



## **Delta Resources Limited**

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

*For the three-month period ended March 31, 2021*

### **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 three-month period ended March 31, 2021*

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

	As at March 31, 2021 \$	As at December 31, 2020 \$
<b>ASSETS</b>		
Current assets:		
Cash	883,084	1,212,415
Sales tax receivable	112,064	138,001
Refundable tax credit on mining duties and refundable tax credit related to resources	785,865	532,760
Other receivable	1,009	-
Prepaid expenses	38,842	56,305
	<b>1,820,864</b>	<b>1,939,481</b>
Non-current assets:		
Property and equipment (Note 6)	51,525	51,806
	<b>51,525</b>	<b>51,806</b>
<b>Total assets</b>	<b>1,872,389</b>	<b>1,991,287</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities (Notes 7 and 13)	249,742	473,448
	<b>249,742</b>	<b>473,448</b>
Non-current liabilities:		
Long-term debt (Note 8)	30,000	30,000
	<b>30,000</b>	<b>30,000</b>
<b>Total liabilities</b>	<b>279,742</b>	<b>503,448</b>
<b>EQUITY</b>		
Common shares and warrants (Note 9)	32,509,514	32,220,814
Contributed surplus	7,549,285	7,549,285
Deficit	(38,466,152)	(38,282,260)
<b>Total equity</b>	<b>1,592,647</b>	<b>1,487,839</b>
<b>Total liabilities and equity</b>	<b>1,872,389</b>	<b>1,991,287</b>

Going concern, related party transactions, contingent liabilities, commitments and subsequent events (Notes 3, 12, 13, 14 and 18).

These financial statements were approved by the Company's board of directors on May 26, 2021.

"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 period ended March 31*  
*(In Canadian dollars)*

	2021 \$	2020 \$
<b>Operating Expenses</b>		
Shareholders' information	16,837	18,940
Legal, financial and other corporate expenses	74,726	62,066
Salaries and fringe benefits (Note 12)	30,262	33,372
Travel	-	8,170
General administrative expenses	7,784	10,610
Management fees (Note 12)	15,000	15,000
Exploration and evaluation expenditures (Note 10)	39,833	196,151
Depreciation of property and equipment (Note 6)	281	311
	<b>184,723</b>	<b>344,620</b>
<b>Other income</b>		
Government grant (Note 8)	-	10,000
Other revenues	-	5,100
Interest income	831	53
	<b>831</b>	<b>15,153</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(183,892)</b>	<b>(329,467)</b>
<b>Basic and diluted net loss per share (Note 16)</b>	<b>(0.005)</b>	<b>(0.011)</b>
<b>Weighted average number of shares outstanding (basic and diluted) (Note 16)</b>	<b>35,901,715</b>	<b>29,067,470</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 period ended March 31,  
*(In Canadian dollars)*

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operating activities:</b>		
Net loss and comprehensive loss	<b>(183,892)</b>	(329,467)
Items not involving cash:		
Refundable tax credit on mining duties and refundable tax credit related to resources	<b>(253,105)</b>	(72,582)
Depreciation of property and equipment	<b>281</b>	311
Share issuance in consideration of exploration and evaluation expenditures	-	7,750
	<b>(436,716)</b>	(393,988)
Net change in non-cash operating working capital items (Note 11)	<b>(181,315)</b>	45,868
Cash flows related to operating activities	<b>(618,031)</b>	(348,120)
<b>Financing activities:</b>		
Issuance of shares and warrants	<b>300,000</b>	-
Warrants exercised	<b>3,080</b>	-
Share issue costs	<b>(14,380)</b>	(849)
Cash flows related to financing activities	<b>288,700</b>	(849)
Decrease in cash	<b>(329,331)</b>	(348,969)
Cash, beginning of period	<b>1,212,415</b>	938,809
Cash, end of period	<b>883,084</b>	589,840

The accompanying notes are an integral part of these financial statements

**Delta Resources Limited**  
**(An exploration stage company)**  
**Statements of changes in equity (deficiency)**  
*For the three-month period ended March 31,*  
*(in Canadian dollars)*

	Common shares (note 9)	Common shares and warrants \$ (note 9)	Contributed Surplus \$ (note 9)	Deficit \$	Total \$
Balance, January 1, 2021	<b>35,347,907</b>	<b>32,220,814</b>	<b>7,549,285</b>	<b>(38,282,260)</b>	<b>1,487,839</b>
Shares and warrants issuance	<b>857,142</b>	<b>300,000</b>	-	-	<b>300,000</b>
Warrants exercised	<b>15,400</b>	<b>3,080</b>	-	-	<b>3,080</b>
Share issue costs	-	<b>(14,380)</b>	-	-	<b>(14,380)</b>
Net loss and comprehensive loss	-	-	-	<b>(183,892)</b>	<b>(183,892)</b>
<b>Balance, March 31, 2021</b>	<b>36,220,449</b>	<b>32,509,514</b>	<b>7,549,285</b>	<b>(38,466,152)</b>	<b>(1,592,647)</b>
Balance, January 1, 2020	29,049,338	30,183,612	7,202,437	(36,365,860)	1,020,189
Share issuance in consideration of exploration and evaluation expenditures	50,000	7,750	-	-	7,750
Share issue costs	-	(849)	-	-	(849)
Net loss and comprehensive loss	-	-	-	(329,467)	(329,467)
<b>Balance, March 31, 2020</b>	<b>29,099,338</b>	<b>30,190,513</b>	<b>7,202,437</b>	<b>(36,695,327)</b>	<b>697,623</b>

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 period ended March 31, 2021

(in Canadian dollars)

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## 1. Statute of incorporation and nature of activities

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 traded on the TSX Venture Exchange under the symbol DLTA, on the Over-The-Counter Bulletin Board (OTCBB) under the symbol DTARF and on the Frankfurt Stock Exchange under the symbol 6G01.

## 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, 2020. 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, 2020 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 May 26, 2021.

### 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 Company had recurring losses in the current and prior years, including a net loss of \$183,892 for the three-month period ended March 31, 2021, has an accumulated deficit of \$38,466,152 (2020 - \$36,695,327) 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 the discovery of economically recoverable reserves and resources and/or profitable mining operations.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month period ended March 31, 2021

(in Canadian dollars)

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### 3. Going concern – Cont'd

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 March 31, 2021, the Company has a working capital of \$1,571,122 (2020 - \$697,623). Management estimates that funds on hand will not be sufficient to meet the Company's obligations and commitments and to pursue and complete the development of its mining properties. 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.

The conditions and uncertainties described above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's business plan is dependent on raising additional funds to finance operations within and beyond the next 12 months. 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.

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. 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.

#### COVID-19 estimation uncertainty

The COVID-19 pandemic continues to cause significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. While the Company has experienced the impact of the outbreak of the Coronavirus (COVID-19) on its operations, it had continued to operate during the current pandemic. During the three-month period ended March 31, 2021, the Company received an interest-free loan of \$40,000 under the Canada Emergency Business account program (see Note 8). In the event of a prolonged continuation of the pandemic, it is not clear what the potential impact may be on the Company's business, financial position and financial performance.

### 4. Critical accounting estimates, judgments

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Significant areas requiring the uses of management estimates relate to determining the fair value of share purchase options granted and warrants issued and significant areas requiring the uses of management judgments relate to determining the refundable tax credit on mining duties and refundable tax credit related to resources and the ability to continue as a going concern.



## 5. Critical accounting estimates and judgments – Cont'd

### Judgments

#### Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is a material uncertainty regarding the Company's ability to continue as a going concern.

### Estimates

#### Estimate of the fair value of share options

The fair value of each option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the share options at the grant date is based on the legal life of the share options and the historical exercise pattern of option holders. Management also estimates the expected forfeitures in calculating the fair value of each option. The expected volatility used to calculate the grant date fair value estimated taking into account the historical volatility of the Company's share price over the expected term of the options granted. Historical volatility is revised whenever facts and circumstances indicate that the historical volatility is no longer appropriate.

Such facts and circumstances include but are not limited to the Company entering a new phase of mining activity, the development of new technologies, changes to the financial position of the Company, and when the spread between market participants volatility data, derived from the calculation of the fair value of financial instruments and equity instruments issued by the Company, is significant. If management estimates that historical volatility requires an adjustment, the Company also takes into consideration the historical volatility of comparable companies at similar stages of development as the Company as well as the volatility estimates derived from the fair value calculation of financial instruments and equity instruments in periods when this information is available.

## 6. Property and equipment

	Building	Land	Computer	Total
	\$	\$	\$	\$
<b>2021</b>				
Cost:				
Balance at January 1	41,712	25,351	1,550	68,613
Balance at March 31	41,712	25,351	1,550	68,613
Accumulated Depreciation:				
Balance at January 1	(15,491)	-	(1,316)	(16,807)
Additions	(258)	-	(23)	(281)
Balance at March 31	(15,749)	-	(1,339)	(17,088)
Net book value	25,963	25,351	211	51,525

**Delta Resources Limited**

(An exploration stage company)

**Notes to financial statements**

For the three-month period ended March 31, 2021

(in Canadian dollars)

**6. Property and equipment - Cont'd**

	Building \$	Land \$	Computer \$	Total \$
<b>2020</b>				
Cost:				
Balance at January 1	41,712	25,351	1,550	68,613
Balance at March 31	41,712	25,351	1,550	68,613
Accumulated Depreciation:				
Balance at January 1	(14,398)	-	(1,160)	(15,558)
Additions	(273)	-	(38)	(311)
Balance at March 31	(14,671)	-	(1,198)	(15,869)
Net book value	27,041	25,351	352	52,744

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

**7. Accounts payable and accrued liabilities**

	March 31, 2021 \$	December 31, 2020 \$
Trade payable	245,693	450,846
Accruals	4,049	22,602
	<b>249,742</b>	<b>473,448</b>

**8. Long-term debt**

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 31, 2022 will result in loan forgiveness of 25%. The Company has a reasonable assurance that the loan will be repaid by December 2022 and will receive the loan forgiveness. Therefore, the Company recorded an amount of \$10,000 under government grant in the statement of net loss and comprehensive loss.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month period ended March 31, 2021

(in Canadian dollars)

## 9. Common shares and warrants

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

Changes in Company common shares and warrants were as follows:

	March 31, 2021		December 31, 2020	
	Number	Amount \$	Number	Amount \$
<b>Balance, beginning of period</b>	<b>35,347,907</b>	<b>32,220,814</b>	29,049,338	30,183,612
Shares issued pursuant to private placements <sup>(1)(5)</sup>	<b>857,142</b>	<b>300,000</b>	4,453,569	1,558,750
Share issuance in consideration of exploration and evaluation expenditures <sup>(3)(4)(8)</sup>	-	-	1,350,000	441,750
Warrants exercised <sup>(2)(6)</sup>	<b>15,400</b>	<b>3,080</b>	395,000	60,900
Share-based compensation exercised <sup>(7)</sup>	-	-	100,000	19,435
Share issue costs	-	<b>(14,380)</b>	-	(43,633)
<b>Balance, end of period</b>	<b>36,220,449</b>	<b>32,509,514</b>	35,347,907	32,220,814

- (1) On February 3, 2021, the Company issued 857,142 units at a price of \$0.35 per unit, for gross proceeds of \$300,000. 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 \$0.45 for a 24-month period.
- (2) On January 27, 2021, the Company received \$3,080 following the exercise of 15,400 broker warrants at \$0.20 each.
- (3) On October 19, 2020, the Company issued 800,000 common shares pursuant to the Delta-2 / R-14 Property Agreement. The total fair value of the common shares issued of \$284,000 was determined using the closing price on the TSX Venture Exchange.
- (4) On October 3, 2020, the Company issued 500,000 common shares pursuant to the Delta-1 / Eureka Property Agreement. The total fair value of the common shares issued of \$150,000 was determined using the closing price on the TSX Venture Exchange.
- (5) 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.
- (6) In July and August 2020, the Company received \$60,900 following the exercise of 395,000 warrants between \$0.12 and \$0.30 each.
- (7) 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.
- (8) 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 of \$7,750 was determined using the closing price on the TSX Venture Exchange.

**9. Common shares and warrants – Cont'd**

**Warrants issued and outstanding**

Changes in share purchase warrants were as follows:

	March 31, 2021		December 31, 2020	
	Number of warrants	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
<b>Balance, beginning of period</b>	<b>7,939,281</b>	<b>0.28</b>	6,107,500	0.19
Issued <sup>(1)(2)(3)</sup>	<b>428,570</b>	<b>0.45</b>	2,226,781	0.50
Warrants exercised	-	-	(395,000)	0.15
<b>Balance, end of period</b>	<b>8,367,851</b>	<b>0.29</b>	7,939,281	0.28

- (1) On February 3, 2021, the Company issued 428,571 warrants as part of the private placement on that day. Each warrant entitles its holder to purchase one common share of the Company at \$0.45.
- (2) 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.
- (3) 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.

At March 31, 2021, the following exercisable warrants were outstanding:

Warrants	Price	Expiry
2,462,500	0.30	December 20, 2021
3,250,000	0.12	June 10, 2022
2,226,781	0.50	September 29, 2022
428,570	0.45	February 3, 2023
<b>8,367,851</b>	<b>0.29</b>	

**Delta Resources Limited**

(An exploration stage company)

**Notes to financial statements**

For the three-month period ended March 31, 2021

(in Canadian dollars)

**9. Common shares and warrants – Cont'd****Broker warrants issued and outstanding – Cont'd**

Changes in broker warrants were as follows:

	March 31, 2021		December 31, 2020	
	Number of broker warrants	Weighted Average Exercise Price	Number of broker warrants	Weighted Average Exercise Price
<b>Balance, beginning of period</b>	<b>114,650</b>	<b>0.25</b>	80,000	0.20
Issued <sup>(1)</sup>	-	-	34,650	0.35
Exercised <sup>(2)</sup>	(15,400)	0.20	-	-
<b>Balance, end of period</b>	<b>99,250</b>	<b>0.25</b>	114,650	0.25

(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 for a 24 months period.

(2) On January 27, 2021, the Company received \$3,080 following the exercise of 15,400 broker warrants at \$0.20 each.

At March 31, 2021, the following exercisable broker warrants were outstanding:

Broker warrants	Price	Expiry
64,600	0.20	December 20, 2021
34,650	0.35	September 29, 2022
99,250	0.25	

**Share-based compensation**

A summary of the status of the Company's stock option plan as of March 31 is as follows:

	March 31, 2021		December 31 2020	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
<b>Balance, beginning of period</b>	<b>2,910,000</b>	<b>0.25</b>	1,815,000	0.24
Issued <sup>(1)(2)(3)(4)</sup>	-	-	1,805,000	0.29
Exercised <sup>(5)</sup>	-	-	(100,000)	0.12
Expired unexercised	-	-	(610,000)	0.38
<b>Balance, end of period</b>	<b>2,910,000</b>	<b>0.25</b>	2,910,000	0.25

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month period ended March 31, 2021

(in Canadian dollars)

## 9. Common shares and warrants – Cont'd

### Share-based compensation – Cont'd

- (1) On November 27, 2020, the Company granted 125,000 stock options to a consultant at an exercise price of \$0.425 per common share expiring November 27, 2022. The fair value of these options was \$29,198 based on the Black-Scholes option pricing model all vesting immediately and based on the following assumptions: risk-free rate of 0.25%, life of 2 years, expected volatility of 109.5% and no expected dividends.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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 has been recorded and transferred from contributed surplus.

At March 31, 2021, the following exercisable stock options were outstanding:

Options	Exercisable	Price	Expiry
100,000	100,000	0.40	July 11, 2021
280,000	280,000	0.32	September 8, 2021
125,000	125,000	0.42	November 27, 2022
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>2,910,000</b>	<b>2,910,000</b>		

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month period ended March 31, 2021

(in Canadian dollars)

## 10. Exploration and evaluation activities

The Company incurred the following evaluation and evaluation expenses for the three-month period ended:

	March 31, 2021	March 31, 2020
	\$	\$
Drilling	438,403	11,716
Airborne surveys	-	199,144
Choice of area and review of previous data	225	12,890
Geology and prospection	14 322	-
General exploration expenses	8,158	6,763
Analysis	77,320	6,142
Geochemical survey	-	9,297
Geophysical and geochemical	83,501	6,450
Refundable tax credit on mining duties and refundable tax credit related to resources	(253,104)	(72,582)
Proceeds relating to the grant of options on mining project (Note 10)	(350,000)	-
Fees related to the grant of options on mining project	21,000	16,331
	<b>39,833</b>	<b>196,151</b>

### 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 (condition fulfilled),
- 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.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month period ended March 31, 2021

(in Canadian dollars)

## 10. Exploration and evaluation activities – Cont'd

### Bellechasse Property – Cont'd

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.

On February 1, 2021 the Company announced the reception of the third tranche cash payment of \$350,000 from Yorkton Ventures Inc. for the sale of its Bellechasse-Timmins Gold Deposit and also the signature of a revised agreement signed on January 27, 2021. The revised schedule of payment is as follow:

- \$200,000 cash payment no later than August 1, 2021
- \$200,000 cash payment no later than September 1, 2021
- \$200,000 cash payment no later than October 1, 2021
- \$200,000 cash payment no later than Novemebr 1, 2021
- \$200,000 cash payment no later than December 1, 2021

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:

Anniversary Date	Cash Payment	Share Payment	Work Commitment
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

- 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 322 contiguous mining claims covering a total area of 17,060.50 hectares.



# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

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(in Canadian dollars)

## 10. Exploration and evaluation activities – Cont'd

### 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.

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

# Delta Resources Limited

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Notes to financial statements

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(in Canadian dollars)

## 11. Complementary information related to cash flows

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

	March 31, 2021 \$	March 31, 2020 \$
Sales tax receivable	25,937	12,389
Prepaid expenses	17,463	8,351
Other receivable	(1,008)	-
Accounts payable and accrued liabilities	(223,707)	25,128
	(181,315)	45,868

## 12. Related party transactions

During the three-month period ended March 31, 2021, the Company incurred professional fees in the amount of \$15,000 (2020 - \$15,000), 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 March 31, 2021 (2020 - Nil).

During the three-month period ended March 31, 2021, the Company incurred professional fees in the amount of \$11,877 (2020 - \$7,853), to Nathalie Laurin, the Chief Financial Officer of the Company. In relation with these transactions, \$1,155 was payable as at March 31, 2021 (2020 - \$646).

During the three-month period ended March 31, 2021, the Company didn't incurred professional fees (\$6,942 in 2020). During the same period, the Company incurred an amount of \$57,176 (\$26,071 in 2020) in exploration and evaluation expenditures, 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 \$18,393 was payable as at March 31, 2021 (2020 - \$135 payable and \$11,719 accrued).

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.

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

	March 31, 2021 \$	March 31, 2020 \$
Salaries and fringe benefits	30,262	33,372

## 13. Contingent liabilities

The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to identify, in terms of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in compliance with the laws and regulations. Any additional payment to liability already recorded that result from restoration costs will be accrued in the financial statements only when they will be reasonably restimated and will be charged to the earnings at that time.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month period ended March 31, 2021

(in Canadian dollars)

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## 14. 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 \$22,500, are solely comprised of payments to be made in 2021.

Under rules established by the Ministère de l'Énergie et Ressources naturelles of the province of Québec, the Company is required to spend the amount of approximately \$12,330 to maintain the claims on the properties in 2021.

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.

## 15. Capital management

The Company defines capital as equity amounting to \$1,582,647 as at March 31, 2021 (\$1,487,839 as at December 31, 2020).

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. There were no significant changes in the Company's approach to capital management during the three-month period ended March 31, 2021.

## 16. 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, 2020 and 2019; 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.

# Delta Resources Limited

(An exploration stage company)

Notes to financial statements

For the three-month period ended March 31, 2021

(in Canadian dollars)

## 17. Financial instruments

- a) Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Credit risk arises from cash which are composed of deposits with Canadian financial institutions.
- b) 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.

	Carrying amount	Contractual cashflows	0 to 12 months	12 to 24 months
	\$	\$	\$	\$
Accounts payable and accrued liabilities	249,742	249,742	249,742	-
Long-term debt	30,000	30,000	-	30,000

- c) The fair value of cash, accounts payables and accrued liabilities approximates their carrying value due to their short-term nature. The fair value of the long-term debt is determined on the basis of discounted cash flow using the rate applicable at the date of the statement of financial position for a given instrument. The rate is similar to the rate applicable to the long-term debt instruments. The fair value of the long-term debt approximates its book value.

## 18. Subsequent events

In May 2021, the Company received an amount of \$465,137 related to the 2020 refundable tax credit related to resources.

Also in May 2021, the Company announced that it has optioned the Dollier Property in Chibougamau, Quebec from Cartier Resources Inc. ("Cartier"). Delta shall have the sole and exclusive right to earn a 100% Interest (the "Option") by paying Cartier a non-refundable amount of \$10,000 in cash (the "Cash Payment") at signing; by completing the issuance in favour of Cartier of an aggregate of 600,000 Delta shares including 100,000 shares at signing, 100,000 shares at the one year anniversary, 200,000 shares at the two year anniversary and 200,000 shares at three year anniversary; and by incurring \$1,000,000 in exploration expenditures over the four year Option period. The agreement is conditional on TSX approval.

Upon earning a 100% interest in the Dollier Property, Cartier will be granted a 2% NSR production royalty. Delta will have the exclusive right to purchase the first 1% NSR for \$2,000,000 and the second 1% NSR for \$15,000,000.

## 19. Comparative figures

Certain comparative figures have been reclassified to conform to the current three-month period's financial statements presentation.