

# **FIorentina Minerals Inc.**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**March 31, 2020**

**(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 condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of unaudited condensed interim financial statements and are in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The Company's independent auditor has not performed a review of these unaudited condensed interim 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.

**FIorentina Minerals Inc.**  
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**Three months ended March 31, 2020 and 2019**

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**FIorentina Minerals Inc.**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

**As at March 31, 2020 and December 31, 2019**

	<b>March 31 2020</b>	December 31 2019
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 148,859	\$ 162,950
Goods and Services Tax recoverable	<u>834</u>	<u>7,608</u>
	<b>149,693</b>	170,558
EXPLORATION AND EVALUATION ASSET <i>(Note 3)</i>	<b>106,488</b>	106,488
PREPAID DEPOSIT	<u>30,000</u>	<u>30,000</u>
	<b>\$ 286,181</b>	<b>\$ 307,046</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
CURRENT		
Accounts payable and accrued liabilities	<u>\$ 11,822</u>	<u>\$ 5,328</u>
Share capital <i>(Note 4)</i>	<b>477,058</b>	477,058
Contributed surplus	<b>93,301</b>	93,301
Deficit	<u>(296,000)</u>	<u>(268,641)</u>
	<b>274,359</b>	301,718
	<b>\$ 286,181</b>	<b>\$ 307,046</b>

**ON BEHALF OF THE BOARD**

"Robert Coltura" *Director*

"Mark Lotz" *Director*

**FIORENTINA MINERALS INC.**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS**

**Three months ended March 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>EXPENSES</b>		
Share based compensation ( <i>Note 19</i> )	-	25,573
Management and administrative fees	<b>13,000</b>	3,000
Office	<b>3,594</b>	5,535
Filing and transfer agent fees	<b>2,974</b>	-
Professional fees	<b>5,541</b>	9,815
Rent	<b>2,250</b>	2,250
	<b>27,359</b>	46,173
NET LOSS	<b>(27,359)</b>	(46,173)
COMPREHENSIVE INCOME		
<b>COMPREHENSIVE LOSS</b>	<b>\$ (27,359)</b>	<b>\$ (46,173)</b>
<b>EARNINGS PER SHARE</b>	<b>\$ -</b>	<b>\$ (0.01)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>13,298,001</b>	<b>9,192,001</b>

The accompanying notes are an integral part of these Financial Statements

**FIorentina Minerals Inc.**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**

**Three months ended March 31, 2020 and the years ended December 31, 2019 and 2018**

	Common Shares		Contributed surplus	Deficit	Total equity
	Number of shares	Amount			
<b>As at January 1, 2018</b>	1,500,001	\$ 1	\$ 22,500	\$ (22,500)	\$ (44,999)
Units issued for cash (flow-through)	3,825,000	76,500	-	-	76,500
Units/Shares issued for cash	3,750,000	123,750	-	-	123,750
Units issued for finders fees	117,000	5,850	-	-	5,850
Share subscriptions received	-	7,500	-	-	7,500
Share issuance costs	-	(5,850)	-	-	(5,850)
Share-based payments	-	-	11,250	-	11,250
Net loss for the year	-	-	-	(62,508)	(187,524)
<b>As at December 31, 2018</b>	<b>9,192,001</b>	<b>\$ 207,751</b>	<b>\$ 33,750</b>	<b>\$ (85,008)</b>	<b>\$ (13,523)</b>
<b>As at January 1, 2019</b>	9,192,001	\$ 207,751	\$ 33,750	\$ (85,008)	\$ (13,523)
Shares issued for cash	4,006,000	400,600	-	-	400,600
Shares issuance costs	-	(141,293)	27,000	-	(114,293)
Shares issued for mineral property	100,000	10,000	-	-	10,000
Share-based payments	-	-	32,551	-	32,551
Net loss for the year	-	-	-	(183,633)	(550,899)
<b>As at December 31, 2019</b>	<b>13,298,001</b>	<b>477,058</b>	<b>93,301</b>	<b>(268,641)</b>	<b>(235,564)</b>
<b>As at January 1, 2020</b>	13,298,001	477,058	93,301	(268,641)	301,718
Net loss for the period	-	-	-	(27,359)	(82,077)
<b>As at March 31, 2020</b>	<b>13,298,001</b>	<b>\$ 477,058</b>	<b>\$ 93,301</b>	<b>\$ (296,000)</b>	<b>\$ (317,641)</b>

The accompanying notes are an integral part of these Financial Statements

**FIorentina Minerals Inc.**  
**CONDENSED STATEMENT OF CASH FLOW**

**Three months ended March 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (27,359)	\$ (46,173)
Items not affecting cash:		
Share-based payments	-	25,573
	<u>(27,359)</u>	<u>(20,600)</u>
Changes in non-cash working capital:		
GST receivable	6,774	298
Trade and other payables	6,494	6,095
	<u>13,268</u>	<u>6,393</u>
Cash flow used by operating activities	<u>(14,091)</u>	<u>(14,207)</u>
<b>INVESTING ACTIVITY</b>		
Cash flow from investing activity	-	-
<b>FINANCING ACTIVITIES</b>		
Cash flow from financing activities	-	-
<b>DECREASE IN CASH</b>	<b>(14,091)</b>	<b>(14,207)</b>
<b>CASH AND CASH EQUIVALENT - BEGINNING OF PERIOD</b>	<b>162,950</b>	<b>36,524</b>
<b>CASH AND CASH EQUIVALENT - END OF PERIOD</b>	<b>\$ 148,859</b>	<b>\$ 22,317</b>

**FIORENTINA MINERALS INC.**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2020 and 2019**

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1. NATURE OF OPERATIONS AND GOING CONCERN

Fiorentina Minerals Inc. ("the Company") was incorporated on November 24, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200 - 551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at March 31, 2020, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of \$296,000 as at March 31, 2020, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance and basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on June 12, 2020.

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(b) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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**FIORENTINA MINERALS INC.**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2020 and 2019**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant areas requiring the use of estimates include fair value of share-based payments and unrecognized deferred income tax assets. Actual results could differ from those estimates.

Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

3. EXPLORATION AND EVALUATION ASSET

	Acquisition costs	Exploration costs	Total
Year 2018 additions	\$ 5,000	\$ 86,488	\$ 91,488
Balance, December 31, 2018	5,000	86,488	91,488
Year 2019 additions	15,000	-	15,000
Balance, December 31, 2019	\$ 20,000	\$ 86,488	\$ 106,488

**Consortium Project**

Pursuant to an option agreement dated January 5, 2018 (the "Agreement"), with Rich River Exploration and Craig A. Lynes, collectively, the "Optionors", the Company was granted an option to acquire a 100% undivided interest in the Consortium Project (the "Property") located south of Sayward area in the Nanaimo Mining Division, Nanaimo, British Columbia.

In accordance with the Agreement, the Company has acquired first 51% undivided interest (earned) in the Property by paying \$5,000. The Company has the option to earn the remaining 49% interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling \$155,000, and incurring a total of \$500,000 in exploration expenditures as follows:

*(continues)*

**FIorentina Minerals Inc.**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2020 and 2019**

3. EXPLORATION AND EVALUATION ASSET *(continued)*

	Common Shares	Cash	Exploration Expenditures
	#	\$	\$
Upon closing of the IPO described in Note 12	100,000	-	-
Upon listing of the Company's common shares on a Canadian Stock Exchange (the "Listing")	-	5,000	-
On or before the first anniversary of the Listing	100,000	20,000	100,000
On or before the second anniversary of the Listing	100,000	30,000	100,000
On or before the third anniversary of the Listing	300,000	100,000	300,000
<b>Total</b>	<b>600,000</b>	<b>155,000</b>	<b>500,000</b>

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production.

4. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value.

On May 13, 2019 the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At December 31, 2019, there were 3,150,001 common shares held in escrow.

As at March 31, 2020 and December 31, 2019 there were 13,298,001 common shares issued and outstanding.

During the year ended December 31, 2019, the Company had the following share capital transactions:

(i) The Company issued 4,006,000 common shares at a price of \$0.10 per share for gross proceeds of \$400,600. The Company also incurred cash share issue costs of \$114,293. Pursuant to the IPO, the Company issued 400,600 warrants as finder fees, exercisable at a price of \$0.10 per share for a period of two years. The fair value of the warrants was estimated to be \$27,000.

(ii) The Company issued 100,000 common shares at a price of \$0.10 per share with fair value of \$10,000 pursuant to the Consortium project described in Note 5.

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**FIorentina Minerals Inc.**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2020 and 2019**

4. SHARE CAPITAL *(continued)*

During the year ended December 31, 2018, the Company had the following share capital transactions:

(iii) The Company issued 750,000 common shares at a price of \$0.005 per share for gross proceeds of \$3,750. The fair value of the 750,000 common shares was estimated to be \$15,000. Accordingly, the Company recorded share-based payments of \$11,250 and a corresponding increase to contributed surplus.

(iv) The Company issued 3,825,000 flow-through units at a price of \$0.02 per unit for gross proceeds of \$76,500, which the Company was committed to spend in Qualifying Canadian Exploration Expenditures ("CEE"). None of the Qualifying CEE will be available to the Company for future deduction from taxable income. Each unit is comprised of one flow-through common share and one common share purchase warrant. Each purchase warrant entitles the holder to purchase one common share of the Company at \$0.05 for a period of 3 years.

(v) The Company issued 3,000,000 units at a price between \$0.02 to \$0.05 per unit for gross proceeds of \$120,000 and 117,000 units with a fair value of \$5,850 as finder's fees. Each unit is comprised of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to purchase one common share of the Company at \$0.05 for a period of 3 years.

As at December 31, 2018, the Company had fulfilled its commitment to incur CEE.

For the purposes of the calculating the tax effect of any premium related to the issuance of the flow-through shares, the Company reviewed recent financings and compared it to determine if there was a premium paid on the shares. As a result of the review the Company did not recognize any premium on the flow-through shares issued.

**Warrants**

The continuity of the share purchase warrants outstanding is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2017	-	-
Issued	6,942,000	\$ 0.05
Balance, December 31, 2018	6,942,000	\$ 0.05
Issued	400,600	\$ 0.01
Balance, March 31, 2020 and December 31, 2019	7,342,600	\$ 0.05

As at March 31, 2020 and December 31, 2019, the Company had the following outstanding warrants:

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**FIORENTINA MINERALS INC.**  
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**Three Months Ended March 31, 2020 and 2019**

4. SHARE CAPITAL *(continued)*

Number of warrants	Weighted average exercise price	Weighted average years outstanding	Expiry date
4,825,000	\$ 0.03	0.98	June 27, 2021
2,117,000	\$ 0.01	0.53	November 6, 2021
400,600	\$ 0.01	0.10	October 18, 2021
7,342,600			

The inputs used in Black-Scholes calculation for the 2019 warrants were as follows:

Share price	\$	0.10
Risk-free interest rate		1.65%
Expected life		2 years
Dividend rate		0%
Annualized volatility		132%

**Stock options**

During the year ended December 31, 2019, the Company adopted a Stock Option Plan ("Plan") for directors, officers, employees and consultants of the Company. The Company may grant options to individuals, options are exercisable over periods of up to ten years, as determined by the Board of Directors of the Company, to buy shares of the Company at the fair market value on the date the option is granted. The maximum number of shares which may be issuable under the Plan can not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis.

On January 22, 2019 the Company granted 800,000 stock options to the directors and officers of the Company. The options vested on grant date and are exercisable at \$0.10 per share until January 22, 2024. The fair value of these options was calculated to be \$32,551 or \$0.04 per option.

The continuity of the options outstanding is as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2017 and 2018	-	-
Granted	800,000	\$ 0.10
Balance, December 31, 2019 and March 31, 2020	800,000	\$ 0.10

The inputs used in Black-Scholes calculation for the 2019 options were as follows:

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**FIorentina Minerals Inc.**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2020 and 2019**

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4. SHARE CAPITAL *(continued)*

Share price	\$	0.05
Risk-free interest rate		1.89%
Expected life		5 years
Dividend rate		0%
Annualized volatility		132%

5. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended December 31, 2018, the Company issued 750,000 common shares with estimated fair value of \$15,000 to directors and officers of the Company. The Company recorded an amount of \$11,250 as share-based payments for the year ended December 31, 2018 for the difference between the consideration received and the fair value of those shares.

During the year ended December 31, 2019, the Company granted stock options to directors of the Company and recorded \$25,573 as share-based payments.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). During the three months ended March 31, 2020, the Company paid management fees of \$9,000 (same period in 2019 - \$3,000) and rent of \$2,250 (2019 - \$2,250) to the CEO and President of the Company.

During the three months ended March 31, 2020, the Company incurred \$3,886 (same period in 2019 - \$741) in legal fees to a firm controlled by a family member of the CFO and director. In addition, accounts payable at March 31, 2020 included \$1,787 (December 31, 2019 - \$1,787) due to the firm.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property.

The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital.

The Company manages the 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 the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

**FIorentina Minerals Inc.**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2020 and 2019**

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the 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 the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes 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 in 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 are not based on observable market data (unobservable inputs).

***Fair value of financial instruments***

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at March 31, 2020 and December 31, 2019 were as follows:

	Carrying amount	Fair value measurements using		
		Level 1	Level 2	Level 3
March 31, 2020				
Cash	\$ 148,859	\$ 148,859	\$ -	\$ -
December 31, 2019				
Cash	162,950	162,950	-	-

The fair value of the Company's financial instruments approximates their carrying value as at December 31, 2019 because of the demand nature or short-term maturity of these instruments.

**Financial risk management objectives and policies**

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments 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.

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**FIORENTINA MINERALS INC.**  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2020 and 2019**

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7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (*continued*)

*Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

*Credit Risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

*Interest Rate Risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

*Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

8. COMMITMENTS

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 3.

9. SUBSEQUENT EVENTS

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Company's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the Company's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.