

SASSY RESOURCES CORPORATION

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

Head Office Address

13236 Cliffstone Court, Lake Country,
British Columbia, Canada V4V 2R1

Registered and Records Office Address

804 – 750 West Pender Street
Vancouver, British Columbia V6C 2T7

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

SASSY RESOURCES CORPORATION
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)

	December 31, 2019	June 30, 2019
ASSETS		
Current		
Cash	\$ 1,668	\$ 1
Receivables	4,013	-
Due from related parties (Note 4)	307,058	-
	<u>\$ 312,739</u>	<u>\$ 1</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 101,401	\$ 1,500
	<u>101,401</u>	<u>1,500</u>
Shareholders' deficiency		
Capital stock (Note 3)	216,401	1
Share-based payment reserve (Note 3)	253,100	-
Deficit	(258,163)	(1,500)
	<u>211,338</u>	<u>(1,499)</u>
	<u>\$ 312,739</u>	<u>\$ 1</u>

Nature and continuance of operations (Note 1)
Subsequent events (Note 9)

On behalf of the Board:

“Richard Savage”

Director

“Wally Boguski”

Director

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

SASSY RESOURCES CORPORATION
CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)

	Three months ended December 31, 2019	Six months ended December 31, 2019
EXPENSES		
Consulting (Note 4)	\$ 37,134	\$ 137,134
Administrative	3,000	18,000
Office and miscellaneous	25,975	26,216
Professional fees	21,032	59,882
Travel and promotion	11	15,431
Loss and comprehensive loss for the period	\$ (87,152)	\$ (256,663)
Basic and diluted loss per common share	\$ (0.11)	\$ (0.64)
Weighted average number of common shares outstanding	798,914	399,458

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

SASSY RESOURCES CORPORATION**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019 AND FOR THE PERIOD FROM INCORPORATION ON JUNE 3, 2019 TO JUNE 30, 2019

	Capital Stock		Share-based		
	Number of		payment	Deficit	Total Equity
	Shares	Amount	reserve		
Balance, June 3, 2019	-	\$ -	\$ -	-	\$ -
Incorporation share	1	1	-	-	1
Loss for the period	-	-	-	(1,500)	(1,500)
Balance, June 30, 2019	1	1	-	(1,500)	(1,499)
Private placements	910,000	227,500	-	-	227,500
Share issuance costs	-	(8,000)	-	-	(8,000)
Warrants issued as finders' fees	-	(3,100)	3,100	-	-
Special warrants	-	-	250,000	-	250,000
Loss for the period	-	-	-	(256,663)	(256,663)
Balance, December 31, 2019	910,001	\$ 216,401	\$ 253,100	\$ (258,163)	\$ 211,338

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

SASSY RESOURCES CORPORATION
CONDENSED INTERIM STATEMENT OF CASH FLOWS
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Loss for the period	\$ (256,663)
Changes in non-cash working capital items:	
Increase in due from related parties	(307,058)
Increase in receivables	(4,013)
Increase in accounts payable and accrued liabilities	<u>99,901</u>
Net cash used in operating activities	<u>(467,833)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issuance of shares	227,500
Proceeds from special warrants	250,000
Share issuance costs	<u>(8,000)</u>
Net cash provided by financing activities	<u>469,500</u>

Change in cash for the period 1,667

Cash, beginning of period 1

Cash, end of period \$ 1,668

Non-cash financing and investing activities

Finders' warrants issued as share issuance costs \$ 3,100

Supplementary cash flow information

Interest paid \$ -
Income tax paid \$ -

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

SASSY RESOURCES CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

1. NATURE AND CONTINUANCE OF OPERATIONS

Sassy Resources Corporation (the “Company”, “Sassy”) was incorporated under the Business Corporations Act (British Columbia) on June 3, 2019. The Company is an exploration stage junior mining company currently engaged in the identification, acquisition and exploration of precious metal resources in Canada. The Company has entered into a plan of arrangement, subsequently accepted by the TSX-V, with its sole shareholder to acquire certain claims located in BC, Canada (Note 8). The Company’s head office is 13236 Cliffstone Court, Lake Country, British Columbia, V4V 2R1, Canada. The Company’s registered and records office is located at #804 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T7, Canada.

These condensed interim financial statements have been prepared in accordance with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive financial support from related parties, complete sufficient equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern. The financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed interim financial statements, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, or fair value through other comprehensive loss which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

The condensed interim financial statements of the Company for the period ended December 31, 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 26, 2020.

Estimates, judgments and assumptions

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Significant Judgments

- Going concern - The assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

SASSY RESOURCES CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Expressed in Canadian Dollars
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FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL - Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets at FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company has classified its cash at fair value through profit and loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Financial liabilities at amortized cost - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the financial statements of profit or loss, as an impairment gain or loss the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

SASSY RESOURCES CORPORATION
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(Unaudited – Prepared by Management)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's accrued liabilities are classified at amortized cost.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed by assuming that outstanding options, warrants and similar instruments were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Newly adopted accounting policy

IFRS 16, Leases replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to classify leases as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019. There were no significant impacts upon adoption.

3. CAPITAL STOCK

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

During the period ended December 31, 2019, the Company:

- i) closed the first tranche of a non-brokered private placement and issued 770,000 shares at \$0.25 for gross proceeds of \$192,500. The Company paid finder's fees of \$8,000 and issued 32,000 finder's warrants (valued at \$3,100). Each finder's warrant may be exercised to purchase an additional common share at a price of \$0.25 on or before October 4, 2020.
- ii) closed the second tranche of the non-brokered private placement and issued 140,000 shares at \$0.25 for gross proceeds of \$35,000.

On June 3, 2019, the Company issued one common share for gross proceeds of \$1.

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3. CAPITAL STOCK (cont'd...)

Warrants

A summary of changes in warrants during the period is as follows:

	Number of warrants	Weighted average exercise price
Outstanding and exercisable June 3, 2019 and June 30, 2019	-	\$ -
Granted	<u>32,000</u>	0.25
Outstanding and exercisable December 31, 2019	<u>32,000</u>	<u>\$ 0.25</u>

The following warrants were outstanding at December 31, 2019:

Expiry Date	Exercise Price	Number of warrants	Number of warrants Exercisable
October 4, 2020	\$0.25	32,000	32,000

The weighted average fair value of each finder's warrant granted during the period was \$0.25, calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended December 31, 2019	Year ended June 30, 2019
Share price	\$0.25	-
Risk-free interest rate	1.42%	-
Expected life of warrants	1 year	-
Dividend rate	0.00%	-
Volatility	100%	-

Special Warrants

During the period ended December 31, 2019, the Company granted 5,000,000 special warrants at \$0.05 per warrant for gross proceeds of \$250,000. Each special warrant shall be convertible into one common share and one common share purchase warrant on February 18, 2020. Each warrant may be exercised by the holder to purchase an additional common share at a price of \$0.10 for a period of two years. Subsequent to December 31, 2019, the warrants were converted (Note 8iii).

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4. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and other members of key management personnel during the period ended December 31, 2019 are as follows:

- i) Included in consulting for the period ended December 31, 2019 is \$100,000 paid or accrued to the Chief Executive Officer of the Company.
- ii) Included in consulting for the period ended December 31, 2019 is \$25,000 paid or accrued to the former Chief Executive Officer of the Company.

Included in due from related parties as at December 31, 2019 is \$307,058 (June 30, 2019 - \$Nil) due to a company related by common directors.

As at December 31, 2019, accounts payable and accrued liabilities includes \$76,602 (June 30, 2019 - \$Nil) due to related parties. All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

5. CAPITAL MANAGEMENT

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended December 31, 2019.

6. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

The carrying value of the Company's accrued liabilities approximate their fair value because of the short-term nature of these instruments. Cash is carried at a fair value using a level 1 fair value measurement.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's management believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2019, the Company had a cash balance of \$1,668 (June 30, 2019 - \$1) to settle current liabilities of \$101,401 (June 30, 2019 - \$1,500). All of the Company's accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company expects to fund these liabilities through the use of existing cash resources and additional equity financing.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is not exposed to any significant market risk at December 31, 2019 and June 30, 2019.

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FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

6. FINANCIAL RISK FACTORS (cont'd...)

Interest Rate Risk

As at December 31, 2019, the Company does not have any interest bearing financial instruments and accordingly the Company is not exposed to interest rate risks.

7. SEGMENTED INFORMATION

The Company has one operating segment, being the exploration of exploration and evaluation assets in Canada.

8. ARRANGEMENT AGREEMENT

On June 25, 2019, the Company entered into an arrangement agreement with its sole shareholder, Crystal Lake Mining Corporation (“Crystal Lake”).

Subsequent to December 31, 2019, the plan of arrangement was accepted by the TSX-V and the Company became a reporting issuer in the Provinces of British Columbia and Alberta. Subsequent to December 31, 2019, pursuant to the arrangement agreement, the Company:

- i) received the Northwest Ontario nickel assets (Nicobat Project), and assumed a Letter of Intent dated June 24, 2019, subsequently amended, to acquire the Foremore claims in Northwest B.C.'s Golden Triangle, from Crystal Lake.
- ii) issued 10,000,000 common shares to the Crystal Lake shareholders.

9. SUBSEQUENT EVENTS

Subsequent to the period ended December 31, 2019, the Company:

- i) closed the third tranche of the non-brokered private placement and issued 40,000 shares at \$0.25 for gross proceeds of \$10,000.
- ii) entered into an employment agreement during fiscal 2019 with the CEO of Sassy. Per the agreement, Sassy is to grant 1,000,000 stock options (250,000 stock options per quarter) and pay an annual salary of \$200,000 to the CEO commencing in fiscal 2020.
- iii) issued 10,000,000 shares pursuant to an arrangement agreement and plan of arrangement (Note 8).
- iv) issued 5,000,000 shares pursuant to private placements of special warrants and conversion of these special warrants into the shares of the Company (Note 8).
- v) issued 250,000 shares pursuant to an amendment to a binding letter of intent entered into with respect to the acquisition of the Foremore claims.
- vi) completed the conversion of 5,000,000 special warrants into 5,000,000 common shares and 5,000,000 share purchase warrants, with each warrant entitling the holder to purchase one additional common share at an exercise price of \$0.10 per common share until July 17, 2021 (Note 3).