow-through premium of \$37,567 (2018 - \$47,771).

At June 30, 2020, the Company had a remaining commitment to spend \$152,300 (June 30, 2019 - \$41,579)

The following is a continuity schedule of the deferred premium liability 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 June 30, 2019	\$ 41,579
Initial recognition of deferred premium on flow through shares	70,800
Settlement of flow-through share liability on incurring expenditures	(37,567)
Balance at June 30, 2020	\$ 74,812