

**NAVY RESOURCES CORP.**

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 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 interim consolidated 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 financial statements by the entity's auditor.

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

	March 31, 2020	December 31, 2019
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Assets		
Current assets		
Cash	\$ 655,735	\$ 697,769
Receivable	2,245	2,071
Prepaid expenses	3,900	-
<b>Total assets</b>	<b>\$ 661,880</b>	<b>\$ 699,840</b>
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Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 33,501	\$ 23,792
<b>Total liabilities</b>	<b>33,501</b>	<b>23,792</b>
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Shareholders' equity (deficit)		
Share capital (Note 3)	1,983,063	1,983,063
Share-based payment reserve (Note 3)	135,817	135,817
Deficit	(1,490,501)	(1,442,832)
<b>Total shareholders' equity (deficit)</b>	<b>628,379</b>	<b>676,048</b>
<b>Total liabilities and shareholders' equity (deficit)</b>	<b>\$ 661,880</b>	<b>\$ 699,840</b>

Nature of and continuance of operations (Note 1)  
Subsequent event (Note 5)

Approved on behalf of the Board on June 1, 2020:

/s/ "Paul Sun"

Paul Sun, Director

/s/ "Martin Bajic"

Martin Bajic, Director

**NAVY RESOURCES CORP.**Condensed Interim Statements of Comprehensive Loss  
(Expressed in Canadian dollars - Unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
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Expenses		
General and administrative (Note 4)	\$ 2,573	\$ 10,889
Exploration	13,650	-
Interest expense	-	2,425
Professional fees	11,843	800
Consulting fees (Note 4)	15,000	1,500
Transfer agent and filing fees	4,603	1,135
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Net and comprehensive loss	\$ 47,669	\$ 16,749
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Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
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Weighted average number of shares outstanding – basic and diluted	25,030,800	15,200,000
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**NAVY RESOURCES CORP.**

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

	Share capital		Share-based payment reserve	Deficit	Total shareholders' equity
	Number	Amount			
Balance, December 31, 2018	15,200,000	\$ 1,006,852	\$ 135,817	\$ (1,360,824)	\$ (218,155)
Net and comprehensive loss for the period	-	-	-	(16,749)	(16,749)
Balance, March 31, 2019	15,200,000	\$ 1,006,852	\$ 135,817	\$ (1,377,573)	\$ (234,904)
Balance, December 31, 2019	25,030,800	\$ 1,983,063	\$ 135,817	\$ (1,442,832)	\$ 676,048
Net and comprehensive loss for the period	-	-	-	(47,669)	(47,669)
Balance, March 31, 2020	25,030,800	\$ 1,983,063	\$ 135,817	\$ (1,490,501)	\$ (628,379)

**NAVY RESOURCES CORP.**

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars - unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash provided by (used in):		
Operating activities		
Net loss	\$ (47,669)	\$ (16,749)
Changes in non-cash working capital items:		
Receivable	(174)	(153)
Prepaid expenses	(3,900)	-
Accounts payable and accrued liabilities	9,709	(71,656)
Net cash used in operating activities	(42,034)	(88,558)
Financing activity		
Proceeds from promissory note payable	-	93,000
Net cash from financing activity	-	93,000
Increase (decrease) in cash	(42,034)	4,442
Cash and cash equivalents, beginning	697,769	1,163
Cash and cash equivalents, ending	\$ 655,735	\$ 5,605

## **NAVY RESOURCES CORP.**

Notes to Condensed Interim Financial Statements  
For the three months ended March 31, 2020  
(Expressed in Canadian dollars - unaudited)

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

Navy Resources Corp. (the "Company") was incorporated in the province of British Columbia on May 5, 2011. The Company is engaged in the exploration and evaluation of resource properties. The Company's registered office is 1740-1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3. The Company's shares are traded on the TSX Venture Exchange (the "Exchange") under the symbol "NVY".

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At March 31, 2020, the Company had cash of \$655,735 (December 31, 2019 - \$697,769) and its current assets exceed its current liabilities by \$628,379 (December 31, 2019 - \$676,048). The Company currently has no active business and is not generating any revenues. It has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$1,490,501 as at March 31, 2020 (December 31, 2019 - \$1,442,832). Whether and when the Company can obtain profitability and positive cash flows from operations is uncertain. These uncertainties cast significant doubt on the ability of the Company to continue as a going concern.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future. These financial statements do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

### **2. Significant accounting policies**

These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed, and therefore these financial statements should be read in conjunction with the Company's December 31, 2019 audited annual consolidated financial statements and the notes to such financial statements.

These financial statements are based on the IFRS issued and effective as of June 1, 2020, the date these financial statements were authorized for issuance by the Company's Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual financial statements, except for the impact of the changes in accounting policies disclosed below:

## **NAVY RESOURCES CORP.**

Notes to Condensed Interim Financial Statements  
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### **2. Significant accounting policies**

#### *New accounting standards and interpretation*

The Company has adopted the following new accounting standard and interpretation:

IFRS 16, Leases (effective January 1, 2019) introduced new requirements for the classification and measurement of leases. Under IFRS 16, a lessee no longer classifies leases as operating or financing and records all leases in the statement of financial position, unless the lease term is 12 months or less or the underlying asset has a low value. The Company has applied a modified retrospective transition approach. The Company does not have any leases, and as a result, this standard had no impact on the Company's financial statements on adoption.

IFRIC 23, Uncertainty over Income Tax Treatments (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. This interpretation did not have an impact on the Company's financial statements.

#### *Accounting standards issued but not yet adopted*

The Company has not applied the following amendment that has been issued but is not yet effective:

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company has not elected to apply this amendment early.

### **3. Share capital**

#### *Authorized share capital:*

Unlimited common shares without par value.

#### *Issued and outstanding:*

At March 31, 2020, there were 25,030,800 common shares issued and fully paid common shares outstanding (December 31, 2019 – 25,030,800).

#### *Shares issued during the year-end December 31, 2019*

On September 18, 2019, the Company issued 7,350,000 common shares for proceeds of \$735,000.

On September 18, 2019, the Company issued 2,480,080 common shares to settle promissory notes payable and interest in the amount of \$248,080.

The Company incurred share issuance costs of \$6,869 related to these share issuances.

## **NAVY RESOURCES CORP.**

Notes to Condensed Interim Financial Statements  
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### **3. Share capital**

#### *Options:*

On April 12, 2012, the directors of the Company adopted a Stock Option Plan (the "Plan"). The plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the 2013 Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options. The number of common shares which may be reserved in any 12 month period for issuance to any one individual upon exercise of all stock options held by that individual may not exceed 5% of the issued and outstanding common shares of the Company at the time of grant. The number of common shares which may be reserved in any 12 months period for issuance to any one consultant may not exceed 2% of the issued and outstanding common shares and the maximum number of common shares which may be reserved in any 12 month period for the issuance to all persons engaged in investor relation activities may not exceed 2% of the issued and outstanding common shares of the Company. The 2013 Plan provides that options granted to any person engaged in investor relations activities will vest in stages over 12 months with no more than  $\frac{1}{4}$  of the stock options vesting in any three month period.

As at March 31, 2020 and December 31, 2019, there were no stock options outstanding.

#### *Reserves:*

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

### **4. Related party transactions**

During the three months ended March 31, 2020 the Company paid an officer and director \$15,000 (2019 - \$1,500) for consulting services and \$2,250 (2019 - \$9,000) for rent.

Included in accounts payable is \$6,163 owing to a Company controlled by an officer and director (December 31, 2019 - \$7,475).

### **5. Subsequent event**

Subsequent to March 31, 2020, the Company completed an option agreement under which the Company may earn a 100% interest in 168 unpatented mining claims covering approximately 1,375 hectares, located in Humboldt County, Nevada. Under the terms of the agreement, the Company has up to five years to make cumulative cash payments of USD \$136,140 and cumulative share payments of 1,650,000 common shares in the capital of the Company, followed by a \$1,500,000 payment payable in cash or common shares at the option of the Company. The vendor retains a net smelter royalty of 2% which the Company may purchase in 0.1% increments for USD\$100,000 for each increment up to maximum of 1%. The acquisition is subject to Exchange approval. To date, the Company issued 100,000 common shares and paid \$51,710 (USD \$36,140) as part of the option agreement.