

**79 RESOURCES LTD.**

**Condensed Interim Financial Statements  
For the three months ended March 31, 2021  
Unaudited - Expressed in Canadian Dollars**

### **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed 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 condensed interim financial statements have been prepared by and are the responsibility of the management.

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

**79 RESOURCES LTD.**Condensed Interim Statements of Financial Position  
(Unaudited - Expressed in Canadian dollars)

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Current assets		
Cash	\$ 522,541	\$ 143,602
Amounts recoverable	7,271	13,344
	<u>529,812</u>	<u>156,946</u>
Non-current assets		
Exploration and evaluation assets (Note 3)	219,664	143,729
	<u>\$ 749,476</u>	<u>\$ 300,675</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 44,499	\$ 25,362
Due to related parties (Note 6)	1,050	1,649
	<u>45,549</u>	<u>27,011</u>
Shareholders' equity		
Share capital (Note 5)	1,030,017	543,767
Reserves (Note 5)	141,178	41,278
Deficit	(467,268)	(311,381)
	<u>703,927</u>	<u>273,664</u>
	<u>\$ 749,476</u>	<u>\$ 300,675</u>

**Nature of Operations and Going Concern (Note 1)**  
**Subsequent event (Note 10)**

Approved on Behalf of the Board of Directors:

“Steven Feldman ”

Director

“John Masters ”

Director

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

**79 RESOURCES LTD.**Condensed Interim Statements of Loss and Comprehensive Loss  
(Unaudited - Expressed in Canadian dollars)

	Three months ended	
	2021	March 31, 2020
<b>Expenses</b>		
Consulting fees	\$ 55,500	\$ 42
Management fees (Note 6)	-	7,500
Marketing and promotion	3,750	-
Office and miscellaneous (Note 6)	-	400
Professional fees (Note 6)	12,633	4,500
Regulatory and filing fees	8,744	-
Rent (Note 6)	-	1,200
Share-based payments (Notes 5 and 6)	74,500	22,544
Travel	760	-
Loss and Comprehensive Loss for the Period	<u>\$ (155,887)</u>	<u>\$ (36,186)</u>
Loss Per Share, Basic and Diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
Weighted Average Common Shares Outstanding (basic and diluted)	<u>13,757,334</u>	<u>8,200,001</u>

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**79 RESOURCES LTD.**

Condensed Interim Statements of Changes in Shareholders' Equity  
(Unaudited - Expressed in Canadian dollars)

	Share Capital		Share Based Payment Reserve	Deficit	Shareholders' Equity
	Shares	Amount			
<b>Balance at December 31, 2019</b>	<b>8,200,001</b>	<b>\$ 184,751</b>	<b>\$ -</b>	<b>\$ (57,760)</b>	<b>\$ 126,991</b>
Share-based payments	-	-	22,544	-	22,544
Loss for the period	-	-	-	(36,186)	(36,186)
<b>Balance at March 31, 2020</b>	<b>8,200,001</b>	<b>184,751</b>	<b>22,544</b>	<b>(93,946)</b>	<b>113,349</b>
Shares for initial public offering	4,600,000	460,000	-	-	460,000
Share issued to finders	100,000	10,000	-	-	10,000
Warrants issued to brokers	-	(24,370)	24,370	-	-
Share issuance costs	-	(112,250)	-	-	(112,250)
Option exercise	200,000	25,636	(5,636)	-	20,000
Loss for the period	-	-	-	(217,435)	(217,435)
<b>Balance at December 31, 2020</b>	<b>13,100,001</b>	<b>543,767</b>	<b>41,278</b>	<b>(311,381)</b>	<b>273,664</b>
Shares issued for private placement	4,180,000	501,600	-	-	501,600
Share issuance costs	-	(31,200)	-	-	(31,200)
Warrants issued to brokers	-	(25,400)	25,400	-	-
Shares for exploration and evaluation assets	250,000	41,250	-	-	41,250
Stock-based compensation	-	-	74,500	-	74,500
Loss for the period	-	-	-	(155,887)	(155,887)
<b>Balance at March 31, 2021</b>	<b>17,530,001</b>	<b>\$ 1,030,017</b>	<b>\$ 141,178</b>	<b>\$ (467,268)</b>	<b>\$ 703,927</b>

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

**79 RESOURCES LTD.**Condensed Interim Statement of Cash Flows  
(Unaudited - Expressed in Canadian dollars)

	Three months ended	
	2021	March 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (155,887)	\$ (36,186)
Items not involving cash:		
Share-based payment	74,500	22,544
Net change in non-cash working capital items:		
Amounts recoverable	6,073	5,114
Accounts payable and accrued liabilities	19,137	4,000
Due to related parties	(599)	-
Net cash used in operating activities	<u>(56,776)</u>	<u>(4,528)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation acquisition	(25,000)	-
Exploration and evaluation asset expenditure	(9,685)	(32,580)
Net cash used in investing activities	<u>(34,685)</u>	<u>(32,580)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement	501,600	-
Share issuance costs	(31,200)	-
Net cash provided by financings activities	<u>470,400</u>	<u>-</u>
<b>Change in cash during the period</b>	378,939	(37,108)
<b>Cash, beginning of period</b>	<u>143,602</u>	<u>65,044</u>
<b>Cash, end of period</b>	<u>\$ 522,541</u>	<u>\$ 27,936</u>

**Non-cash investing and financing activities (Note 8)**

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

## **79 RESOURCES LTD.**

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian dollars)

For the three months ended March 31, 2021

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### **1. Nature and continuance of operations**

79 Resources Ltd. (the “Company”) was incorporated on April 17, 2019 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company’s registered office, corporate office and principal place of business is Suite 1240 – 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

On August 27, 2020, the Company completed its initial public offering (“IPO”) and became publicly listed on the Canadian Securities Exchange (“CSE”) and trades under the symbol “SNR”.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. At March 31, 2021 the Company was in the exploration stage and had interests in properties in Canada.

These condensed interim financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. The Company has sustained losses from operations, and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at March 31, 2021, the Company had a working capital of \$484,263. Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans. These material uncertainties may cast substantial doubt about the Company’s ability to continue as a going concern. The Company estimates that it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

These condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

In March 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in the future.

### **2. Significant accounting policies and basis of preparation**

The condensed interim financial statements were authorized for issue on May 18, 2021 by the directors of the Company.

#### ***Statement of compliance***

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these condensed interim financial statements comply with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”.

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Notes to the Condensed Interim Financial Statements

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### **2. Significant accounting policies and basis of preparation (cont'd)**

#### *Basis of preparation*

The condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. The condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency, unless otherwise noted.

#### *Significant accounting judgments, estimates and assumptions*

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously 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. However, actual outcomes can differ from these estimates.

The following areas required a significant degree of estimation:

#### 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.

#### 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.

#### 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).

The following areas required a significant degree of judgment:

#### 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.



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### 2. Significant accounting policies and basis of preparation (cont'd)

#### *Foreign currency translation*

The condensed interim financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

#### Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

#### *Financial instruments*

Financial assets are classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. All financial assets not classified at amortized cost or FVOCI are measured at FVTPL.

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

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in profit or loss. Financial assets and financial liabilities classified at amortized cost are using the effective interest method.

#### *Impairment of assets*

The carrying amount of the Company's assets which include exploration and evaluation assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

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### **2. Significant accounting policies and basis of preparation (cont'd)**

#### *Income taxes*

##### Deferred income tax:

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### *Exploration and evaluation assets*

The Company is in the exploration stage in respect to its exploration and evaluation assets.

Pre-exploration costs are expensed in the period in which they are incurred.

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

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such amounts unpaid are not recorded as a liability when they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

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

The Company assesses exploration and evaluation assets for indications of impairment at each reporting date.

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

Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in profit or loss.

Mineral exploration and evaluation expenditures are classified as intangible assets.

## **79 RESOURCES LTD.**

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(Unaudited - Expressed in Canadian dollars)

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### **2. Significant accounting policies and basis of preparation (cont'd)**

#### ***Provision for environmental rehabilitation***

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense. The Company does not have any provisions for rehabilitation obligations.

#### ***Flow-through shares***

The Company may from time to time, issue flow-through common shares to finance its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability on a pro-rata basis to the expenditures incurred. The reduction of the flow-through share premium previously recorded is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian exploration expenses (as defined in the Tax Act).

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

#### ***Share capital***

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company. The Company's common shares, share warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### ***Loss per share***

Basic loss per share is calculated based on the weighted average aggregate number of common shares outstanding during each period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the periods presented, this calculation proved to be anti-dilutive.

**79 RESOURCES LTD.**

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**2. Significant accounting policies and basis of preparation (cont'd)***Leases*

IFRS 16 Leases - Specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company had no leases in effect during the periods presented.

**3. Exploration and evaluation assets**

	<b>Louise Lake, British Columbia</b>	<b>Lac Saint Simon Lithium Property, Quebec</b>	<b>Total</b>
<b>Acquisition Costs:</b>			
Balance, December 31, 2019	\$ 9,673	\$ -	\$ 9,673
Cash	10,000	-	10,000
Balance, December 31, 2020	19,673	-	19,673
Cash	-	25,000	25,000
Issuance of shares	-	41,250	41,250
Balance, March 31, 2021	\$ 19,673	\$ 66,250	\$ 85,923
<b>Deferred Exploration Costs:</b>			
Balance, December 31, 2019	\$ 111,871	\$ -	\$ 111,871
Assay and testing	714	-	714
Geological consulting	3,860	-	3,860
Reports and administration	4,205	-	4,205
Travel and accommodation	3,406	-	3,406
Balance, December 31, 2020	124,056	-	124,056
Assay and testing	5,000	-	5,000
Geological consulting	4,685	-	4,685
Balance, March 31, 2021	133,741	-	133,741
<b>Total</b>	<b>\$ 153,414</b>	<b>\$ 66,250</b>	<b>\$ 219,664</b>

**Lac Saint Simon Lithium ("LSS") (Quebec)**

On February 17, 2021, the Company entered into an option agreement to acquire 100% interest in the Lac Saint Simon lithium ("LSS") project in stages over a 3-year period as follows:

Date	Common shares	Cash	Exploration Expenditures
Within 5 Days of the removal of the due diligence provision (paid and issued)	250,000	\$ 25,000	\$ -
On or before February 3, 2022	250,000	30,000	100,000
On or before February 3, 2023	500,000	50,000	200,000
On or before February 3, 2024	500,000	50,000	400,000
	1,500,000	\$ 155,000	\$ 700,000

The vendor will retain a 2% NSR of which half can be purchased by the Company for \$1,000,000 at any time.

## **79 RESOURCES LTD.**

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian dollars)

For the three months ended March 31, 2021

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### **3. Exploration and evaluation assets (cont'd)**

#### **Louise Lake (British Columbia)**

On July 8, 2019 the Company entered into an agreement to acquire up to a 75% interest in certain mining claims in the Omineca Mining Division, British Columbia. To acquire a 51% interest, the Company issued 100,000 common shares (issued for \$2,000) and made a cash payment of \$5,000 to the vendors.

To earn a further 24% (for a total of 75%), the Company must pay the vendors \$10,000 (paid), issue 100,000 common shares on or before the first anniversary of the initial listing of the Company's shares on an exchange, and incur aggregate exploration expenditures of \$225,000 of which \$75,000 must be incurred before July 8, 2020 (incurred) and \$150,000 on or before the first anniversary of the initial listing of the Company's shares on an exchange.

The property is subject to a net smelter royalty ("NSR") of 2% payable to the vendors.

In August 2019 the Company acquired additional property rights contiguous to the Louise Lake Property for a cash payment of \$2,673.

### **4. Loan payable**

In July 2020, the Company arranged loans totaling \$10,000 from two arm's length parties. The loans had a term of one year plus one day, bore interest of 2% per month, and were unsecured. During the year ended December 31, 2020, the Company fully repaid the loans and paid \$600 in interest.

### **5. Share capital**

#### ***Authorized share capital***

Unlimited number of common shares without par value.

#### ***Issuances***

*For the period ended March 31, 2021:*

On February 23, 2021, the Company issued 250,000 units (valued at \$41,250) to acquire the Lac Saint Simon lithium ("LSS") project (Note 3).

On March 23, 2021, the Company closed the non-brokered private placement of 4,180,000 units at a price of \$0.12 per unit for aggregate gross proceeds of \$501,600. Each Unit is comprised of one common share and one transferable share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share exercisable at a price of \$0.20 until March 19, 2023. In connection of the private placement, the Company paid finders' fees of \$31,200 and 260,000 finder's warrants. Finder's warrants entitle the finder to purchase one common share in the Company exercisable at a price of \$0.20 until March 19, 2023.

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### **5. Share capital (cont'd)**

*For the year ended December 31, 2020:*

On August 27, 2020, the Company completed its initial public offering of 4,600,000 units at a price of \$0.10 per unit for gross proceeds of \$460,000. Each unit consists of one common share and one transferable common share purchase warrant of the Company. Each warrant entitles the holder thereof to acquire one common share of the Company at an exercise price of \$0.15 per share at any time prior to August 27, 2022.

In connection to the initial public offering, the Company paid share issuance costs of \$48,000, corporate finance fees of \$30,000 cash (of which \$10,000 was paid in 2019), 100,000 in common shares (valued at \$10,000), and 460,000 broker's warrants (valued at \$24,370) exercisable at a price of \$0.10 per share, on or before August 27, 2022.

On December 30, 2020, the Company issued 200,000 common shares pursuant to exercise of options for gross proceeds of \$20,000, and accordingly, the Company reallocated \$5,636 of reserves to share capital.

#### ***Escrow shares***

As of March 31, 2021, the Company had 1,500,001 shares held in escrow.

Under the escrow agreement, 10% of the escrowed common shares were released from escrow upon the Listing Date and that, where there are no changes to the Common Shares initially deposited and no additional Escrow Securities, the remaining Escrowed Securities will be released in equal tranches of 15% every 6-month interval thereafter, over a period of 36 months.

#### ***Stock options***

The Company adopted a stock option plan to grant options to individuals exercisable up to 10 years from the date of grant to purchase shares at the market price, less applicable discount, if any. Such grants not to exceed an aggregate of 10% of the issued and outstanding shares and vesting periods will be determined by the Board of Directors.

On February 24, 2020, the Company granted 800,000 stock options exercisable at a price of \$0.10 until February 24, 2023 to senior officers and directors that vest upon grant. The fair value of the options was \$22,543 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 114%; an expected life of 3 years; a dividend yield of 0%; and a risk-free rate of 1.28%.

On January 29, 2021, the Company granted 630,000 stock options exercisable at \$0.16 until January 29, 2023 to consultants, officers and directors that vest upon grant. The fair value of the options was \$66,300 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 150%; an expected life of 2 years; a dividend yield of 0%; and risk-free rate of 0.14%.

On March 4, 2021, the Company granted 80,000 stock options exercisable at \$0.16 until March 4, 2023 to a consultant that vest upon grant. The fair value of the options was \$8,200 which was determined by Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 145%; an expected life of 2 years; a dividend yield of 0%; and risk-free rate of 0.29%.

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**5. Share capital (cont'd)***Options (cont'd)*

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at December 31, 2019	-	\$ -
Granted	800,000	0.10
Exercised	<u>(200,000)</u>	0.10
Balance at December 31, 2020	600,000	0.10
Granted	<u>710,000</u>	0.16
<b>Balance at March 31, 2021</b>	<b>1,310,000</b>	<b>\$ 0.13</b>

Details of options outstanding as at March 31, 2021 are as follows:

Number of Options	Exercise Price	Expiry date	Exercisable
600,000	\$0.10	February 24, 2023	600,000
630,000	\$0.16	January 29, 2023	630,000
80,000	\$0.16	March 4, 2023	80,000

As at March 31, 2021 the options outstanding had a weighted average exercise price of \$0.13 (December 31, 2020: \$0.10) and a weighted average life of 1.89 years (December 31, 2021: 2.15 years).

*Warrants*

On August 27, 2020, the Company granted 460,000 broker's warrants exercisable at a price of \$0.10 until August 27, 2022. The estimated fair value of the options was \$24,320 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 102%; an expected life of 2 years; a dividend yield of 0%; and a risk-free rate of 0.29%.

On March 19, 2021, the Company granted 260,000 finder's warrants exercisable at a price of \$0.20 until March 19, 2023. The estimated fair value of the options was \$25,400 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 145%, an expected life of 2 years; a dividend yield of 0%; and a risk-free rate of 0.27%.

Warrants transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
December 31, 2019	-	\$ -
Granted	<u>5,060,000</u>	0.15
Balance at December 31, 2020	5,060,000	0.15
Granted	<u>4,440,000</u>	0.20
<b>Balance at March 31, 2021</b>	<b>9,500,000</b>	<b>\$0.09</b>

## 79 RESOURCES LTD.

Notes to the Condensed Interim Financial Statements  
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### 5. Share capital (cont'd)

#### *Warrants (cont'd)*

Details of warrants outstanding as at March 31, 2021 are as follows:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry date</b>
4,600,000	\$0.15	August 27, 2022
460,000	\$0.10	August 27, 2022
4,180,000	\$0.20	March 19, 2023
260,000	\$0.20	March 19, 2023

As at March 31, 2021 the warrants outstanding had a weighted average exercise price of \$0.17 (December 31, 2020: \$0.15) and a weighted average life of 1.69 years (December 31, 2020: 1.65 years).

### 6. Related party transactions

The Company has paid rent of \$Nil (2020: \$1,200) and office expenses of \$Nil (2020: \$400) to a company that is related by common directors and a senior officer.

#### *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 members of the Company's Board of Directors and corporate officers.

The Company has paid \$Nil (2020: \$7,500) to a former senior officer for management services for the period ended March 31, 2021.

The Company has paid \$Nil (2020: \$1,000) to a former director and senior officer for accounting services for the period ended March 31, 2021.

The Company has paid \$3,000 (2020: \$Nil) to current CFO for consulting services for the period March 31, 2021.

Amounts due to related parties are non-interest bearing with no specific terms of repayment.

Share-based payments made to directors and officers of the Company during the period ended March 31, 2021 consist of 380,000 stock options valued at \$39,990 (2020: Nil stock options valued at \$Nil).

### 7. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

#### Credit Risk

The Company is exposed to credit risk by holding cash. Holding the cash in large Canadian financial institutions minimizes this risk. The Company has minimal accounts receivable exposure, and its amounts recoverable are due from a Canadian government agency.



## **79 RESOURCES LTD.**

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### **7. Financial risk management (cont'd)**

#### Currency Risk

The Company's functional currency is the Canadian dollar. There is minimal foreign exchange risk to the Company as its mineral property interests are located in Canada. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company does not engage in any hedging activities to reduce its foreign currency risk.

#### Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash accounts is relatively unaffected by changes in short term interest rates. The income earned on certain bank accounts is subject to the movements in interest rates. Currently, this risk will have an immaterial effect on operations.

#### Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Company is at risk to changes in commodity prices which may affect financing options available to the Company.

#### Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages this risk by careful management of its working capital.

The Company's expected source of cash flow in the upcoming year will be through equity financing. Cash on hand at March 31, 2021 and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs. The Company will need funding through equity or debt financing, entering into joint venture agreements, or a combination thereof.

#### Capital Management

The Company is engaged in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental issues and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

The Company includes the components of equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

There were no changes in the Company's approach to capital management during the period.

## 79 RESOURCES LTD.

Notes to the Condensed Interim Financial Statements  
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### 7. Financial risk management (cont'd)

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

Management estimates that the recorded values of all cash, accounts payable and accrued liabilities, and amounts due to related parties, all of which are classified as amortized cost, approximate their current fair values because of their nature and anticipated settlement dates.

### 8. Supplemental disclosure with respect to cash flows

During the period end March 31, 2021 and 2020, the Company incurred the following non-cash financing and investing transactions:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	\$	\$
<hr/>		
Non-cash financing and investing activities:		
Broker's warrants issued	25,400	24,370
Exploration and evaluation assets included in accounts payable and accrued liabilities	-	32,457
Accrued share issue costs	-	8,000
Finder shares issued	-	10,000
Shares issued as share issuance costs	-	5,636

### 9. Segmented information

The Company operates in one industry segment being the acquisition and exploration of exploration and evaluation assets in one geographical location, being Canada, as disclosed in Note 3.

### 10. Subsequent events

Subsequent to March 31, 2021, the Company granted 270,000 stock options exercisable at \$0.145 until May 6, 2023 to consultants that vest upon grant.