



## **Delta Resources Limited**

**(An exploration stage company)  
Condensed Interim Financial Statements  
(Unaudited)**

*For the nine-month period ended September 30, 2020*

### **MANAGEMENT'S COMMENTS ON UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if any 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 financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

**Delta Resources Limited**  
**(An exploration stage company)**  
**Contents**

*For the nine-month period ended September 30, 2020*

---

	<b>Page</b>
<b>Condensed Interim Financial Statements</b>	
Condensed Interim Statements of Financial Position .....	3
Condensed Interim Statements of Comprehensive loss .....	4
Condensed Interim Statements of Cash Flows.....	5
Condensed Interim Statements of Changes in Equity .....	6
<b>Notes to the Condensed Interim Financial Statements</b> .....	7

**Delta Resources Limited**  
(An exploration stage company)  
Statements of financial position

	As at September 30, 2020 \$	As at December 31, 2019 \$
<b>ASSETS</b>		
Current assets:		
Cash	1,737,175	938,809
Sales tax receivable	70,662	47,288
Tax credits and credits on duties	253,347	35,265
Prepaid expenses	82,819	78,707
	2,144,003	1,100,069
Non-current assets:		
Property and equipment (Note 5)	52,118	53,055
	52,118	53,055
<b>Total assets</b>	<b>2,196,121</b>	<b>1,153,124</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities (Notes 6 and 11)	302,754	132,935
	302,754	132,935
Non-current liabilities:		
Long-term debt (Note 7)	40,000	-
	40,000	-
<b>Total liabilities</b>	<b>342,754</b>	<b>132,935</b>
Shareholders' equity		
Share capital (Note 8)	31,117,894	29,822,851
Warrants (Note 8)	661,464	351,491
Contributed surplus	7,535,340	7,211,707
Deficit	(37,461,331)	(36,365,860)
<b>Total shareholders' equity</b>	<b>1,853,367</b>	<b>1,020,189</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,196,121</b>	<b>1,153,124</b>

Going concern, related party transactions, commitments and subsequent events (Notes 3, 11, 12 and 17)

These financial statements were approved by the Company's board of directors on November 27, 2020.

*"Frank Candido"*

Frank Candido, Director

*"Roy Millington"*

Roy Millington, Director

The accompanying notes are an integral part of these financial statements

**Delta Resources Limited**

(An exploration stage company)

**Statements of loss and comprehensive loss***For the three-month and nine-month period ended September 30,*

	Three-month period ended September 30		Nine-month period ended September 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Operating Expenses</b>				
Shareholders' information	34,489	8,782	70,388	32,418
Legal, financial and other corporate expenses (Note 11)	58,314	22,012	137,017	(28,279)
Salaries and fringe benefits (Note 11)	27,852	21,917	68,231	21,917
Travel	10	5,748	8,372	6,725
Share-based compensation (Note 8)	325,085	86,919	325,085	86,919
Management Fees	15,000	-	45,000	(50,000)
Transaction costs	-	65,444	-	65,444
General administrative expenses	10,035	10,295	28,630	23,477
Exploration and evaluation expenditures (Note 9)	132,870	2,255	418,499	1,756
Depreciation (Note 5)	315	352	937	1,046
	<b>603,970</b>	<b>233,724</b>	<b>1,102,159</b>	<b>161,423</b>
<b>Other Income</b>				
Rental income	-	-	5,100	-
Other revenues	-	-	861	-
Interest income	237	-	727	-
Net loss and comprehensive loss	<b>(603,733)</b>	<b>(223,724)</b>	<b>(1,095,471)</b>	<b>(161,423)</b>
Basic and fully diluted loss per common share (Note 15)	<b>(0.020)</b>	<b>(0.011)</b>	<b>(0.037)</b>	<b>(0.010)</b>
Basic and fully diluted weighted average number of common shares during the period (Note 15)	<b>30,110,115</b>	<b>20,318,686</b>	<b>29,429,964</b>	<b>16,370,491</b>

The accompanying notes are an integral part of these financial statements

**Delta Resources Limited**

(An exploration stage company)

**Statements of cash flows***For the three-month and nine-month period ended September 30,*

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>CASH PROVIDED BY (USED IN):</b>				
<b>Operating activities:</b>				
Net loss and comprehensive loss	(603,733)	(223,724)	(1,095,471)	(161,423)
Adjustments for items not affecting cash:				
Tax credits and credits on duties	(107,390)	2,206	(224,521)	1,630
Share-based compensation	325,085	86,919	325,085	86,919
Depreciation	315	352	937	1,046
Share issuance in consideration of exploration and evaluation expenditures	-	-	7,750	-
Loss from operations	(385,723)	(134,247)	(986,220)	(71,828)
Net change in non-cash operating working capital items (Note 10)	140,035	(20,175)	142,333	(290,117)
Cash flows related to operating activities	(245,688)	(154,422)	(843,887)	(361,945)
<b>Investing Activities:</b>				
Receipt of mining tax credit	-	-	6,439	-
Cash flows related to investing activities	-	-	6,439	-
<b>Financing activities:</b>				
Long-term debt	-	-	40,000	-
Cash inflow related to share capital	1,619,650	213,600	1,631,650	585,600
Share issue costs	(34,987)	-	(35,836)	(7,048)
Cash flows related to financing activities	1,584,663	213,600	1,635,814	578,552
Decrease in cash	1,338,975	59,178	798,366	216,607
Cash, beginning of period	398,200	225,196	938,809	67,767
Cash, end of period	1,737,175	284,374	1,737,175	284,374

The accompanying notes are an integral part of these financial statements

**Delta Resources Limited****(An exploration stage company)****Statements of changes in equity***For the three-month and nine-month period ended September 30,*

	Common Shares (note 8)	Amount \$ (note 8)	Warrants \$ (note 8)	Contributed Surplus \$ (note 8)	Deficit \$	Total \$
<b>Balance, January 1, 2020</b>	<b>29,049,338</b>	<b>29,822,851</b>	<b>351,491</b>	<b>7,211,707</b>	<b>(36,365,860)</b>	<b>1,020,189</b>
<b>Share issuance</b>	<b>4,453,569</b>	<b>1,231,501</b>	-	-	-	<b>1,231,501</b>
<b>Share issuance in consideration of exploration and evaluation expenditures</b>	<b>50,000</b>	<b>7,750</b>	-	-	-	<b>7,750</b>
<b>Options issued</b>	-	-	-	<b>325,085</b>	-	<b>325,085</b>
<b>Options exercised</b>	<b>100,000</b>	<b>19,435</b>	-	<b>(7,435)</b>	-	<b>12,000</b>
<b>Warrants issued</b>	-	-	<b>327,249</b>	<b>5,983</b>	-	<b>333,232</b>
<b>Warrants exercised</b>	<b>395,000</b>	<b>78,176</b>	<b>(17,276)</b>	-	-	<b>60,900</b>
<b>Share issue costs</b>	-	<b>(41,819)</b>	-	-	-	<b>(41,819)</b>
<b>Comprehensive loss</b>	-	-	-	-	<b>(1,095,471)</b>	<b>(1,095,471)</b>
<b>Balance, September 30, 2020</b>	<b>34,047,907</b>	<b>31,117,894</b>	<b>661,464</b>	<b>7,535,340</b>	<b>(37,461,331)</b>	<b>1,853,367</b>
Balance, January 1, 2019	13,644,338	28,193,334	-	7,115,518	(35,556,047)	(247,195)
Share issuance	6,200,000	172,902	-	-	-	172,902
Options issued	-	-	-	86,919	-	86,919
Warrants issued	-	-	199,098	-	-	199,098
Warrants exercised	1,780,000	270,760	(57,160)	-	-	213,600
Share issue costs	-	(7,048)	-	-	-	(7,048)
Comprehensive loss	-	-	-	-	(161,423)	(161,423)
Balance, September 30, 2019	21,624,338	28,626,948	141,938	7,202,437	(35,717,470)	256,853

The accompanying notes are an integral part of these financial statements

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

*For the three-month and nine-month period ended September 30, 2020*

---

## 1. Nature of operations

Delta Resources Limited (the "Company") is a corporation continued under the Business Corporations Act (Ontario) incorporated on January 19, 1946. The Company changed its name to Delta Resources Limited from Golden Hope Mines Limited in June 2019. The Company's principal operations are mining properties and exploration expenditures made on properties that are not in commercial production. The Company is exploring its mining properties and has not determined whether or not the properties contain economically recoverable resources. The address of the registered office is 1718, Christine Crescent, Kingston, Ontario, Canada, K7L 4V4.

The Company's shares are listed under the symbol DLTA on the TSX Venture Exchange.

## 2. Basis of preparation

### Statement of Compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The same accounting policies and methods of computation were followed in the preparation of these condensed interim financial statements as were followed in the preparation of the financial statements for the year ended December 31, 2019. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended December 31, 2019 which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

The Board of Directors approved these financial statements on November 27, 2020.

### Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention, unless specifically stated in the financial statements.

### Functional and Presentation currency

These financial statements are presented in Canadian Dollars because that is the currency of the primary economic environment in which the Company operates, and is the functional currency of the Company.

## 3. Going concern

The Company has not yet determined whether its mining properties contain mineral deposits that are economically recoverable. The recoverability of mining properties is dependent on the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; and the ability to obtain the financing required to complete exploration, evaluation, development and construction or the proceeds from the sale of such assets.

The accompanying financial statements have been prepared using assumptions applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt on the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern, as described in the following paragraph. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

### **3. Going concern – Cont'd**

There are several adverse conditions that indicate the existence of a material uncertainty which may cast significant doubt about the soundness of the going concern assumption. The Company had recurring losses in prior years and has accumulated losses of \$37,461,331 since its inception and expects to incur further losses in the development of its business. Further, the business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. In addition to ongoing working capital requirements, the Company must secure sufficient funding for the exploration and evaluation programs and pay general and administrative costs. The Company's ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. As at September 30, 2020, the Company has a working capital of \$1,841,249.

There is a material uncertainty regarding the Company's ability to secure financing in the future or that these sources of funding will be available. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new debt or equity instruments, reduction in expenditures and/or the introduction of joint venture partners and/or business combinations on terms which are acceptable to the Company. Although the Company has been successful in the past at raising funds, there can be no assurance the Company will be able to secure financing in the future or that these sources of funding will be available.

#### ***COVID-19 estimation uncertainty***

Since the beginning of March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown. The rate of new COVID-19 cases is currently increasing in Canada and the impacts on the Company going forward are uncertain.

### **4. Critical accounting estimates, judgments and assumptions**

When preparing its financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management in the audited financial statement ended December 31, 2019.



**Delta Resources Limited**

(An exploration stage company)

Notes to financial statements

For the three-month and nine-month period ended September 30, 2020

**5. Property and equipment**

	Building	Land	Computer	Total
	\$	\$	\$	\$
<b>2020</b>				
Cost:				
Balance at January 1	41,712	25,351	1,550	68,613
Balance at September 30	41,712	25,351	1,550	68,613
Accumulated Depreciation:				
Balance at January 1	(14,398)	-	(1,160)	(15,558)
Additions	(820)	-	(117)	(937)
Balance at September	(15,218)	-	(1,277)	(16,495)
Net book value	26,494	25,351	273	52,118

**2019**

Cost:				
Balance at January 1	41,712	25,351	1,550	68,613
Balance at September 30	41,712	25,351	1,550	68,613
Accumulated Depreciation:				
Balance at January 1	(13,260)	-	(899)	(14,159)
Additions	(851)	-	(195)	(1,046)
Balance at September 30	(14,111)	-	(1,094)	(15,205)
Net book value	27,601	25,351	456	53,408

The building represents a warehouse at Ste-Justine, Quebec, for exploration site storage.

**6. Accounts payable and accrued liabilities**

	September 30, 2020	December 31, 2019
	\$	\$
Accounts payable	247,199	132,608
Accruals	55,555	327
	<b>302,754</b>	<b>132,935</b>

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month and nine-month period ended September 30, 2020

## 7. Long-term debt

	September 30, 2020	December 31, 2019
	\$	\$
<b>Balance, beginning of period</b>	-	-
Drawdowns	40,000	-
<b>Balance, end of period</b>	<u>40,000</u>	<u>-</u>

On May 7, 2020, the Company received an interest-free loan of \$40,000 under the Canada Emergency Business account program. The loan will mature on December 31, 2022. Repaying the balance of the loan on or before December 2022 will result in loan forgiveness of 25% (\$10,000).

## 8. Share capital

*Authorized:* An unlimited number common shares, without par value:

Changes in Company capital share were as follows:

	September 30, 2020		December 31, 2019	
	Number	Amount \$	Number	Amount \$
<b>Balance, beginning of period</b>	29,049,338	29,822,851	13,644,338	28,193,334
Share issuance with warrants <sup>(1)(6)(9)</sup>	4,453,569	1,231,501	11,275,000	951,053
Share issuance in consideration of exploration and evaluation expenditures <sup>(4)(7)(8)</sup>	50,000	7,750	1,500,000	327,500
Warrants exercised <sup>(2)(5)</sup>	395,000	78,176	2,630,000	400,056
Share-based compensation exercised <sup>(3)</sup>	100,000	19,435	-	-
Share issue costs	-	(41,819)	-	(49,092)
<b>Balance, end of period</b>	<b>34,047,907</b>	<b>31,117,894</b>	29,049,338	29,822,851

- (1) On September 29, 2020, the Company issued 4,453,569 units at a price of \$0.35 per unit, for gross proceeds of \$1,558,750. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.50 for a 24-month period. An amount of \$327,249 was recorded as an increase to warrants.
- (2) In July and August 2020, the Company received \$60,900 following the exercise of 395,000 warrants at a price between \$0.12 and \$0.30 each, in addition to the \$17,276 amount initially recorded and transferred.
- (3) On June 26, 2020, the Company received \$12,000 following the exercise of 100,000 share-based compensation at a price of \$0.12 each. An amount of \$7,435 was recorded as an increase to share-based compensation.
- (4) On February 28, 2020, the Company issued 50,000 common shares pursuant the acquisition of 14 new claims contiguous to the Delta-2 / R-14 property. The total fair value of the common shares issued was \$7,750 (Note 9).

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month and nine-month period ended September 30, 2020

## 8. Share capital – Cont'd

- (5) During the year period ended December 31, 2019, the Company received \$315,600 following the exercise of 2,630,000 warrants at a price of \$0.12 each, in addition to the \$84,856 amount initially recorded and transferred.
- (6) On December 20, 2019, the Company issued 5,075,000 units at a price of \$0.20 per unit, for gross proceeds of \$1,015,000. Each unit consists of one common share and one half share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.30 for a 24-month period. An amount of \$236,849 was recorded as an increase to warrants.
- (7) On October 29, 2019 the Company issued 1,000,000 common shares pursuant to the R-14 Property Agreement. The total fair value of the common shares issued was \$240,000 (Note 9).
- (8) On October 16, 2019 the Company issued 500,000 common shares pursuant to the Eureka Property Agreement. The total fair value of the common shares issued was \$87,500 (Note 9).
- (9) On June 10, 2019, the Company issued 6,200,000 units at a price of \$0.06 per unit, for gross proceeds of \$372,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles its holder to purchase one common share of the Company at \$0.12 for a 36-month period. An amount of \$199,098 was recorded as an increase to warrants.

## Warrants issued and outstanding

Changes in share purchase warrants were as follows:

	September 30, 2020		December 31, 2019	
	Number of warrants	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
<b>Balance, beginning of period</b>	<b>6,107,500</b>	<b>0.19</b>	-	-
Issued <sup>(1)(4)(5)</sup>	<b>2,226,781</b>	<b>0.50</b>	8,737,500	0.17
Warrants exercised <sup>(2)(3)</sup>	<b>(395,000)</b>	<b>0.15</b>	(2,630,000)	0.12
<b>Balance, end of period</b>	<b>7,939,281</b>	<b>0.28</b>	6,107,500	0.19

- (1) On September 29, 2020, the Company issued 2,226,781 warrants as part of the private placement on that day. Each warrant entitles its holder to purchase one common share of the Company at \$0.50. The fair value of the warrants was \$327,249, based on the Black-Scholes option pricing model with the following assumptions: average risk-free rate of 0.24%, average expected life of 24 months, expected volatility of 109% and no expected dividends.
- (2) In July and August 2020, the Company received \$60,900 following the exercise of 395,000 warrants at a price between \$0.12 and \$0.30 each, in addition to the \$17,276 amount initially recorded and transferred.
- (3) During the year period ended December 31, 2019, the Company received \$315,600 following the exercise of 2,630,000 warrants at a price of \$0.12 each, in addition to the \$84,856 amount initially recorded and transferred.
- (4) On December 20, 2019, the Company issued 2,537,500 warrants as part of the private placement on that day. Each warrant entitles its holder to purchase one common share of the Company at \$0.30. The fair value of the warrants was \$236,849, based on the Black-Scholes option pricing model with the following assumptions: average risk-free rate of 1.65%, average expected life of 24 months, expected volatility of 94% and no expected dividends.

**Delta Resources Limited****(An exploration stage company)****Notes to financial statements***For the three-month and nine-month period ended September 30, 2020***8. Share capital – Cont'd****Warrants issued and outstanding – Cont'd**

(5) On June 10, 2019, the Company issued 6,200,000 warrants as part of the private placement on that day. Each warrant entitles its holder to purchase one common share of the Company at \$0.12. The fair value of the warrants was \$199,098, based on the Black-Scholes option pricing model with the following assumptions: average risk-free rate of 1.42%, average expected life of 36 months, expected volatility of 177% and no expected dividends.

At September 30, 2020, the following exercisable warrants were outstanding:

<b>Warrants</b>	<b>Price</b>	<b>Expiry</b>
2,462,500	0.30	December 20, 2021
3,250,000	0.12	June 10, 2022
2,226,781	0.50	September 29, 2022
7,939,281	0.28	

**Broker warrants issued and outstanding**

Changes in broker warrants were as follows:

	<b>September 30, 2020</b>		<b>December 31, 2019</b>	
	<b>Number of broker warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Number of broker warrants</b>	<b>Weighted Average Exercise Price</b>
<b>Balance, beginning of period</b>	<b>80,000</b>	<b>0.20</b>	-	-
Issued <sup>(1)(2)</sup>	<b>34,650</b>	<b>0.35</b>	80,000	0.20
<b>Balance, end of period</b>	<b>114,650</b>	<b>0.25</b>	80,000	0.20

(1) On September 29, 2020, the Company issued 34,650 broker warrants as part of the private placement on that day. Each warrant entitles its holder to purchase one common share of the Company at \$0.35. The fair value of the warrants was \$5,983, based on the Black-Scholes option pricing model with the following assumptions: average risk-free rate of 0.24%, average expected life of 24 months, expected volatility of 109% and no expected dividends.

(2) On December 20, 2019, the Company issued 80,000 broker warrants as part of the private placement on that day. Each warrant entitles its holder to purchase one common share of the Company at \$0.20. The fair value of the warrants was \$9,270, based on the Black-Scholes option pricing model with the following assumptions: average risk-free rate of 1.65%, average expected life of 24 months, expected volatility of 94% and no expected dividends.

**Delta Resources Limited**

(An exploration stage company)

Notes to financial statements

*For the three-month and nine-month period ended September 30, 2020***8. Share capital – Cont'd****Broker warrants issued and outstanding – Cont'd**

At September 30, 2020, the following exercisable broker warrants were outstanding:

<b>Broker warrants</b>	<b>Price</b>	<b>Expiry</b>
80,000	0.20	December 20, 2021
34,650	0.35	September 29, 2022
114,650	0.25	

**Share-based compensation**

A summary of the status of the Company's stock option plan as of September 30 is as follows:

	<b>September 30, 2020</b>		<b>December 31 2019</b>	
	<b>Number of options</b>	<b>Weighted Average Exercise Price</b>	<b>Number of options</b>	<b>Weighted Average Exercise Price</b>
<b>Balance, beginning of period</b>	<b>1,815,000</b>	<b>0.24</b>	1,050,000	0.35
Issued <sup>(1)(2)(3)(5)(6)</sup>	<b>1,680,000</b>	<b>0.29</b>	925,000	0.11
Exercised <sup>(4)</sup>	<b>(100,000)</b>	<b>0.12</b>	-	-
Expired unexercised	<b>(610,000)</b>	<b>0.38</b>	(160,000)	0.34
<b>Balance, end of period</b>	<b>2,785,000</b>	<b>0.24</b>	1,815,000	0.24

- (1) On August 24, 2020, the Company granted 200,000 stock options to a director at an exercise price of \$0.40 per common share expiring August 24, 2025. The fair value of these options was \$63,940 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 0.38%, life of 5 years, expected volatility of 114% and no expected dividends.
- (2) On July 17, 2020, the Company granted 100,000 stock options to a consultant at an exercise price of \$0.40 per common share expiring July 11, 2021. The fair value of these options was \$16,827 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 0.24%, life of 1 year, expected volatility of 111% and no expected dividends.
- (3) On July 10, 2020, the Company granted 1,380,000 stock options to directors and officer at an exercise price of \$0.26 per common share expiring July 10, 2025. The fair value of these options was \$244,318 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 0.36%, life of 5 years, expected volatility of 89% and no expected dividends.
- (4) On June 26, 2020, the Company received \$12,000 following the exercise of 100,000 share-based compensation at a price of \$0.12 each.

**Delta Resources Limited**

(An exploration stage company)

**Notes to financial statements***For the three-month and nine-month period ended September 30, 2020***8. Share capital – Cont'd****Share-based compensation – Cont'd**

- (5) On July 8, 2019, the Company granted 200,000 stock options to an officer at an exercise price of \$0.13 per common share expiring July 8, 2024. The fair value of these options was \$22,753 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 1.57%, life of 5 years, expected volatility of 114% and no expected dividends.
- (6) On July 3, 2019, the Company granted 725,000 stock options to directors and officers at an exercise price of \$0.11 per common share expiring July 4, 2024. The fair value of these options was \$64,166 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 1.41%, life of 5 years, expected volatility of 114% and no expected dividends.

At September 30, 2020, the following exercisable stock options were outstanding:

<b>Options</b>	<b>Exercisable</b>	<b>Price</b>	<b>Expiry</b>
100,000	100,000	0.40	July 11, 2021
280,000	280,000	0.32	September 8, 2021
625,000	625,000	0.11	July 4, 2024
200,000	200,000	0.13	July 8, 2024
1,380,000	1,380,000	0.26	July 10, 2025
200,000	200,000	0.40	August 24, 2025
<b>2,785,000</b>	<b>2,785,000</b>		

**9. Accumulated Expenditures on Mining properties**

	<b>Bellechase</b>	<b>Julian</b>	<b>R-14</b>	<b>Eureka</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, December 31, 2019</b>	<b>20,137,759</b>		<b>306,605</b>	<b>297,068</b>	<b>20,741,432</b>
<b>Addition</b>	<b>10,396</b>	-	<b>692,230</b>	<b>43,585</b>	<b>746,211</b>
<b>Tax credits and credits on duties</b>	<b>(104)</b>	-	<b>(224,417)</b>	-	<b>(224,521)</b>
<b>Disposal</b>	<b>(103,191)</b>	-	-	-	<b>(103,191)</b>
<b>Change during the period</b>	<b>(92,899)</b>	-	<b>467,813</b>	<b>43,585</b>	<b>418,499</b>
<b>Balance, September 30, 2020</b>	<b>20,044,860</b>	-	<b>774,418</b>	<b>340,653</b>	<b>21,159,931</b>

	<b>Bellechase</b>	<b>Julian</b>	<b>R-14</b>	<b>Eureka</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, December 31, 2018	20,122,689	224,581	-	-	20,347,270
Addition	126	-	-	-	126
Tax credits and credits on duties	1,630	-	-	-	1,630
Write-off	-	(224,581)	-	-	(224,581)
Change during the period	(1,756)	(224,581)	-	-	(222,825)
Balance, September 30, 2019	20,124,445	-	-	-	20,124,445

**9. Accumulated Expenditures on Mining properties – Cont'd**

**Bellechasse Property**

In January, 2020, the Company announced that it has signed a Letter of Intent (“LOI”) with Yorkton Ventures Inc. (“Yorkton”) for the sale of its interest in the Bellechasse-Timmins property (the “Property”) and associated claims in southeastern Quebec for \$1,700,000 subject to a 60 day due diligence period (the “Due Diligence Period”).

The agreement is subject to Yorkton completing a legal, technical and environmental due diligence on the Property. If the due diligence is not satisfactory to Yorkton at its sole discretion, they shall have the right to terminate the LOI.

Proposed Terms of the Agreement:

To acquire a 100% interest in the Property, Yorkton will:

- Make a \$100,000 cash payment within 10 days of signing of a definitive agreement (condition fulfilled),
- Make a \$250,000 cash payment within 90 days after signing of a definitive agreement (condition fulfilled),
- Make a \$350,000 cash payment within 180 days after signing of a definitive agreement,
- Make a \$450,000 cash payment within 270 days after signing of a definitive agreement
- Make a \$550,000 cash payment within 360 days after signing of a definitive agreement

Yorkton will also commit to paying Delta a gold royalty of 1% NSR on any and all commercial production of gold. Yorkton may re-purchase 0.5% of the NSR for \$1 Million at anytime.

In March 2020, Yorkton signed an amending agreement requesting an additional 15 day delay (starting May 5<sup>th</sup>, 2020) to complete and finalize the definitive agreement. Yorkton agree to pay Delta a \$10,000.00 non-refundable deposit to preserve the exclusivity rights to the Bellechasse property.

In July, 2020, the definitive agreement described above has been signed by both parties.

The property now consists of approximately 138 (2019 – 137) claims for a total of 5,053 (2019 – 4,989) hectares.

**Delta 2 / R-14 Property**

On October 17, 2019, the Company announced the signing of an exclusive agreement to acquire a 100% interest in the Delta 2 / R-14 Gold Property in the Chibougamau Mining District of Quebec.

The terms of the agreement are as follows:

<b>Anniversary Date</b>	<b>Cash Payment</b>	<b>Share Payment</b>	<b>Work Commitment</b>
On signing	\$0	1,000,000 (already issued)	n.a.
12 months	\$25,000 (already paid)	800,000 (already issued)	\$0
24 months	\$50,000	800,000	\$300,000
36 months	\$100,000	700,000	\$700,000

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month and nine-month period ended September 30, 2020

## 9. Accumulated Expenditures on Mining properties – Cont'd

- The vendor holds a 2.0% NSR Royalty on the claims (except on the 41 legacy claims listed below). Delta may buy back 1.0% at any time for \$1,000,000.
- 41 legacy claims are subject to a 1.5% NSR Royalty. Delta has the option to purchase 0.75% of this NSR for \$500,000.

In February 2020, Delta has acquired 14 new claims contiguous to the Delta-2 / R-14 property, covering approximately 880 hectares. The terms of the agreement with Multi-Resources Boreal include a one-time payment of \$5,000.00 and the issuance of 50,000 shares for a 100% interest in the claims. Delta also grants a 2% NSR to Multi-Resources Boreal with an option for Delta to buy back a 1% NSR at anytime for \$1,000,000.

On May 20, 2020, Delta announced the addition, through staking, of an additional 30 claims, covering 1,669 hectares.

The property now consists of 320 contiguous mining claims covering a total area of 17,060.50 hectares.

### Delta-1 / Eureka Property

On October 3, 2019 the Company announced the signing of an exclusive agreement to acquire a 100% interest in the new Eureka gold Discovery in the Thunder Bay Mining District of Ontario.

The terms of the agreement are as follows:

Anniversary Date	Cash Payment	Share Payment	Work Commitment
On signing	\$25,000 (already paid)	500,000 (already issued)	n.a.
12 months	\$25,000 (already paid)	500,000 (already issued)	\$200,000 (condition fulfilled)
24 months	\$50,000	\$50,000*	\$500,000
36 months	\$75,000	\$50,000*	\$1,000,000
48 months	\$150,000	n.a.	

\*Amount payable in shares to a maximum of 500,000 shares

- The vendor holds a 1.75% NSR Royalty on the claims. Delta may buy back the first 0.75% at any time for seven years after the effective date of the agreement for \$500,000 and the remaining 1% Royalty at any time after the first 0.75% is purchased for \$4,000,000.
- Five legacy claims of the property are also subject to NSR Royalties ranging from 0.5% to 1% from an underlying agreement. Delta has the option to purchase 50% of this NSR for the sum of \$50,000.
- The agreement also includes advanced royalty payments starting 7 years after the effective date of the agreement.

In December 2019, the Company signed an agreement with the Ontario Exploration Corporation (the "OEC") to buy back a NSR of up to 1% on its Eureka property in the Thunder Bay District, Ontario. Under the terms of the agreement, Delta now has the exclusive right to purchase 50% of the OEC NSR at Eureka by paying the OEC the sum of \$50,000 payable as follows:

- Payment of \$15,000 before December 31, 2019 (already paid);
- Payment of \$35,000 before May 31<sup>st</sup>, 2021.



# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month and nine-month period ended September 30, 2020

## 9. Accumulated Expenditures on Mining properties – Cont'd

Once Delta exercises its right to buyback the first 50% of the OEC NSR, Delta shall have the right to purchase the second 50% tranche at anytime by paying the OEC an additional \$50,000. Following the purchase of the second 50% tranche, Delta will have purchased the entire NSR Royalty currently owned by the OEC on the Eureka Property.

The OEC currently owns between 0.5% and 1.0% NSR royalty on certain claims of the Eureka property. More specifically, the OEC owns a 1.0% NSR on the claims covering the Eureka Gold prospect, Matawin and Kaspar gold occurrences and a 0.5% NSR on the claims surrounding the Kaspar occurrence.

The property now consists of 245 contiguous unpatented mining claims covering a total area of 4,495 hectares

## 10. Complementary information related to cash flows

### Net change in non-cash operating working capital items:

	For the three-month Period ended September 30, 2020		For the nine-month Period ended September 30, 2020	
	2020	2019	2020	2019
	\$	\$	\$	\$
Sales tax receivable	(52,014)	(10,389)	(23,374)	(5,724)
Prepaid expenses	19,384	5,232	(4,112)	8,590
Accounts payable and accrued liabilities	172,665	(15,018)	169,819	(292,983)
	140,035	(20,175)	142,333	(290,117)

## 11. Related party transactions

During the nine-month period ended September 30, 2020, the Company incurred professional fees in the amount of \$45,000 (2019 - Nil), to 9132-8757 Quebec Inc., a company owned by Frank Candido, the former President (now Chairman and Vice-President of Corporate Communications) of the Company. In relation with these transactions no amount was payable as at September 30, 2020 (2019 - Nil).

During the nine-month period ended September 30, 2020, the Company incurred professional fees in the amount of \$24,351 (2019 - \$18,280), to Nathalie Laurin, the Chief Financial Officer of the Company. In relation with these transactions, \$5,511 was payable as at September 30, 2020 (2019 - \$6,930).

During the nine-month period ended September 30, 2020, the Company incurred professional fees in the amount of \$6,942 (\$4,800 in 2019) and exploration and evaluation expenditures in the amount of \$139,215 (\$25,436 in 2019), to 7529449 Canada Inc., a company owned by Michel Chapdelaine, the Vice President Exploration and Chief Operating Officer of the Company. In relation with these transactions, an amount of \$38,638 was payable as at September 30, 2020 (2019 - \$7,410).

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month and nine-month period ended September 30, 2020

## 11. Related party transactions – Cont'd

The following table reflects the remuneration of key management and directors of the Company:

	September 30, 2020 \$	September 30, 2019 \$
Salaries and fringe benefits	112,043	29,692
Compensation and share-based payments	290,209	86,619
	402,252	116,311

## 12. Commitments

In October 2020, the Company signed a lease contract for its Chibougamau office, starting January 1, 2021 and expiring in December 31, 2021. Minimum payments, totaling \$30,000, are solely comprised of payments to be made in 2021.

In January 2020, Delta has retained MI3 Communications Financières Inc. ("MI3") to provide communication services on behalf of the Company in Eastern Canada. These services include, but are not limited to, communication of all news releases and information on the Company, including technical notes, posting on social medias, and assisting the Company at PR roadshows across 14 cities in eastern Canada. The agreement is for a period of 12 months and as consideration for these services, the Company has agreed to pay \$36,000 to MI3 in a single payment.

The Company will not required to spend any amount in 2020 to maintain the claims on the properties, due to the exceptional circumstances surrounding the COVID-19 pandemic, the Ministry of Energy and Natural Resources and the Ontario Ministry of Energy, Northern Development and Mine announced the term suspension of all claims currently in force in Québec for a 12-month period effective on April 9<sup>th</sup>, 2020.

In addition, the Company has the following royalty commitments resulting from past transactions:

- Net profit royalty of 5% on net profits greater than \$250,000 for 4 claims acquired from La Société Minière Colmo.
- Net smelter royalty of 2% for 26 claims acquired from a prospector in 2010.

## 13. Fair value

For certain of the Company's financial instruments, including cash, accounts receivable and other and accounts payable and accrued liabilities, their carrying amounts approximate fair value due to their immediate or short-term maturity.

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

**13. Fair value – Cont'd**

- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices of Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured using level 1 inputs

**14. Capital management**

The Company defines capital as shareholders' equity. The Company's objectives when managing capital are to:

- ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintain financial capacity and access to capital to support future development of the business while taking into consideration current and future industry, market and economic risks and conditions; and
- utilize short term funding sources to manage its working capital requirements.

The Company has no externally imposed restrictions on capital.

**15. Loss per share***(a) Basic loss per share*

Basic loss per share is computed by dividing net loss for a period by the weighted average number of common shares outstanding during that period.

*(b) Diluted loss per share*

Diluted loss per share is computed by dividing net loss for a period by the diluted number of common shares. Diluted common shares includes the effects of instruments, such share options and warrants, which could cause the number of common shares outstanding to increase.

The Company reported a comprehensive loss for the years ended December 31, 2019 and 2018; the Company has accordingly presented basic and diluted loss per share, which are the same, on a single line in the statements of loss and comprehensive loss. Diluted loss per share did not include the effect of share purchase options and warrants as they were anti-dilutive.

**16. Financial instruments**

- a) Credit risk arises from cash which are composed of deposits with Canadian financial institutions. Further, the Company limits its credit risk to any individual counterparty. The Company's sales tax receivable consists primarily of Good and Service tax due from the Federal Government of Canada, Quebec sales tax and tax credits receivable due from the Ministry of Revenue of Quebec for current claims.
- b) Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of three types of risk:
  - i) Interest rate risk arises because of changes in market interest rates. The Company's cash are subject to minimal risk in changes in value, have an original maturity of 90 days or less from the date of purchase, and are readily convertible into cash.

**16. Financial instruments – Cont'd**

- ii) Currency risk arises because of changes in foreign exchange rates. The Company is not exposed to such risk.
- iii) Price risk - the Company will be exposed to price risk with respect to commodity prices, specifically gold. Any future significant price declines could cause continued exploration and development to become uneconomical.
- c) Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Transaction costs associated with fair value through profit or loss financial assets and financial liabilities are expensed as incurred, while transaction costs associated with all other financial assets and other financial liabilities are included in the initial carrying amount of the asset or the liability.

**Sensitivity analysis**

Financial instruments included in tax credits and credits on duties receivable and other assets are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at September 30, 2020, the carrying value of the Company's financial instruments approximated their fair value. Based on management's knowledge and experience of the financial markets, the Company believes that the movements in interest rates that are reasonably possible over the next twelve month period will not have a significant impact on the Company.

**17. Subsequent events**

In October 2020, the Company received a \$250,000 cash payment from Yorkton Ventures as a second tranche for the sale of its Bellechasse-Timmins Gold Deposit in southeastern Quebec, Canada.

In October 2020, the Company paid in cash an amount of \$25,000, issued 500,000 common shares of the Company pursuant to the first anniversary Eureka Property Agreement. The Company also fulfilled its \$200,000 work commitment.

In October 2020, the Company paid in cash an amount of \$25,000 and issued 800,000 common shares of the Company pursuant to the first anniversary of R-14 Property Agreement.

Also, in October 2020, the Company received \$26,595 in tax credit.