

# **SASSY RESOURCES CORPORATION**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NINE MONTH PERIOD ENDED  
MARCH 31, 2021**

(Expressed in Canadian Dollars)  
(Unaudited)

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

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.

# Sassy Resources Corporation

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

As at

	<b>March 31,</b>	<b>June 30,</b>
	<b>2021</b>	<b>2020</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	3,392,985	941,569
GST receivable	31,936	16,163
Prepays	82,898	55,000
	3,507,819	1,012,732
<b>Reclamation deposit</b> (Note 5)	32,000	32,000
<b>Exploration and evaluation assets</b> (Note 5)	7,140,637	2,699,321
	10,680,456	3,744,053
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 6 and 8)	60,827	177,622
Other liabilities (Note 7)	-	25,600
	60,827	203,222
<b>Shareholders' equity</b>		
Share capital (Note 9)	12,605,387	4,569,629
Reserves (Note 9)	1,416,972	237,695
Deficit	(3,402,730)	(1,266,493)
	10,619,629	3,540,831
	10,680,456	3,744,053

**Nature of Operations and Going Concern (Note 1)**

**Subsequent Events (Note 13)**

On behalf of the Board:

"Richard Savage"

Director

"Robert Stewart"

Director

See accompanying notes to the financial statements

## Sassy Resources Corporation

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

(Unaudited)

	Three Month Period Ended March 31, 2021	Three Month Period Ended March 31, 2020	Nine Month Period Ended March 31, 2021	Nine Month Period Ended March 31, 2020
			(\$)	(\$)
<b>EXPENSES</b>				
Consulting fees (Note 8)	59,925	44,556	460,539	81,690
General and administrative	8,816	19,511	98,240	63,727
Impairment of loan receivable (Note 8)	-	326,945	-	326,945
Management fees (Note 8)	116,667	50,000	216,667	150,000
Professional fees (Note 8)	16,162	16,882	165,009	76,764
Share-based payments (Note 9)	545,739	-	1,091,088	-
Transfer agent and filing fees	13,900	-	58,896	-
Travel and promotion	144,461	18,796	552,943	34,227
	(905,670)	(476,690)	(2,643,382)	(733,353)
Flow-through share premium recovery	505,990	-	505,990	-
Interest income	1,155	-	1,155	-
<b>Income (loss) and comprehensive income (loss)</b>	(398,525)	(476,690)	(2,136,237)	(733,353)
<b>Basic and diluted income (loss) per share:</b>	(0.01)	(0.06)	(0.06)	(0.24)
<b>Weighted average common shares outstanding:</b>				
Basic	39,150,378	8,346,594	34,210,887	3,032,546
Diluted	39,150,378	8,346,594	34,210,887	3,032,546

See accompanying notes to the financial statements

## Sassy Resources Corporation

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital		Share Subscriptions	Reserves	Deficit	Total
	Number of Shares	Amount (\$)				
<b>Balance at June 30, 2019</b>	1	1	-	-	(1,500)	(1,499)
Asset acquisition from Crystal Lake Mining Corp.	9,999,999	2,500,000	-	-	-	2,500,000
Common shares issued for cash	6,620,000	655,000	-	-	-	655,000
Common shares issued for property	250,000	62,500	-	-	-	62,500
Share issuance costs	-	(16,100)	-	4,500	-	(11,600)
Share subscriptions received in advance	-	-	20,000	-	-	20,000
Loss for the period	-	-	-	-	(733,353)	(733,353)
<b>Balance at March 31, 2020</b>	16,870,000	3,201,401	20,000	4,500	(734,853)	2,491,048
Common shares issued for cash	5,696,000	1,424,000	(20,000)	-	-	1,404,000
Share issuance costs	-	(55,772)	-	19,400	-	(36,372)
Stock options vested	-	-	-	213,795	-	213,795
Loss for the period	-	-	-	-	(531,640)	(531,640)
<b>Balance at June 30, 2020</b>	22,566,000	4,569,629	-	237,695	(1,266,493)	3,540,831
Common shares issued for cash	11,013,056	6,001,574	-	-	-	6,001,574
Common shares issued for property	2,000,000	1,267,500	-	-	-	1,267,500
Common shares issued - warrant exercise	4,352,100	1,102,886	-	(14,611)	-	1,088,275
Restricted share units vested	-	-	-	544,483	-	544,483
Share issuance costs	-	(336,202)	-	102,800	-	(233,402)
Stock options vested	-	-	-	546,605	-	546,605
Loss for the period	-	-	-	-	(2,136,237)	(2,136,237)
<b>Balance at March 31, 2021</b>	39,931,156	12,605,387	-	1,416,972	(3,402,730)	10,619,629

See accompanying notes to the financial statements

## Sassy Resources Corporation

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Nine Month Period Ended March 31, 2021	Nine Month Period Ended March 31, 2020
	(\$)	(\$)
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(2,136,237)	(733,353)
Items not affecting cash		
Flow-through share premium recovery	(505,990)	-
Share-based payments	1,091,088	-
Changes in non-cash working capital items:		
GST receivable	(15,773)	-
Prepays	(27,898)	-
Accounts payable and accrued liabilities	(116,795)	186,563
	(1,711,605)	(546,790)
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation expenditures	(3,173,816)	-
	(3,173,816)	-
<b>FINANCING ACTIVITIES</b>		
Common shares issued for cash, net	7,336,837	655,000
Share issuance costs	-	(11,600)
Subscription received in advance	-	20,000
	7,336,837	663,400
Change in cash during the period	2,451,416	116,610
<b>Cash - beginning of period</b>	941,569	1
<b>Cash - end of period</b>	3,392,985	116,611

Supplemental Cash Flow Information (Note 12)

See accompanying notes to the financial statements

## **SASSY RESOURCES CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Sassy Resources Corporation (the “Company”) was incorporated on June 3, 2019 under the Business Corporations Act (British Columbia). The Company is an exploration stage mining company currently engaged in the identification, acquisition and exploration of precious metal resources in Canada. The Company’s registered and records office is located at suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6. The Company’s shares are traded on the Canadian Securities Exchange (the “Exchange”) under the symbol “SASY”.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has no sources of revenue, ongoing losses and a deficit of \$3,402,730.

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.

The Company’s continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company’s financial statements and such adjustments could be material. The above conditions cast significant doubt on the Company’s ability to continue as a going concern.

### **2. PLAN OF ARRANGEMENT**

For the period from incorporation on June 3, 2019 to October 4, 2019, the Company was a wholly-owned subsidiary of Enduro Metals Corp. (formerly Crystal Lake Mining Corp.) (“Enduro”). Upon completion of an equity financing (Note 9), the Company ceased to be under Enduro control. On February 18, 2020, Enduro completed a plan of arrangement (the “Arrangement”) pursuant to which Enduro transferred certain exploration and evaluation assets in British Columbia and Ontario to the Company in exchange for 9,999,999 common shares of the Company. Enduro subsequently distributed the shares to the shareholders of Enduro as a return of capital. The transaction is accounted for in accordance with IFRS 2, Share Based Payments as the assets acquired do not constitute a business for accounting purposes.

The Company has allocated the entire purchase price, determined to be \$2,500,000, to the Foremore Property located in the Eskay Creek District of British Columbia as it is the primary focus for the Company and its planned exploration expenditures. A value of \$nil was attributed to the Nicobat property (Note 5). The Company did not acquire any other assets or liabilities as part of the Arrangement.

## **SASSY RESOURCES CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

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### **3. BASIS OF PREPARATION**

#### *Statement of compliance*

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2020, prepared in accordance with IFRS as issued by the IASB

These condensed interim financial statements were approved by the Board of Directors of the Company on May 21, 2021.

#### *Basis of measurement*

All references to dollar amounts in these financial statements and related notes are in Canadian dollars, unless otherwise indicated.

These condensed interim financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information, and financial instruments classified as financial instruments at fair value through profit or loss, or fair value through other comprehensive loss which are stated at fair value.

#### *Functional and Presentation Currency*

The functional currency of the Company is the Canadian dollar, which is also the presentation currency of the financial statements.

#### *Basis of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Gander Gold Corporation, which was incorporated on February 3, 2021 under the Business Corporations Act (BC).

All inter-company transactions and balances have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.



## SASSY RESOURCES CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

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### 3. BASIS OF PREPARATION (continued)

#### *Use of Estimates and Judgments*

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

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 periods. 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date 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, the following:

#### Income taxes

The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the reliability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

#### Non-monetary transactions

Assets exchanged or transferred in non-monetary transactions are measured at the fair value of the asset given up or the fair value of the asset received, whichever is more reliable.

#### Share-based compensation

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model, which incorporates market data and involves uncertainty in estimates used by management in the assumptions. The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, and, as a result, changes in subjective input assumptions can materially affect the fair value estimate

Significant judgments that management has made at the end of the reporting period are as follows:

#### Carrying value and the recoverability of exploration and evaluation assets

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

#### 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 Consolidated Financial Statements

Nine Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

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### 4. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared using the same accounting policies as those used in the Company's annual financial statements at June 30, 2020.

### 5. EXPLORATION AND EVALUATION ASSETS

#### Foremore Property, British Columbia

In connection with the Arrangement the Company took assignment of a binding letter of intent ("LOI") dated June 24, 2019 (the "Effective Date"), as amended on November 12, 2019, which provides an exclusive option to acquire a 100% ownership interest in 35 mineral claims located in the Eskay Creek district of British Columbia (the "Foremore Property").

Pursuant to the LOI, the Company must make the following cash and share payments as well as incur minimum exploration expenditures in order to complete the acquisition:

<u>Date</u>	<u>Shares</u>	<u>Cash</u>	<u>Exploration</u>
		<u>(\$)</u>	<u>Expenditures</u>
			<u>(\$)</u>
Upon completion of the Arrangement (issued)	250,000	-	-
On or before August 13, 2020 (issued and paid)	250,000	50,000	150,000
On or before August 13, 2021	250,000	66,667	150,000
On or before August 13, 2022	250,000	66,667	300,000
On or before August 13, 2023	250,000	66,667	300,000
On or before August 13, 2024	-	-	300,000
<b>Total</b>	<b>1,250,000</b>	<b>250,001</b>	<b>1,200,000</b>

The vendor of the property will retain a 3% net smelter return ("NSR") royalty upon the Company completing its obligations under the LOI. The Company has the right to purchase back the NSR of 2% for a cash payment of \$2,000,000 and an additional 0.5% for a cash payment of \$1,000,000. Upon the fifth anniversary of the Effective Date, the Company is required to commence payment of an annual advanced royalty of \$20,000 until such time as the Company elects to purchase the NSR. At that point the cumulative advanced royalties paid will be deducted from the NSR purchase price disclosed above.

The Company posted a \$32,000 reclamation program security deposit with the Ministry of Energy, Mines and Petroleum Resources in connection with the Foremore Property exploration program.

In November 2020, the Company entered into an amending agreement wherein the Company made a final cash payment of \$175,000 and issued 750,000 common shares to the vendor of the Foremore Property and acquired a 100% ownership, subject the aforementioned NSR, of the Foremore property.

**SASSY RESOURCES CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

**5. EXPLORATION AND EVALUATION ASSETS (continued)**Gander Property, Newfoundland

On February 11, 2021, the Company entered into an option agreement with Vulcan Minerals Inc. (“Vulcan”) wherein the Company can acquire a 100% ownership interest in 624 mineral claims (the “Gander Property”) located in the Gander Belt of the province of Newfoundland in exchange for making certain cash payments, issuing common shares and by incurring exploration expenditures by specified deadlines as outlined below:

<b>Date</b>	<b>Common Shares</b>	<b>Cash (\$)</b>	<b>Exploration Expenditures (\$)</b>
On execution of the agreement (issued and paid)	1,000,000	100,000	-
On or before February 4, 2022	300,000	50,000	200,000
On or before February 4, 2023	300,000	50,000	400,000
On or before February 4, 2024	400,000	100,000	600,000
On or before February 4, 2025	500,000	100,000	800,000
<b>Total</b>	<b>2,500,000</b>	<b>400,000</b>	<b>2,000,000</b>

Vulcan will retain a 3% NSR on the Gander Property, subject to a buyback provision which will allow the Company to acquire one half of the NSR in exchange for a cash payment of \$2,000,000 and the issuance of 500,000 common shares.

Nicobat Property, Ontario

In connection with the Arrangement the Company entered into an assignment agreement with Crystal Lake and Emerald Lake and, upon closing of the Arrangement, the Company acquired the Emerald Lake Properties (the “Nicobat Property”) from Crystal Lake, with the consent of Emerald Lake, subject to certain royalties.

In March 2021, the Company entered into a binding letter of intent (“LOI”) to option the Nicobat Property to privately held Max Power Mining Corp. (“Max Power”). Pursuant to the LOI, Max Power can earn a 100% interest in the Nicobat Property by incurring \$1,000,000 in exploration expenditures on the property over a four year period and issuing 5,000,000 common shares to the Company upon Max Power obtaining a listing on a recognized Canadian stock exchange. The shares will be released to the Company in stages over a three year period. In addition, the Company will receive 1,000,000 share purchase warrants in Max Power which will be exercisable at \$0.25 for a period of 36 months. Finally, the Company will retain a 1% net smelter return royalty on the Nicobat Property, which may be purchased by Max Power at any time for a cash payment of \$1,000,000.

**SASSY RESOURCES CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

**5. EXPLORATION AND EVALUATION ASSETS (continued)**

	<b>Foremore Property</b>	<b>Gander Property</b>	<b>Nicobat Property</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<b>Acquisition Costs:</b>				
Balance, June 30, 2019	-	-	-	-
Cash	25,000	-	-	25,000
Shares	2,562,500	-	-	2,562,500
Balance, June 30, 2020	2,587,500	-	-	2,587,500
Cash	200,000	128,950	-	328,950
Shares	647,500	620,000	-	1,267,500
Balance, March 31, 2021	3,435,000	748,950	-	4,183,950
<b>Exploration Costs:</b>				
Balance, June 30, 2019	-	-	-	-
Camp and office supplies	83,671	-	-	83,671
Consulting	28,150	-	-	28,150
Balance, June 30, 2020	111,821	-	-	111,821
Assays	153,587	-	-	153,587
Camp and office supplies	230,717	-	-	230,717
Consulting	739,423	-	-	739,423
Drilling	465,540	-	-	465,540
Expediting	48,840	-	-	48,840
Field and office supplies	75,367	-	-	75,367
Geophysics	147,467	-	-	147,467
Helicopter support	968,375	-	-	968,375
Permitting	15,550	-	-	15,550
Balance, March 31, 2021	2,956,687	-	-	2,956,687
<b>Total Costs:</b>				
Balance, June 30, 2020	2,699,321	-	-	2,699,321
Balance, March 31, 2021	6,391,687	748,950	-	7,140,637

**SASSY RESOURCES CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

**6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

	<b>March 31, 2021</b>	<b>June 30, 2020</b>
	(\$)	(\$)
Trade payables	35,327	89,487
Related party payables (Note 8)	10,500	30,135
Accrued liabilities	15,000	58,000
	<u>60,827</u>	<u>177,622</u>

**7. OTHER LIABILITIES**

The issuance of 256,000 flow-through shares on May 29, 2020 and resulted in a flow-through share premium liability of \$25,600.

The issuance of 502,500 flow-through shares on July 28, 2020 and resulted in a flow-through share premium liability of \$50,250.

The issuance of 1,433,801 flow-through shares on October 22 and November 2, 2020 and resulted in a flow-through share premium liability of \$430,140.

The Company completed the renunciation using the Look Back rule effective December 31, 2020, and accordingly has recognized the flow-through share recovery of \$505,990 in the statement of loss.

**8. RELATED PARTY TRANSACTIONS**

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 nine month periods ended March 31, 2021 and 2020 is as follows:

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(\$)	(\$)
Consulting fees	45,000	42,000
Exploration and evaluation expenditures	173,500	
Management fees	200,000	150,000
Professional fees	57,000	-
Share-based payments	619,383	-
	<u>1,094,883</u>	<u>192,000</u>

As at March 31, 2021, a total of \$10,500 (June 30, 2020 - \$30,135) was included in accounts payable and accrued liabilities owing to the directors and officers of the Company.

## **SASSY RESOURCES CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

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### **9. SHARE CAPITAL AND RESERVES**

#### *Authorized share capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value.

#### *Issued share capital*

##### Nine month period ended March 31, 2021

On July 28, 2020, Company completed a non-brokered private placement and issued 6,014,461 units at \$0.30 per unit for gross proceeds of \$1,804,338. Each unit is comprised of a common share and a share purchase warrant that entitles the holder to acquire an additional share at \$0.50 for a period of 30 months. The Company paid cash finder's fees of \$35,280 and issued 117,600 finder's warrants valued at \$16,200. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.50 on or before January 28, 2023.

On July 28, 2020, Company completed a non-brokered private placement and issued 502,500 flow through units at \$0.40 per unit for gross proceeds of \$201,000. Each flow through unit is comprised of a flow-through common share and one half of a non-flow through share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$0.55 for a period of 30 months. The Company paid cash finder's fees of \$11,620 and issued 29,050 finder's warrants valued at \$3,800. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.55 on or before January 28, 2023.

On August 19, 2020, the Company issued 250,000 common shares valued at \$130,000 in accordance with the Foremore Property acquisition agreement (Note 5).

On October 22 and November 2, 2020, Company completed two tranches of a non-brokered private placement and issued an aggregate of 3,062,294 units at \$0.90 per unit for gross proceeds of \$2,756,065. Each unit is comprised of a common share and one half of a share purchase warrant. Each whole warrant entitles the holder to acquire an additional share at \$1.25 for a period of 24 months. The Company paid cash finder's fees of \$109,152 and issued 80,804 finder's warrants valued at \$57,600. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.90 for a period of 24 months.

On October 22 and November 2, Company completed a non-brokered private placement and issued 1,433,801 flow through units at \$1.20 per unit for gross proceeds of \$1,720,561. Each flow through unit is comprised of a flow-through common share and one half of a non-flow through share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$1.50 for a period of 24 months. The Company paid cash finder's fees of \$77,350 and issued 36,482 finder's warrants valued at \$25,200. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$1.20 for a period of 24 months.

On November 19, 2020, the Company issued 750,000 common shares valued at \$517,500 in accordance with the amended Foremore Property acquisition agreement (Note 5).

## **SASSY RESOURCES CORPORATION**

Notes to the Condensed Interim Consolidated Financial Statements

Nine Month Period Ended March 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

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### **9. SHARE CAPITAL AND RESERVES (continued)**

On February 18, 2021, the Company issued 1,000,000 common shares valued at \$620,000 in accordance with the Newfoundland Property option agreement (Note 5).

During the nine month period ended March 31, 2021, the Company issued 4,235,000 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$1,059,000.

During the nine month period ended March 31, 2021, the Company issued 117,100 common shares pursuant to the exercise of finders' warrants for gross proceeds of \$29,275. The fair value of the finders' warrants was determined to be \$14,611, and accordingly the amount has been transferred from reserves to share capital.

#### Year ended June 30, 2020

On October 4, 2019, the Company completed 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 cash finder's fees of \$8,000 and issued 32,000 finder's warrants valued at \$3,100. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.25 on or before October 4, 2020.

On November 20, 2019, the Company completed the second tranche of the non-brokered private placement and issued 140,000 shares at \$0.25 for gross proceeds of \$35,000.

On January 3, 2020, the Company completed the third and final tranche of the non-brokered private placement and issued 40,000 shares at \$0.25 for gross proceeds of \$10,000.

On February 18, 2020, the Company issued 9,999,999 common shares valued at \$2,500,000 to CLM in exchange for the Foremore Property, Nicobat Property and other properties located in Ontario. These shares were subsequently distributed to the shareholders of Crystal Lake pursuant to the Plan of Arrangement.

On February 18, 2020, the Company issued 250,000 common shares valued at \$62,500 in accordance with the Foremore Property acquisition agreement (Note 5).

On February 18, 2020, the Company converted 5,000,000 special warrants into 5,000,000 common shares and 5,000,000 share purchase warrants which entitle the holder to acquire an additional common share at a price of \$0.10 on or before July 17, 2021. The special warrants were previously issued on July 17, 2019 at a price of \$0.05 per special warrant for aggregate proceeds of \$250,000.

On March 6, 2020, the Company completed a non-brokered private placement and issued 670,000 common shares at \$0.25 for gross proceeds of \$167,500. The Company paid cash finder's fees of \$3,600 and issued 14,400 finder's warrants valued at \$1,400. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.25 on or before March 6, 2021.

## SASSY RESOURCES CORPORATION

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(Expressed in Canadian dollars)

(Unaudited)

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### 9. SHARE CAPITAL AND RESERVES (continued)

On May 21, 2020, the Company completed a non-brokered private placement and issued 5,040,000 units at \$0.25 per unit for gross proceeds of \$1,260,000. Each unit is comprised of a common share and a share purchase warrant that entitles the holder to acquire an additional share at \$0.45 for a period of 30 months. The Company paid cash finder's fees of \$25,550 and issued 102,200 finder's warrants valued at \$14,600. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.25 on or before November 21, 2022.

On May 29, 2020, the Company completed a non-brokered private placement and issued 400,000 units at \$0.25 per unit for gross proceeds of \$100,000. Each unit is comprised of a common share and a share purchase warrant that entitles the holder to acquire an additional common share at \$0.45 for a period of 30 months. The Company paid cash finder's fees of \$4,550 and issued 18,200 finder's warrants valued at \$2,600. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.25 on or before November 29, 2022.

On May 29, 2020, the Company completed a non-brokered private placement and issued 256,000 flow through units at \$0.35 per unit for gross proceeds of \$89,600. Each flow through unit is comprised of a flow-through common share and one half of a non-flow through share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$0.50 for a period of 30 months. The Company paid cash finder's fees of \$6,272 and issued 17,920 finder's warrants valued at \$2,200. Each finder's warrant entitles the holder to acquire an additional common share at a price of \$0.25 on or before November 29, 2022.

#### *Stock options*

The Company has rolling incentive stock option plan (the "Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a variable period from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company unless otherwise approved by the Board of Directors.

During the nine month period ended March 31, 2021, the Company granted 1,300,000 incentive stock options that are exercisable at prices ranging from \$0.30 to \$1.00 per share for 5 years from the date of grant. The options all vested immediately, and the Company recorded share-based payments of \$546,605 (2019 - \$Nil).



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**9. SHARE CAPITAL AND RESERVES (continued)**

The following table summarizes the stock options outstanding as at March 31, 2021:

<b>Expiry Date</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Vested</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (yrs)</b>
May 29, 2025	1,800,000	1,800,000	0.25	4.16
July 28, 2025	200,000	200,000	0.30	4.33
August 25, 2025	850,000	850,000	0.57	4.41
November 9, 2025	250,000	250,000	1.00	4.64
	<b>3,100,000</b>	<b>3,100,000</b>	<b>0.34</b>	<b>4.26</b>

**RSUs**

The Company has a rolling Restricted Share Unit (“RSU”) plan wherein it can issue RSUs to eligible participants, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company.

On February 26, 2021, the Company granted 2,600,000 RSUs that vest at various times through July 1, 2022. During the nine month period ended March 31, 2021, the Company recorded share-based payments of \$544,483 (2020 - \$Nil)

The continuity of the Company's RSUs is as follows:

	<b>Number of RSUs</b>
Balance, June 30, 2019 and 2020	-
Granted	2,600,000
Exercised	(250,000)
<b>Balance, March 31, 2021</b>	<b>2,350,000</b>

As at March 31, 2021 there are 2,350,000 RSUs outstanding that expire December 31, 2024.

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**9. SHARE CAPITAL AND RESERVES (continued)***Warrants*

A continuity schedule of the Company's share purchase warrants is as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, June 30, 2019	-	-
Issued	10,752,720	0.28
Balance, June 30, 2020	10,752,720	0.28
Issued	8,777,695	0.72
Exercised	(4,352,100)	0.23
Balance, March 31, 2021	<u>15,178,315</u>	<u>0.55</u>

The following table summarizes the share purchase warrants outstanding as at March 31, 2021:

<b>Expiry Date</b>	<b>Number of Warrants Outstanding</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (yrs)</b>
July 17, 2021	2,550,000	0.10	0.30
October 22, 2022	51,108	0.90	1.56
October 22, 2022	789,314	1.25	1.56
October 22, 2022	33,542	1.20	1.56
October 22, 2022	687,501	1.50	1.56
November 2, 2022	29,696	0.90	1.59
November 2, 2022	29,400	1.50	1.59
November 2, 2022	2,940	1.20	1.59
November 2, 2022	741,833	1.25	1.59
November 21, 2022	3,730,000	0.45	1.64
November 21, 2022	49,700	0.25	1.64
November 29, 2022	113,000	0.50	1.67
November 29, 2022	17,920	0.35	1.67
November 29, 2022	140,000	0.45	1.67
January 28, 2023	5,932,061	0.50	1.83
January 28, 2023	280,300	0.55	1.83
	<u>15,178,315</u>	<u>0.55</u>	<u>1.48</u>

The stock options and finder's warrants issued during the period were valued using the Black-Scholes option pricing model under the following weighted average assumptions:

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(Unaudited)

**9. SHARE CAPITAL AND RESERVES (continued)**

	<b>Warrants</b>		<b>Options</b>
	<b>2020</b>		<b>2020</b>
Risk-free interest rate	0.26%	Risk-free interest rate	0.36%
Expected life of options	2.28 yr	Expected life of options	5.00 yr
Volatility	122%	Volatility	109%
Expected dividend yield	Nil	Expected dividend yield	Nil
Forfeiture rate	Nil	Forfeiture rate	Nil
Weighted average fair value	\$0.38	Weighted average fair value	\$0.43

**10. FINANCIAL RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to risk is on its cash. The Company holds its cash in substantial financial institutions to mitigate risk. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company prepares general operating budget to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company uses its best efforts to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

The Company's financial liabilities consist of accounts payable and accrued liabilities, all of which are due within twelve months.

The Company's main source of funding has been through the issuance of equity securities for cash. The Company's access to financing in the public markets is always uncertain. The Company is exposed to liquidity risk.

***Commodity risk***

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for gold and silver are impacted by world economic events that dictate the levels of supply and demand. The Company had no hedging contracts in place as at or during the period ended March 31, 2021.

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

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### **10. FINANCIAL RISK MANAGEMENT (continued)**

#### ***Foreign exchange risk***

Foreign currency exchange rate risk is the risk that the fair value of assets and future cash flows will fluctuate as a result of changes in foreign currency exchange rates. However, the Company's functional currency is the Canadian dollar and the Company doesn't have any material assets or operations that are denominated in a foreign currency. Accordingly, the Company is not exposed to any material foreign exchange risk and has not hedged its limited exposure to currency fluctuations.

#### ***Classification of financial instruments***

The Company classifies its other financial assets and other financial liabilities measured at fair value 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: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Financial assets included in the statement of financial position are cash. Financial liabilities included in the statement of financial position include accounts payable and accrued liabilities. The fair value of cash is measured using Level 1 of the fair value hierarchy. The fair value of accounts payable and accrued liabilities approximate the carrying amount due to their short term to maturity. The effect of changes in the Company's credit risk do not have a significant impact on the fair value due to the short term to maturity.

#### ***Capital Management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of the components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

The Company is not subject to any externally imposed capital requirements.

There have been no changes to the Company's approach to capital management during the period ended March 31, 2021.

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**11. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment being the acquisition, exploration and evaluation of mineral resources properties.

The Company operates in one geographic segment located in Canada.

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	(\$)	(\$)
<b>Non-cash investing and financing activities:</b>		
Issuance of finders' warrants as share issuance costs	102,800	4,600
Shares issued for exploration and evaluation assets	1,267,500	-
Transfer value of finders' warrants exercised during the period from reserves to share capital	14,611	-
<b>Interest paid during the period</b>	-	-
<b>Income taxes paid during the period</b>	-	-

**13. SUBSEQUENT EVENTS**

Subsequent to March 31, 2021, the Company:

- a) issued 45,425,000 special warrants at \$0.05 per special warrant in its wholly-owned subsidiary, Gander Gold Corporation ("GGC"), for gross proceeds of \$2,271,250. The special warrants are convertible into common shares of GGC for no additional consideration.
- b) completed a consolidation of the share capital of GGC on the basis of one new common share for every three old common shares.
- c) entered into several option agreements with Shawn Ryan and Wildwood Exploration Inc. wherein the Company has can acquire 100% ownership in additional claims to expand its interest in the Gander Gold Belt area in Newfoundland to 2,257 km<sup>2</sup>. The cumulative terms of the agreements require cash payments totaling \$1,988,050 (\$573,050 paid), the issuance of 16,500,000 common shares (2,750,000 issued) and by incurring \$6,560,000 in exploration expenditures over a 5 year period.
- d) issued 250,000 common shares pursuant to the exercise of RSUs.
- e) issued 1,300,000 common shares pursuant to the exercise of share purchase warrants for aggregate proceeds of \$130,000.
- f) issued 300,000 common shares valued at \$183,000 as a finder's fee in connection with the Shawn Ryan option agreements.