
TRI ORIGIN EXPLORATION LTD

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED

DECEMBER 31, 2019

(Expressed in Canadian Dollars)

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim financial statements of Tri Origin Exploration Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three and six months ended December 31, 2019 have not been reviewed by the Company's auditors.

TRI ORIGIN EXPLORATION LTD.

Condensed Interim Statements of Financial Position

(Unaudited, expensed in Canadian Dollars)

	December 31, 2019	June 30, 2019
	\$	\$
Assets		
Current assets		
Cash	209,680	6,005
Prepaid	7,287	10,274
Total current assets	216,967	16,279
Exploration and evaluation assets (note 6)	2,741,359	2,537,753
Equipment (note 7)	2,535	2,897
Total Assets	2,960,861	2,556,929
Equity and Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	439,124	150,034
Promissory note payable (note 9)	195,000	190,000
Other liabilities	6,335	-
Total Liabilities	640,459	340,034
Equity		
Share capital (note 10)	22,199,542	22,044,715
Warrants (note 10)	78,338	-
Equity portion of convertible debenture (note 9)	17,393	17,393
Contributed surplus	2,106,620	2,106,620
Deficit	(22,081,491)	(21,951,833)
Total equity	2,320,402	2,216,895
Total Liabilities and Equity	2,960,861	2,556,929

Nature of operations and going concern (note 1)

The notes to the financial statements are an integral part of these statements.

Approved by the Board of Directors:

President and Director: Dr. Robert ValliantDirector: Mr. Jean-Pierre Janson

TRI ORIGIN EXPLORATION LTD.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited, expensed in Canadian Dollars)

	Three Months ended December 31		Six Months ended December 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Expenses				
General and administrative costs (note 14)	94,340	84,441	151,831	124,234
Finance charges	3,929	3,557	7,827	6,475
Loss before other items	(98,269)	(87,998)	(159,658)	(130,709)
Other items				
Unrealized loss on investments (note 6)	-	(43,323)	-	(64,948)
Gain from granting options on exploration and evaluation assets (note 6)	30,000	-	30,000	171,610
Other income	-	646	-	10,576
Total other items	30,000	(42,677)	30,000	117,238
Net loss and comprehensive loss for the period	(68,269)	(130,675)	(129,658)	(13,471)
Basic and diluted loss per share	(0,001)	(0,00)	(0,001)	(0,00)
Weighted average number of shares outstanding	120,330,555	119,562,924	119,848,812	119,372,306

The notes to the financial statements are an integral part of these statements.

TRI ORIGIN EXPLORATION LTD.

Statements of Changes in Shareholder's Equity
(Expressed in Canadian Dollars)
(Unaudited, expensed in Canadian Dollars)

	Share capital	Equity portion of convertible debenture	Warrants	Contributed surplus reserve	Deficit	Total
	\$	\$	\$	\$	\$	\$
Balance, July 1, 2019	22,044,715	17,393	-	2,106,620	(21,951,833)	2,216,895
Units issued in a private placement	145,347	-	72,673	-	-	218,020
Units issued in a flow-through private placement	12,000	-	5,665	-	-	17,665
Shares issued in a debt settlement	1,200	-	-	-	-	1,200
Units issue expenses	(3,720)	-	-	-	-	(3,720)
Net loss for the period	-	-	-	-	129,658	(129,658)
Balance, December 31, 2019	<u>22,199,542</u>	<u>17,393</u>	<u>78,338</u>	<u>2,106,620</u>	<u>22,081,491</u>	<u>2,320,402</u>
 Balance, July 1, 2018	 22,044,715	 17,393	 -	 2,068,483	 (21,436,632)	 2,693,959
Net loss for the period	-	-	-	-	(13,471)	(13,471)
Balance, December 31, 2018	<u>22,044,715</u>	<u>17,393</u>	<u>-</u>	<u>2,068,483</u>	<u>(21,450,103)</u>	<u>2,680,488</u>

The notes to the financial statements are an integral part of these statements.

TRI ORIGIN EXPLORATION LTD.

Condensed Interim Statements of Cash Flows

(Unaudited, expensed in Canadian Dollars)

	Six Months Ended December 31,	
	2019	2018
	\$	\$
Operating Activities		
Net loss for the period	(129,658)	(13,471)
Amortization	362	363
Net realized and unrealized loss in investments	-	64,948
Gain from granting option on exploration and evaluation assets	-	(171,610)
	<u>(129,296)</u>	<u>(119,770)</u>
Changes in non-cash working capital		
Accounts receivable	-	(11,941)
Prepaid	2,987	(3,008)
Accounts payable and accrued liabilities	289,090	(19,053)
Deposit for exploration funding	-	(185,573)
	<u>162,781</u>	<u>(339,345)</u>
Cash used in operating activities		
Investing Activities		
Expenditures on exploration and evaluation assets	(203,606)	(289,671)
Proceeds from granting option on exploration and evaluation assets	-	100,000
	<u>(203,606)</u>	<u>(189,671)</u>
Cash used in investing activities		
Financing Activities		
Issuance of units by private placements	218,020	-
Issuance of units by flow-through private placement	24,000	-
Issuance cost of units	(2,520)	-
Proceeds from issue of promissory note	-	110,000
Repayment of promissory note	5,000	(100,000)
	<u>244,500</u>	<u>10,000</u>
Cash used in financing activities		
Change in cash during the period	<u>203,675</u>	<u>(529,016)</u>
Cash, beginning of the period	<u>6,005</u>	<u>519,016</u>
Cash, end of the period	<u><u>209,680</u></u>	<u><u>-</u></u>

The notes to the financial statements are an integral part of these statements.

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

1. Nature of operations and going concern

Tri Origin Exploration Ltd. (the "Company" or "TOE") was incorporated on June 6, 1989 under the Business Corporations Act (Ontario). The Company is a publicly held company engaged principally in the acquisition and exploration of mineral properties in the Canadian Shield, Canada.

The accompanying financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is 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 or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, as described in the following paragraph. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The Company has a net loss of \$ 129,658 for the six-month period ended December 31, 2019 (six-month period ended December 31, 2018 – net loss of \$ 13,471) and a deficit of \$ 22,081,491 as at December 31, 2019 (June 30, 2019 - \$ 21,951,833). The Company is in the exploration stage and is subject to risks and challenges similar to other companies in a comparable business. These risks include, but are not limited to, dependence on key individuals, successful exploration and the ability to secure adequate financing to meet the minimum capital required to successfully complete the projects and continue as a going concern. There is no assurance that these initiatives will be successful and as a result there is significant doubt regarding application of the going concern assumption.

On December 31, 2019, the Company had a negative working capital of \$ (423,492) (June 30, 2019 a negative working capital of \$ 323,755) and is not generating positive cash flows from operations. Working Capital includes a promissory note of \$ 195,000 (June 30, 2019 - \$ 190,000) payable by the Company which also may be convertible into shares of the Company. Apart from this investment, there may not be sufficient cash to meet general and administration expenses plus planned project activities for the following twelve months. The operations of the Company have primarily been funded by the issuance of common shares and debt instruments. Continued operations of the Company are dependent on the Company's ability to complete equity financing and enter into funding agreements with third parties in order to continue exploration of its mineral property interests. Management's plan in this regard is to continue to seek industry partners for its projects and to secure additional funds through future equity financings, which may or may not be available or may not be available on reasonable terms.

2. Compliance and basis of preparation and presentation

(a) Statement of compliance

These unaudited consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these unaudited condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended June 30, 2019.

These unaudited condensed interim financial statements were authorized for issuance by the Board of Directors of the Company on February 28, 2020.

(b) Basis of preparation and presentation

The financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments as disclosed in Note 5. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

3. Significant accounting policies

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods, if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

i) Impairment of deferred assessment and evaluation costs

While assessing whether any indications of impairment exist for deferred assessment and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of assessment and evaluation assets. Internal sources of information include the manner in which assessment and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's deferred assessment and evaluation assets.

ii) Taxes, income taxes and deferred taxes

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. Any estimates for value added and withholding taxes have been included in accounts payable and accrued liabilities.

iii) Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Environmental liability, contingency and other provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

3. Significant accounting policies (continued)

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against net income (loss) over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company had no material provisions at December 31, 2019 and June 30, 2019.

Impairment of non-financial assets

At the end of each fiscal year, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use.

IFRS 9 Financial Instruments ("IFRS 9")

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9 (2014)) to come into effect on July 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its consolidated financial statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on July 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- i) It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- ii) Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash	Loans and receivables (amortized cost)	Amortized cost
Accounts receivable	Loans and receivables (amortized cost)	Amortized cost
Public investments	FVTPL	FVTPL
Investments	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

3. Significant accounting policies (continued)

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

Cash and investments

Cash and investments are classified as financial assets at FVTPL and are measured at fair value with changes in fair value recorded in the statement of income (loss). Cash for purposes of the cash flow statements comprise cash at the bank and in hand.

Loans, receivables and other financial liabilities

Loans and receivables are classified as financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Accounts payable and other financial liabilities, debenture payable and promissory note payable are classified as "Other financial liabilities" and are recognized initially at fair value net of any directly attributable transaction costs.

Subsequent to initial recognition, loans, receivables and other financial liabilities are measured at amortized cost using the effective interest method, less any impairment losses. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Proportionate cost sharing ventures

Certain of the Company's exploration activities may be conducted with others. These financial statements reflect only the Company's interest in such activities. Although the Company holds certain interests in mineral properties through option agreements, none of its operations are carried on through joint venture entities.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account.

When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in net income (loss).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through net income (loss) to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's carrying value and fair value of cash and cash equivalents, accounts receivable, shares in Heron Resources and Promissory Note are under the fair value hierarchy using Level 1 inputs.

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Equipment

Equipment is stated at cost less accumulated depreciation and any recognized impairment loss. Cost includes expenditures associated with bringing the asset to its operating location and condition. The cost of equipment is depreciated over their expected useful lives, on a straight-line basis at the following rates;

- Office Equipment – 5 years
- Computer software – 3 - 5 years
- Field Equipment – 5 years
- Leasehold Improvements – 2 years

The depreciable amount of equipment is recorded on a straight line basis over the estimated useful life of the asset to the residual value of the asset. Each part of the item of equipment with a cost that is significant in relation to the total cost of the item depreciated separately if their useful lives differ.

The Company reviews the useful life, depreciation method and residual value and carrying value of its equipment at each reporting date.

Expenditures that extend the useful lives of the existing facilities or equipment are capitalized and amortized over the remaining useful lives of the assets. Repairs and maintenance expenditures are expensed as incurred.

Exploration and evaluation assets

Interest in exploration and evaluation assets are carried at cost until they are brought into production, at which time they are depleted on a unit-of-production method based on proven and probable reserves.

Acquisition costs include the cash consideration and the fair market value of the shares issued for the acquisition of exploration properties. The carrying value of mining interests is reduced by any option proceeds or government grants received until such time as the carrying values are reduced to nominal amounts. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

Cash consideration received in a farm-out or option arrangement is applied against the carrying amount of the exploration and evaluation asset, with any excess included as a gain in profit or loss.

The cost of exploration properties abandoned or sold and their related deferred exploration costs are charged to operations when abandoned or sold. Accumulated costs on exploration and evaluation assets which are considered to be impaired either through external economic conditions or failure to advance the property to the development stage within a reasonable period of time are written down.

The Company reviews its exploration and evaluation assets regularly to determine if events or circumstances have transpired which indicate that its carrying value may not be recoverable. The recoverability of costs incurred on mineral resource property is dependent upon numerous factors, including exploration results, environmental risks, commodity risks, and the Company's ability to attain profitable production. It is possible that conditions in the near-term could change the Company's assessment of the carrying value.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from past conveyancing history characteristics of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge all properties are in good standing.

Revenue recognition

The Company currently has no revenue from active mining operations. Interest revenue is recognized in the period in which it is earned. Project management fees are recognized in the period the services are performed and expenses incurred.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the flow through share premium is recorded as liability and the residual balance is allocated to share capital. The liability is subsequently reversed to income on a proportionate basis as the tax benefits are renounced. At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense and liability accounts for taxable temporary differences arising from tax benefits renounced to flow-through share investors.

Share-based payments

The fair value of employee share option plans is measured at the date of grant of the option using the Black-Scholes pricing model, taking into consideration the terms and reconciliations upon which the options were granted. The resulting cost, as adjusted for the expected and actual level of vesting of the options, is charged to income over the period in which the options vest. At the end of each reporting date before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest.

Income tax

Income tax on the net income (loss) for the periods presented comprises current and deferred tax. Income tax is recognized in net income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Convertible debentures

Convertible debentures are separated into their liability and equity components on the balance sheet. The liability component is initially recognized at fair value, determined as the net present value of future payments of interest and principal, discounted at the market rate for similar non-convertible liabilities at the time of issue. The liability component is recognized at amortized cost, using the effective interest method, until extinguished upon conversion, maturity or a normal course issuer bid. The fair value of the equity component of the convertible debentures is estimated using the residual method in which the difference between the face value of the instrument and the fair value of the debt component is allocated as the fair value of the equity component.

IFRS 15 – Revenue From Contracts With Customers ("IFRS 15")

IFRS 15 proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. On July 1, 2018, the Company adopted IFRS 15 and has determined that the adoption of this new standard does not have a significant impact on its financial statements.

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

4. Future changes in accounting policies

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. The Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

Recent accounting pronouncements

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

5. Financial instruments

The Company's cash and bank indebtedness are measured at fair market value. Accounts receivable are measured at amortized cost. The investments of the Company are classified as financial assets at FVTPL and measured at fair value. Accounts payable and accrued liabilities, funds on deposit, promissory note payable and secured debenture are classified as other financial liabilities and measured at amortized cost.

The following table indicates the carrying value of the Company's financial assets and financial liabilities:

Item	As at December 31, 2019		As at June 30, 2019	
	Cost	Market Value	Cost	Market value
	\$	\$	\$	\$
Cash	-	209,680	-	6,005
Accounts payables	439,124	-	150,034	-
Promissory note payable	195,000	-	190,000	-

6. Exploration and evaluation assets

North Abitibi Project

North Abitibi is a gold exploration project located 150 kilometres north of Kirkland Lake, Ontario, in the Abitibi Greenstone Belt. The property consists of 187 single cell mining claim cells covering an area of approximately 47 square kilometres and 28 boundary cell mining claims covering an area of approximately 3 square kilometres for a total area of 50 square kilometres. Late in the 2010 fiscal year, Vista Gold Corp. ("Vista") transferred 100% interest in the North Abitibi mineral claims to Tri Origin which claims are subject to a back-in right held by Vista until the Company has spent \$ 2,000,000. Vista Gold has the option to earn back a 51% interest in the property.

During the six months ended December 31, 2019, the Company spent \$ 6,031 on exploration expenditures on the property. Total spending from inception to December 31, 2019 was \$ 812,771, which includes a re-imbursement of exploration expenditures of \$ 64,320 made under the Ontario junior exploration assistance program ("JEAP").

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

6. Exploration and evaluation assets (continued)

Sky Lake Project

Sky Lake is a gold exploration project located 35 kilometres southwest of Pickle Lake in north western Ontario. It is comprised of 494 100% owned single cell mining claims covering an area of 123.5 square kilometres and 20 partially owned boundary cell mining claims covering an area of approximately 3 square kilometres. During the year ended June 30, 2017, Tri Origin entered into an option agreement with Barrick Gold to acquire a 96% interest in patent mining claims covering an area of 2 square kilometres located within the boundary of its Sky Lake property. To exercise the option, the Company is required to spend \$ 500,000 on exploration on the patent claims over a 4 year period.

During the six months ended December 31, 2019, the Company spent \$ 168,681 to conduct exploration on the property. Total spending from inception to December 31, 2019 was \$ 1,819,418.

South Abitibi Project

During the latter part of fiscal 2015, a gold and base metal alliance agreement was entered into between Tri Origin and Sumac Mines Ltd (renamed Sumitomo Metal Mining Canada Ltd. ("Sumitomo")) Tri Origin acted as operator and Sumitomo funded acquisition and exploration expenditures at the property. South Abitibi is a large property position of 798 single cell mining claims and 95 boundary cell mining claims covering an area of approximately 210 square kilometres in the Temagami-Cobalt region of Ontario.

During the six months ended December 31, 2018, Sumitomo informed Tri Origin that it was withdrawing from the alliance agreement. This left Tri Origin with an unencumbered 100% interest in the South Abitibi project.

An exploration agreement was entered into with De Beers Canada Inc. during the first quarter of fiscal 2020. The agreement is for a 1 year term and allows De Beers Canada access to the property to conduct preliminary drilling at targets it has identified as possibly representing kimberlite rock and to evaluate these rocks for diamond content if warranted.

Expenditures by TOE during the six months ended December 31, 2019 totalled \$ 20,376. Exploration funds provided by Sumitomo totalled \$ nil during the period. The past expenditures incurred by Sumitomo are not recorded in the Company's books. Approximately \$ 2,300,000 was spent by Sumitomo since the inception of the Alliance in late May, 2015 to December 31, 2018. As of December 31, 2018, the Company has on deposit a balance of \$ nil of Sumitomo funds advanced to Tri Origin to be spent on the project.

During the six months ended December 31, 2019, the Company received \$ 20,000, from De Beers Canada Inc as a payment to enter into an exploration access agreement with the Company. Funds received have been recorded as a gain from granting options on exploration and evaluation assets in the statements of loss and comprehensive loss.

Detour West Project

Detour West is a gold exploration project located 180 kilometres north of Timmins, Ontario and 20 kilometres west of the Detour Lake Gold Mine. The property consists of 413 100%-owned single cell mining claims and 8 partially owned boundary cell mining claims covering an area of approximately 104 square kilometres. The claims tie directly onto mining claims held by Detour Gold Corporation the operator of the nearby Detour Lake Mine.

During the period ended December 31, 2018, the Company completed an evaluation of the property and due to assessment commitments required, it decided to focus available funds on its more advanced projects. It was then decided to allow the Detour West mining claims to expire on their renewal dates.

At the June 30, 2019 yearend, the Company wrote off the mining rights and exploration expenses totaling \$ 319,580.

Nipissing Cobalt Property

The Company holds 100% interest in the Nipissing Cobalt Property located at Bay Lake, 10 kilometres west of Cobalt in east central Ontario. The property consists of 570 single cell and boundary cell mining claims covering an area of approximately 125 square kilometres. The property hosts a number of cobalt occurrences and is underlain by Proterozoic sedimentary rock and Nipissing diabase sills which are the primary host rocks for cobalt mineralization throughout the region.

During the year ended June 30, 2019, the Company announced that it had entered into an agreement with MetalsTech Ltd whereby MetalsTech could acquire the Bay Lake North property by making cash payments and share issuances to Tri Origin and meeting certain exploration commitments on the property over a two year term. Prior to the June 30, 2019 year end, the agreement with MetalsTech was terminated and MetalsTech abandoned all rights to earn an interest in the Nipissing Cobalt property.

During the current quarter the Company announced that an exploration agreement was entered into with De Beers Canada Inc. The agreement is for a 1 year term and allows De Beers Canada access to the property to conduct preliminary drilling at targets it has identified as possibly representing kimberlite rock and to evaluate these rocks for diamond content if warranted.

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

6. Exploration and evaluation assets (continued)

Nipissing Cobalt Property (continued)

Expenditures by TOE during the six months ended December 31, 2019 totalled \$ 5,318.

During the six months ended December 31, 2019, the Company received \$ 10,000, from De Beers Canada Inc as a payment to enter into an exploration access agreement with the Company. Funds received have been recorded as a gain from granting options on exploration and evaluation assets in the statements of loss and comprehensive loss.

Project Generation

The Company continues to assets new areas for exploration. It is an objective of the Company to increase its portfolio of properties during the coming year. During the six months ended December 31, 2019, the Company spent \$ 3,200 on project generation activities.

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

6. Exploration and evaluation assets (continued)

	North Abitibi	Sky Lake	Detour West	South Abitibi	Nipissing Cobalt	Projet Generation	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, June 30, 2018	514,252	1,589,930	313,376	51,354	16,932	-	2,485,844
Acquisition	4,086	15,365	-	4,900	-	-	24,351
Drilling and analytical	208,034	5,552	-	710	-	-	214,296
Geological, geophysical and geochemical	21,037	16,557	-	5,100	-	-	42,694
Management and administration	59,331	23,333	6,204	18,212	-	-	107,080
Sale of exploration and evaluation assets	-	-	-	-	(16,932)	-	(16,932)
Write-off	-	-	(319,580)	-	-	-	(319,580)
Balance, June 30, 2019	806,740	1,650,737	-	80,276	-	-	2,537,753
Acquisition	-	13,486	-	10,000	-	-	33,086
Drilling and analytical	-	-	-	800	800	-	1,600
Geological, geophysical and geochemical	-	145,258	-	-	-	-	145,258
Management and administration	6,031	9,937	-	9,576	4,518	3,200	23,662
Balance, December 31, 2019	812,771	1,819,418	-	100,652	5,318	3,200	2,741,359

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

7. Equipment

	Office equipment	Total
	\$	\$
Cost		
Balance, June 30, 2019	99,391	99,391
Acquisition	-	-
Balance, December 30, 2019	99,391	99,391
Accumulated depreciation		
Balance, June 30, 2019	96,493	96,493
Acquisition	363	363
Balance, December 30, 2019	96,856	96,856
Net book value		
June 30, 2019	2,897	2,897
December 30, 2019	2,535	2,535

8. Accounts payable and accrued liabilities

	December 31, 2019	June 30, 2019
	\$	\$
Trade payables	344,324	35,229
Accruals	94,800	112,800
Government remittances owing	-	2,005
Total	439,124	150,034

9. Promissory Note

On November 1, 2015, the Company closed a \$ 300,000 private placement whereby the Company issued a \$ 300,000 promissory note. The promissory note initially maturing on October 31, 2016, has been extended to December 31, 2018, and bears interest at a fixed rate of 8% per year payable monthly commencing November 30, 2015. Under the terms of the promissory note, the holder has the option to convert the note in full into common shares of Tri Origin at a price of \$ 0.05 per share. The promissory note was entered into between Tri Origin and a private corporation controlled by the Company's president. During fiscal 2018, \$ 100,000 of the promissory note had been repaid leaving a balance of \$ 200,000. During the year ended June 30, 2019, the promissory note was increased by \$ 120,000 and an additional \$ 130,000 had been repaid leaving a balance of \$ 190,000. During the six-month period ended December 31, 2019, the promissory note was increased by \$ 5,000 leaving a balance of \$ 195,000.

The Company used the residual value method to allocate the proceeds between the liability and equity components. Under this method, the fair value of the liability component of \$ 282,607 was computed as the present value of future principal and interest payments discounted at a rate of 15% per annum. The residual value of \$ 17,393 was attributed to the liability components and no value was placed on the conversion feature of the debenture. The residual value was credited to contributed surplus.

	December 31, 2019	June 30, 2019
	\$	\$
Face value of promissory note	190,000	200,000
Advance from related party	5,000	120,000
Repayment	-	(130,000)
Total	195,000	190,000

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

10. Equity

10.1 Share Capital

Authorized

Unlimited common shares without par value.

Issued and outstanding

	Shares	Amount (\$)
Balance, June 30, 2019	119,372,306	22,044,715
Share issued in a private placement	7,267,333	145,347
Share issued in a flow-through private placement	600,000	12,000
Share issued in a debt settlement	60,000	1,200
Share issuance costs	-	(3,720)
Balance, December 31, 2019	127,299,639	22,199,542

On December 20, 2019, the Company completed a non-brokered private placement for aggregate gross proceeds of \$ 242,020. The Company issued 7,267,333 units at a price of \$ 0.03 per unit and 600,000 flow-through units at a price of \$ 0.04 per flow-through units. Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase an additional share at a price \$ 0.05 for a period of 18 months. Each flow-through unit consists of one common share and one common share purchase warrant entitling the holder to purchase an additional share at a price \$ 0.05 for a period of 18 months.

In connection with the placement, the Company has paid to eligible institutional arms-length cash finder's fee of \$ 1,440 in the aggregate and has issued 60,000 common shares of the Company and 60,000 common share purchase warrants entitling the holder to purchase an additional common share at a price of \$ 0.05 for a period of 18 months.

10.2 Warrants

	2019	2018
	Number of warrants	Weighted average exercise price
Balance, beginning of the year	-	-
Granted	7,927,333	0,05
Balance, end of the year	<u>7,867,333</u>	<u>0,05</u>

	2019	2018
	Number	Weighted average exercise price
May 20, 2021	7,927,333	0,05
	<u>7,927,333</u>	<u>-</u>

11. Stock options

The Company has a stock option plan available to directors, officers, employees and consultants of the Company. Currently, a maximum of 13,084,661 common shares may be issued under the Plan. The movements in the number of stock options are as follows :

	Number of warrants outstanding	Weighted average exercise price (\$)
Balance, June 30, 2019	8,250,000	0,05
Expired	(200,000)	0,05
Balance, December 31, 2019	<u>8,050,000</u>	

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

11. Stock options (continued)

Options to purchase common shares outstanding at December 31, 2019 carry exercise prices and remaining terms to maturity as follows:

	<u>Exercise price (\$)</u>	<u>Options outstanding</u>	<u>Remaining options exercisable</u>	<u>Term to maturity (years)</u>
Expiry date				
June 25, 2020	0,05	2,200,000	2,200,000	0,5
June 2, 2021	0,05	150,000	150,000	2,17
May 25, 2023	0,05	3,500,000	3,500,000	3
June 7, 2023	0,05	200,000	200,000	3,17
February 9, 2024	0,05	300,000	300,000	4,42
February 21, 2024	0,05	1,500,000	1,500,000	4,42
March 19, 2024	0,05	200,000	200,000	4,42
		<u>8,050,000</u>	<u>8,050,000</u>	<u>3,15</u>

- (i) On February 8, 2019, the Company granted 300,000 stock options to a consultant of the Company. Each stock option is exercisable into one common share of the Company at an exercise price of \$ 0.05 per share. These stock options expire in 5 years from the date of grant and vested immediately upon grant. The fair value of these stock options was estimated at \$ 4,320 using Black Scholes valuation model with the following assumptions: stock price of \$ 0.02, risk free interest rate of 1.79%, volatility of 204.93%, dividend yield of 0% and term to expiry of five years.
- (ii) On February 21, 2019, the Company granted 1,500,000 stock options to officers and directors of the Company. Each stock option is exercisable into one common share of the Company at an exercise price of \$ 0.05 per share. These stock options expire in 5 years from the date of grant and vested immediately upon grant. The fair value of these stock options was estimated at \$ 28,976 using Black Scholes valuation model with the following assumptions: stock price of \$ 0.02, risk free interest rate of 1.81%, volatility of 204.85%, dividend yield of 0% and term to expiry of five years.
- (iii) On March 19, 2019, the Company granted 200,000 stock options to a consultant of the Company. Each stock option is exercisable into one common share of the Company at an exercise price of \$ 0.05 per share. These stock options expire in 5 years from the date of grant and vested immediately upon grant. The fair value of these stock options was estimated at \$ 4,841 using Black Scholes valuation model with the following assumptions: stock price of \$ 0.025, risk free interest rate of 1.62%, volatility of 203.17%, dividend yield of 0% and term to expiry of five years.

12. Financial risk factors

The Company's market risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet current liabilities when due. As at December 31, 2019, the Company had \$ 209,680 cash (June 30, 2019 - \$ 6,005) to settle current liabilities of \$ 640,459 (June 30, 2019 - 340,034). All of the Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) Interest rate risk

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by Canadian banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds its exploration and administrative expenses using Canadian dollars.

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

12. Financial risk factors (continued)

(c) Price risk

The Company is a mineral exploration company whose projects may be impacted, and consequently exposed to price risk, by the prices of certain commodities including the prices for precious and base metals. The Company believes that, because it is an exploration stage company and has no producing mines currently, the effect of metal price fluctuations is indirect. The indirect effects of metal price fluctuations on the Company might include an impact on its ability to raise capital in the future and could cause continued exploration and development of the Company's properties to be impracticable.

(d) Sensitivity Analysis

The Company has designated its cash as a financial asset at FVTPL, which is measured at fair value.

As at December 31, 2019, the carrying amount of accounts receivable and prepaid expenses are measured at amortized cost, which equals fair market value. Accounts payable and the short term credit facility are classified as other financial liabilities and measured at amortized cost.

The Company does not hold significant balances in foreign currencies that give rise to exposure to foreign currency risk.

13. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company considers its capital to be cash, investments, credit facilities and equity, comprising share capital, warrants, contributed surplus and deficit. The equity of the Company at December 31, 2019 totaled \$ 2,320,402 (June 30, 2019 - \$ 2,216,895). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, and acquire or dispose of assets to adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including but not limited to source and use of capital and general industry conditions.

The Corporation's capital management objectives, policies and processes have remained unchanged during the six months ended December 31, 2019.

14. General and administrative expense

	For the three-month period ended December 31,		For the six-month period ended December 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Salaries and benefits	25,800	33,925	43,409	42,400
Professional fees	15,645	12,546	24,551	24,366
Share control and listing fees	18,114	5,348	18,534	8,716
Travel	229	275	467	324
General office expenses	34,371	32,166	64,508	48,065
Amortization	181	181	362	363
Total	94,340	84,441	151,831	124,234

TRI ORIGIN EXPLORATION LTD.

Notes to Condensed Interim Financial Statements

For the six-month periods ended December 31, 2019 and 2018

(Unaudited, expressed in Canadian Dollars)

15. Related party transactions

The Company had the following related party transactions for the six months ended December 31, 2019. These transactions were in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

- (a) The Company's office is located at 125 Don Hillock Drive, Unit 18 in Aurora, Ontario and rents the property on a month-to-month basis. This rental property is owned by a private Ontario corporation controlled by Tri Origin Exploration Ltd.'s President. During the six months ended December 31, 2019 the Company paid or accrued \$ 29,409, respectively (six months ended December 31, 2018 - \$ 29,409, respectively) for this rental. Prepaid assets include \$ 2,750 (June 30, 2018 - \$ 2,750) related to rent paid in advance.
- (b) The Chief Financial Officer for the period July 1, 2018 until May 30, 2019 is an employee of Marrelli Support Services Inc. ("MSSI"), a firm providing accounting services. During the three and six months ended December 31, 2019, the Company incurred \$ 1,500 (six months ended December 31, 2018 - \$ 9,000) for accounting services rendered by MSSI.
- (c) The Company had a promissory note payable (Note 9) to this related company in the amount of \$ 195,000 (2019 - \$ 190,000) and paid or accrued interest in the amount of \$ 7,826 during 2019 (2018 - \$ 6,475).
- (d) Remuneration of directors and key management personnel of the Company were as follows:

	For the three-month period ended		For the six-month period ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Salaries and benefits	47,400	47,400	94,800	94,800

Key management personnel include the President and Chief Financial Officer and companies controlled by the Chief Executive Officers. Accrued salaries and fees payable as of December 31, 2019 are \$ 189,600 (June 30, 2019 - \$ 94,800).

16. Subsequent event

No subsequent events.