



**MINERAL MOUNTAIN RESOURCES LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Six Months Ended September 30, 2020

(Unaudited – Prepared by Management)

(EXPRESSED IN CANADIAN DOLLARS)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT**

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report.

**MINERAL MOUNTAIN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – Prepared by Management)

	Note	September 30, 2020	March 31, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 1,165,992	\$ 130,475
Sales tax recoverable		9,881	11,985
Prepaid expenses and deposits	4	201,939	140,450
		1,377,812	282,910
<b>Non-current assets</b>			
Exploration and evaluation assets	7	9,766,826	9,508,761
Restricted cash	5	24,955	25,415
Property and equipment	6	43,779	72,295
		9,835,560	9,606,471
<b>Total assets</b>		<b>\$ 11,213,372</b>	<b>\$ 9,889,381</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	8	\$ 675,158	\$ 1,025,872
Amounts due to related parties	10	37,136	94,389
Lease liability	9	26,382	51,234
<b>Total liabilities</b>		<b>738,676</b>	<b>1,171,495</b>
<b>Equity</b>			
Share capital		49,132,885	46,985,827
Share-based payments reserve		2,993,729	2,957,823
Deficit		(41,651,918)	(41,225,764)
<b>Total equity</b>		<b>10,474,696</b>	<b>8,717,886</b>
<b>Total liabilities and equity</b>		<b>\$ 11,213,372</b>	<b>\$ 9,889,381</b>

**Commitments** (Note 3)

**Events after the reporting period** (Note 18)

The financial statements were authorised for issue by the board of directors on November 24, 2020 and were signed on its behalf by:

“Nelson Baker”

Director

“Brad Baker”

Director

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited – Prepared by Management)

	Note	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Six Months Ended September 30, 2020	Six Months Ended September 30, 2019
<b>EXPENSES</b>					
Consulting fees		\$ 22,500	\$ 22,500	\$ 45,000	\$ 47,074
Depreciation	5	13,749	22,762	27,498	45,333
Interest expenses		1,045	8,984	2,460	19,863
Management fee	10	81,000	81,000	162,000	162,000
Media and news dissemination		25,899	5,131	66,762	7,617
Office and miscellaneous	10	23,744	26,877	45,032	50,933
Professional fees		24,528	20,146	44,540	34,199
Rent		11,535	-	24,375	-
Share-based payments	12	5,735	26,537	50,921	69,713
Transfer agent and filing fees		12,551	11,827	20,231	21,327
Travel and conference		-	1,729	-	2,850
		(222,286)	(227,493)	(488,819)	(460,909)
<b>OTHER ITEMS</b>					
Foreign exchange		19,118	12,236	54,350	7,235
<b>Comprehensive loss for the period</b>		\$ (203,168)	\$ (215,257)	\$ (434,469)	\$ (453,674)
<b>Basic and diluted loss per common share</b>	11	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited – Prepared by Management)

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, March 31, 2020		92,959,003	\$ 46,985,827	\$ 2,957,823	\$ (41,225,764)	\$ 8,717,886
Comprehensive loss for the period		-	-	-	(434,469)	(434,469)
Transactions with owners						
Private placements	11	2,666,667	800,000	-	-	800,000
Share issuance costs	11	-	(54,900)	-	-	54,900
Exercise of stock options	11	50,000	15,450	(6,700)	-	8,750
Exercise of warrants	11	5,546,033	1,386,508	-	-	1,369,758
Share-based payments	12	-	-	50,921	-	50,921
Adjustment on expiration of stock options	12	-	-	(8,315)	8,315	-
		8,262,700	2,147,058	35,906	8,315	2,284,329
Balance, September 30, 2020		101,221,703	\$ 49,132,885	\$ 2,993,729	\$ (41,651,918)	\$ 10,474,696

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (cont'd...)**  
(Unaudited – Prepared by Management)

	Note	Number of Shares	Share capital	Share-based payments reserve	Share subscription proceeds	Deficit	Total equity
Balance, March 31, 2019		68,121,536	\$ 42,822,867	\$ 3,381,501	\$ -	\$ (40,788,138)	\$ 5,416,230
Comprehensive loss for the period		-	-	-	-	(453,674)	(453,674)
Transactions with owners							
Private placements	11	14,220,866	2,133,130	-	-	-	2,133,130
Share subscription proceeds	11	-	-	-	3,000	-	3,000
Share issuance costs	11	-	(147,435)	-	-	-	(147,435)
Share-based payments	12	-	-	69,713	-	-	69,713
Adjustment on expiration of stock options		-	-	(997,850)	-	997,850	-
		-	1,985,695	(928,137)	3,000	997,850	2,058,408
Balance, September 30, 2019		82,342,402	\$ 44,808,562	\$ 2,453,364	\$ 3,000	\$ (40,243,962)	\$ 7,020,964

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX MONTHS ENDED SEPTEMBER 30**  
(Unaudited – Prepared by Management)

	Note	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (434,469)	\$ (453,674)
Items not affecting cash:			
Depreciation		27,498	45,333
Foreign exchange		460	-
Interest expense		2,460	19,863
Share-based payments		50,921	69,713
Changes in non-cash working capital items:			
Sales tax recoverable		2,104	(2,704)
Prepaid expenses and deposits		(61,489)	(358,236)
Trade and other payables		14,890	2,464
Amounts due to related parties		(57,253)	15,848
Interest paid		-	(10,241)
Net cash used in operating activities		(454,878)	(671,634)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Exploration and evaluation assets		(622,651)	(647,446)
Purchase of equipment		-	(3,821)
Net cash used in investing activities		(622,651)	(651,267)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of share capital		2,195,258	2,133,130
Proceeds from share subscriptions		-	3,000
Share issuance costs		(54,900)	(147,435)
Repayment of loan payable to related parties		-	(35,000)
Payment of lease liability		(27,312)	(49,454)
Net cash provided by financing activities		2,113,046	1,904,241
<b>Change in cash during the period</b>		<b>1,035,517</b>	<b>581,340</b>
<b>Cash, beginning of the period</b>		<b>130,475</b>	<b>13,993</b>
<b>Cash, end of the period</b>		<b>\$ 1,165,992</b>	<b>\$ 595,333</b>

Supplemental disclosures with respect to cash flows (Note 13)

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

**MINERAL MOUNTAIN RESOURCES LTD.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

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**1. NATURE OF BUSINESS**

Mineral Mountain Resources Ltd. (the “Company”) was incorporated on September 1, 2006 under the laws of British Columbia, Canada and maintains its head office at Suite 401, 1195 West Broadway, Vancouver, British Columbia, Canada, V6H 3X5. Its registered office is located at Suite 2300, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5. The Company is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company’s common shares are listed on the TSX Venture Exchange (TSX-V) under the symbol “MMV” and on the OTCQB under the symbol “MNRLF”.

**2. BASIS OF PREPARATION**

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed unaudited interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiary, Mineral Mountain Resources (SD) Inc. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

**Basis of measurement**

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

**Going concern of operations**

The Company is an exploration stage company. The Company has a history of losses with no operating revenue. The ability of the Company to recover the costs it has incurred to date on the exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the assets. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in which case the Company may be unable to meet its obligations. The directors, after reviewing the current cash position and having considered the Company’s ability to raise funds in the short term, adopt the going concern basis in preparing its consolidated financial statements.

These consolidated financial statements do not include adjustments that would be required if going concern is not an appropriate basis for preparation of the financial statements. These adjustments could be material.



**2. BASIS OF PREPARATION (cont'd...)**

**Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is functional currency of the Company and its subsidiary.

**Significant estimates and assumptions**

The preparation of these consolidated financial statements requires management to make estimates 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. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options and agent's warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

**Significant judgments**

The preparation of these consolidated financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these assets. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests have been prepared involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.
- ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.
- iii) The classification of financial instruments.
- iv) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.
- v) The determination of whether a decline in the fair value of a financial asset classified as available-for-sale is prolonged and /or significant and is therefore an impairment.

**MINERAL MOUNTAIN RESOURCES LTD.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SIX MONTHS ENDED SEPTEMBER 30, 2020**  
(Unaudited – Prepared by Management)

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out in the Company’s audited annual consolidated financial statements for the year ended March 31, 2020 were consistently applied to all the periods presented unless otherwise noted below.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2020 that impacted the Company’s interim consolidated financial statements.

**4. PREPAID EXPENSES AND DEPOSITS**

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	September 30, 2020	March 31, 2020
Exploration deposits	\$ 27,254	\$ 28,881
Prepaid expenses	144,235	81,119
Rental deposit	30,450	30,450
	<b>\$ 201,939</b>	<b>\$ 140,450</b>

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**5. RESTRICTED CASH**

The Company has provided corporate credit cards to its Chief Executive Officer with a credit limit totalling \$21,800 (\$15,000 in Canadian and \$5,000 in US) for the Company’s expenses. As collateral for the credit cards, the Company has a one-year term deposit of \$17,250 earning average annual interest at the prime rate minus 2.27% and a one-year US term deposit of US\$5,750 earning annual interest of 0.2%. As at September 30, 2020, the credit cards had an outstanding balance of \$4,756 (March 31, 2020 - \$92) in total.

**MINERAL MOUNTAIN RESOURCES LTD.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**SIX MONTHS ENDED SEPTEMBER 30, 2020**  
(Unaudited – Prepared by Management)

**6. PROPERTY AND EQUIPMENT**

	Right-of-use asset	Computer equipment	Office equipment	Field equipment	Total
<b>Cost</b>					
Balance as at March 31, 2020 and September 30, 2020	\$ 96,702	\$ 7,970	\$ 13,299	\$ 20,367	\$ 138,338
<b>Accumulated depreciation</b>					
Balance as at March 31, 2020	48,351	1,992	5,121	10,579	66,043
Depreciation for the year	24,175	1,993	1,330	1,018	28,516
Balance as at September 30, 2020	72,526	3,985	6,451	11,597	94,559
Net value as at September 30, 2020	\$ 24,176	\$ 3,985	\$ 6,848	\$ 8,770	\$ 43,779

	Right-of-use asset	Computer equipment	Office equipment	Field equipment	Total
<b>Cost</b>					
Balance as at March 31, 2019	\$ -	\$ -	\$ 9,478	\$ 20,367	\$ 29,845
Additions	96,702	7,970	3,821	-	108,493
Balance as at March 31, 2020	96,702	7,970	13,299	20,367	138,338
<b>Accumulated depreciation</b>					
Balance as at March 31, 2019	-	-	2,843	8,542	11,385
Depreciation for the year	48,351	1,992	2,278	2,037	54,658
Balance as at March 31, 2020	48,351	1,992	5,121	10,579	66,043
Net value as at March 31, 2020	\$ 48,351	\$ 5,978	\$ 8,178	\$ 9,788	\$ 72,295

During the six months ended September 30, 2020, the Company expensed \$27,498 (2019 - \$45,333) in depreciation to the statement of comprehensive loss and capitalized \$1,018 (2019 - \$1,018) to exploration and evaluation assets.

**MINERAL MOUNTAIN RESOURCES LTD.**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED SEPTEMBER 30, 2020  
(Unaudited – Prepared by Management)

**7. EXPLORATION AND EVALUATION ASSETS**

	March 31, 2019	Additions	March 31, 2020	Additions	September 30, 2020
<b>Standby Gold Project, South Dakota</b>					
Acquisition costs					
Option payments	\$ 1,952,850	\$ 198,000	\$ 2,150,850	\$ -	\$ 2,150,850
Staking and other property costs	1,097,127	115,384	1,212,511	115,005	1,327,516
	3,049,977	313,384	3,363,361	115,005	3,478,366
Exploration costs					
Assays	76,904	53,663	130,567	2,093	132,660
Drilling	938,162	2,450,440	3,388,602	-	3,388,602
Equipment rental	61,489	39,578	101,067	8,189	109,256
Field work	111,638	68,462	180,100	15,115	195,215
Geological consulting	1,080,747	206,759	1,287,506	56,795	1,344,301
Geophysical survey	357,854	1,750	359,604	-	359,604
Miscellaneous	303,031	58,724	361,755	52,163	413,918
State and local taxes	78,584	94,788	173,372	3,320	176,692
Travel	120,617	42,210	162,827	5,385	168,212
	3,129,026	3,016,374	6,145,400	143,060	6,288,460
	\$ 6,179,003	\$ 3,329,758	\$ 9,508,761	\$ 258,065	\$ 9,766,826

**MINERAL MOUNTAIN RESOURCES LTD.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

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**7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Standby Gold Project, South Dakota**

The Company's Standby Gold project is located in the Rochford Mining District of the Black Hills, South Dakota. The Rochford project includes the following properties:

Rochford Claims

During the year ended March 31, 2013, the Company staked 289 unpatented mineral claims ("Rochford Claims") situated in the Rochford Mining District of the Black Hills, South Dakota, at a cost of \$191,390.

During the year ended March 31, 2017, the Company staked an additional 150 unpatented federal lode mining claims for approximately \$81,400.

BHB Claims

On March 7, 2016, the Company and its wholly-owned US subsidiary entered into a purchase and sale agreement ("BHB Agreement") with four individuals (collectively the "Owners") to purchase a 100% interest in 19 unpatented lode mineral claims ("BHB Claims") located in the Rochford Mining District and the historical database pertaining to the BHB Claims in consideration of 4,000,000 shares of the Company (issued during the year ended March 31, 2017 with a fair value of \$1,500,000).

In addition, the Company agreed to grant the Owners a collective 2% net smelter returns royalty ("NSR") on the BHB Claims, a collective 1% NSR on the Company's Rochford Claims and a collective 1.5% NSR on claims falling within the area of mutual interest ("Area of Interest Claims Royalty"). The Area of Interest Claims Royalty will only be granted if the acquired property or properties are not already burdened with a royalty.

Standby Property

On September 2, 2016, the Company and its wholly-owned US subsidiary entered into an option agreement to acquire a 100% interest in the 9 patented lode mineral claims located in the Rochford Mining District. Pursuant to the option agreement, the Company made cash payments of US\$500,000 over a three year period to the optionor and earned a 100% interest in the Standby Property.

In addition, the Company agreed to grant the optionor a 2% NSR and the Company has the option to purchase up to one-half of the NSR (1% NSR) at the price of US\$1,500,000 for 1% NSR or a proportionate amount if the Company purchases less than 1% of the NSR.

On September 23, 2016, the Company purchased a digital database relating to the Standby property in consideration of US\$75,000 (paid) and 500,000 common shares of the Company (issued with a fair value of \$220,000).

**MINERAL MOUNTAIN RESOURCES LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

**8. TRADE AND OTHER PAYABLES**

	September 30, 2020	March 31, 2020
Trade payables	\$ 672,158	\$ 1,006,872
Accrued expenses	3,000	19,000
	<u>\$ 675,158</u>	<u>\$ 1,025,872</u>

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and accrued expenses for operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

**9. LEASE LIABILITY**

Lease commitments as at April 1, 2019	\$ 196,960
Exclude operating costs which are considered variable lease payments	(87,710)
Effect of discounting using incremental borrowing rate at April 1, 2019	(12,548)
Lease liability recognized at April 1, 2019	<u>\$ 96,702</u>

A continuity of the Company's lease liability is as follows:

Lease liability recognized at April 1, 2019	\$ 96,702
Interest accrued	9,157
Lease payment paid during the year	(54,625)
Balance as at March 31, 2020	\$ 51,234
Interest accrued	2,460
Lease payment paid during the period	(27,312)
Balance as at September 30, 2020	<u>\$ 26,382</u>

The Company discounted remaining lease payments using its incremental borrowing rate at April 1, 2019, which was a weighted-average rate of 12%. As at September 30, 2020, future undiscounted lease payments included in the lease obligation are \$27,312. The Company's share of operating costs for the six months ended September 30, 2020 were \$24,375 which are variable and were therefore expensed in net loss.

**MINERAL MOUNTAIN RESOURCES LTD.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

**10. RELATED PARTY TRANSACTIONS**

Amounts due to related parties were for services rendered to the Company by the directors and officers or companies controlled by its directors and officers or former directors and are unsecured, non-interest bearing, and have no specific terms of repayment.

During the year ended March 31, 2019, the Company received loans of \$35,000 from the President of the Company. During the year ended March 31, 2020, the Company received additional loans of \$25,400 from the President of the Company. The loans are unsecured, bear annual interest at 5% and are payable on demand. As at March 31, 2020, the Company had repaid the loan in full together with the accrued interest of \$890.

During the year ended March 31, 2020, the Company received loans of \$18,135 from a company controlled by a director of the Company. The loans are unsecured, bear annual interest at 5% and are payable on demand. As at March 31, 2020, the Company had repaid the loan in full together with the accrued interest of \$199.

Key management personnel include directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the six month periods ended September 30 is as follows:

	2020	2019
Management fees	\$ 162,000	\$ 162,000
Professional fees	27,340	28,975
Share-based payments	18,291	-
Total	\$ 207,631	\$ 190,975

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the six month period ended September 30, 2020:

- Incurred management fees of \$60,000 (2019 - \$60,000) to a company controlled by the President of the Company.
- Incurred management fees of \$30,000 (2019 - \$30,000) to a company controlled by a director of the Company.
- Incurred management fees of \$42,000 (2019 - \$42,000) to a director of the Company.
- Incurred professional fees of \$5,590 (2019 - \$7,225) to a company which a director of the Company is an officer.
- Incurred professional fees of \$21,750 (2019 - \$21,750) and management of \$30,000 (2019 - \$30,000) to a company controlled by the Chief Financial Officer of the Company.

The Company has entered into four consulting agreements with a director and three companies controlled separately by two directors and an officer of the Company for management and corporate consulting services for a total monthly fee of \$27,000 plus applicable taxes. These agreements are for a one year term and continue thereafter on a month to month basis and may be terminated with a six month notice or a termination payment equal to six months' remuneration.

**MINERAL MOUNTAIN RESOURCES LTD.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

**11. SHARE CAPITAL****Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value.

**Issued share capital**

At September 30, 2020, the Company had 101,221,703 common shares outstanding (March 31, 2020 - 92,959,003).

**Share issuance**

During the six months ended September 30, 2020, the Company:

- a) Completed a non-brokered private placement of 2,666,667 units at a price of \$0.30 per unit for gross proceeds of \$800,000. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at an exercise price of \$0.40. No value was allocated to the warrants based on the residual method. The Company paid \$53,900 as finders' fees. The Company also incurred filing and other expenses of \$1,000 in connection with the private placement.
- b) Issued 50,000 common shares at \$0.175 per share upon the exercise of stock options for proceeds of \$8,750. Accordingly, \$6,700 was transferred from share-based payments reserve to share capital.
- c) Issued 5,546,033 common shares at \$0.25 per share upon the exercise of warrants for proceeds of \$1,386,508.

During the year ended March 31, 2020, the Company:

- a) Completed a non-brokered private placement of 16,060,867 units at a price of \$0.15 per unit for gross proceeds of \$2,409,130. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at an exercise price of \$0.25. No value was allocated to the warrants based on the residual method. The Company paid \$146,400 as a finders' fee. The Company also incurred filing and other expenses of \$27,908 in connection with the private placement.
- b) Completed a non-brokered private placement of 5,330,600 units at a price of \$0.25 per unit for gross proceeds of \$1,332,650. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at an exercise price of \$0.40. No value was allocated to the warrants based on the residual method. The Company paid \$92,586 and issued 258,412 finder's warrants as a finders' fee. The finder's warrants have the same terms as the warrants issued under the private placement. The finder's warrants were valued at \$34,918 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.68%, an expected life of 1 year, annualized volatility of 121.66% and a dividend rate of 0%)The Company also incurred filing and other expenses of \$9,158 in connection with the private placement.
- c) Issued 50,000 common shares at \$0.175 per share upon the exercise of stock options for proceeds of \$8,750. Accordingly, \$6,700 was transferred from share-based payments reserve to share capital.
- d) Issued 2,073,000 common shares at \$0.25 per share upon the exercise of warrants for proceeds of \$518,250.
- e) Issued 1,323,000 common shares to settle debt of \$198,450 due to a creditor and related parties of the Company.



**MINERAL MOUNTAIN RESOURCES LTD.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

**11. SHARE CAPITAL (Cont'd...)****Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the six months ended September 30, 2020 was based on the loss attributable to common shareholders of \$434,469 (2019 - \$453,674) and a weighted average number of common shares outstanding of 97,737,306 (2019 - 70,064,277).

At September 30, 2020, 6,125,000 stock options (2019 - 3,000,000) and 9,302,180 warrants (2019 - 28,441,866) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

**12. SHARE-BASED PAYMENTS****Stock options**

The Company has adopted an incentive rolling stock option plan (the “Plan”) under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors. Options granted to employees or consultants performing investor relations will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period. The exercise price of options granted under the Plan shall not be less than the closing price of the Company’s shares on the trading day immediately preceding the date of grant, less the discount permitted under the TSX-V’s policies.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2019	5,775,000	\$ 0.32
Granted	4,000,000	0.20
Exercised	(50,000)	0.18
Expired	(3,525,000)	0.30
Balance, March 31, 2020	6,200,000	\$ 0.26
Exercised	(50,000)	0.18
Cancelled	(25,000)	0.35
Balance, September 30, 2020	6,125,000	\$ 0.26
Exercisable at September 30, 2020	6,125,000	\$ 0.26
Weighted average fair value of options granted during the period	\$ nil	(2019 - \$ 0.10)

The options outstanding at September 30, 2020 have exercise prices in the range of \$0.15 to \$0.455 and a weighted average remaining contractual life of 2.50 years.

**MINERAL MOUNTAIN RESOURCES LTD.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

**12. SHARE-BASED PAYMENTS (Cont'd...)****Stock options (Cont'd...)**

The fair value calculated for stock options granted during the six months ended September 30, 2020 was \$nil (2019 - \$77,085) using the Black-Scholes option pricing model. For the six months ended September 30, 2020, the Company recognized share based payment expense of \$50,921 (2019 - \$69,713) for the portion of stock options that vested during the period.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	2020	2019
Risk-free interest rate	-	1.60%
Expected life of options	-	3 Years
Annualized volatility	-	114.24%
Dividend rate	-	Nil

As at September 30, 2020 the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
550,000	\$ 0.35	January 8, 2021
250,000	\$ 0.455	September 22, 2021
500,000	\$ 0.15	April 9, 2022
1,075,000	\$ 0.175	October 7, 2022
1,275,000	\$ 0.35	January 8, 2023
150,000	\$ 0.39	January 18, 2023
300,000	\$ 0.395	January 20, 2023
1,575,000	\$ 0.175	October 7, 2024
250,000	\$ 0.15	April 9, 2024
200,000	\$ 0.40	January 3, 2025
<b>6,125,000</b>		

**MINERAL MOUNTAIN RESOURCES LTD.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

**12. SHARE-BASED PAYMENTS (Cont'd...)****Warrants**

Warrants are issued as private placement incentives. Value was allocated to the warrants issued with private placement units based on the residual method. Agents' warrants are measured at fair value on the date of the grant as determined using the Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, March 31, 2019	14,221,000	\$	0.50
Warrants granted	21,391,467		0.29
Agents' warrants granted	258,412		0.40
Warrants exercised	(2,073,000)		0.25
Balance, March 31, 2020	33,797,879	\$	0.38
Warrants granted	2,666,667		0.40
Warrants exercised	(5,546,033)		0.25
Warrants expired	(21,616,333)		0.41
Balance, September 30, 2020	9,302,180	\$	0.38

The warrants outstanding at September 30, 2020 have exercise prices in the range of \$0.25 to \$0.40 and a weighted average remaining contractual life of 0.39 year.

As at September 30, 2020, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,046,501	\$ 0.25	October 7, 2020
5,589,012	\$ 0.40	December 5, 2020
666,667	\$ 0.40	August 19, 2021
2,000,000	\$ 0.40	September 30, 2021
9,302,180		

**MINERAL MOUNTAIN RESOURCES LTD.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

Significant non-cash investing and financing transactions during the six month period ended September 30, 2020 included:

- (a) The Company allocated depreciation of equipment of \$1,018 to exploration and evaluation assets.
- (b) Included in trade and other payables are \$618,978 related to exploration and evaluation assets.

Significant non-cash investing and financing transactions during the six month period ended September 30, 2019 included:

- (a) The Company allocated depreciation of equipment of \$1,018 to exploration and evaluation assets.
- (b) Included in trade and other payables are \$308,388 related to exploration and evaluation assets.

**14. SEGMENTED INFORMATION****Operating segments**

The Company operates in a single reportable segment – the acquisition, exploration and development of mineral properties.

**Geographic segments**

The Company's non-current assets are located in Canada the USA as follows:

At September 30, 2020:

	Canada	USA	Total
Property and equipment	\$ 35,009	\$ 8,770	\$ 43,779
Exploration and evaluation assets	-	9,766,826	9,766,826
	\$ 35,009	\$ 9,775,596	\$ 9,810,605

At March 31, 2020:

	Canada	USA	Total
Property and equipment	\$ 62,507	\$ 9,788	\$ 72,295
Exploration and evaluation assets	-	9,508,761	9,508,761
	\$ 62,507	\$ 9,518,549	\$ 9,581,056

**MINERAL MOUNTAIN RESOURCES LTD.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

**15. FINANCIAL INSTRUMENTS**

The Company classified its financial instruments as follows: cash and cash equivalents and restricted cash classified as subsequently measured at amortized cost; trade and other payables, amounts due to related parties, and loan payable to related party as subsequently measured at amortized cost financial liabilities. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

**Financial risk management**

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents and restricted cash. The credit risk with respect to its cash and cash equivalents and restricted cash is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

*Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure there is sufficient cash available to fund its projects and operations. As at September 30, 2020, the Company had a cash balance of \$1,165,992 and current liabilities of \$738,676. The Company's financial liabilities include trade and other payables which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants as well as loans from related parties. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

*Interest rate risk*

Interest risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions. The interest rate risks on cash and cash equivalents and restricted cash are not considered significant due to their short-term nature and maturity.

*Foreign exchange rate risk*

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. At September 30, 2020, the Company had financial assets of \$180,338 and financial liabilities of \$593,687 denominated in United States dollars. A 10% strengthening of the US dollar would affect net loss by approximately \$41,000. The Company does not hedge its foreign exchange risk.

**MINERAL MOUNTAIN RESOURCES LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited – Prepared by Management)

**16. FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at September 30, 2020, the Company has no financial assets or financial liabilities measured at fair value. There have been no changes in these levels and no changes in classifications during the six months ended September 30, 2020.

**17. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, pursue exploration of its mineral property interest and to maintain a flexible capital structure for the benefits of its stakeholders. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

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

Management reviews the capital structure on a regular basis to ensure that the Company's capital management objectives are achieved. There was no change in the Company's approach to capital management from the prior year. The Company's capital is not subject to any external restrictions.

**18. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to September 30, 2020, the Company

- i) Completed the final tranche of the non-brokered private placement announced on August 20, 2020 and issued 250,000 units at a price of \$0.30 per unit for gross proceeds of \$75,000. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at an exercise price of \$0.40.
- ii) Issued 411,666 common shares at \$0.25 per share upon the exercise of warrants for proceeds of \$102,917.
- iii) Issued 100,000 common shares at \$0.175 per share upon the exercise of stock options for proceeds of \$17,500.