CLYDESDALE RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

Six Month Period Ended

September 30, 2019

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying financial statements of the Company have been prepared by and are the responsibility of the Company's management.

CLYDESDALE RESOURCES INC.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	September 30, 2019 ($)	March 31, 2019 ($)
ASSETS		
Current assets		
Cash	19,472	66,843
Marketable securities (Note 5)	1,197	1,596
Prepaid expenses	4,042	-
Amounts receivable (Note 4)	60,222	56,151
Loan receivable (Note 4)	117,000	117,000
	201,933	241,590
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	32,089	68,326
Due to related party (Note 8)	147,500	139,625
	179,589	207,951
Shareholders' equity		
Share capital (Note 6)	3,763,592	3,763,592
Share-based payment reserve	721,483	721,483
Deficit	(4,462,731)	(4,451,436)
	22,344	33,639
	201,933	241,590

Nature of operations and continuance of business (Note 1)

On behalf of the Board of Directors:

"Robert Nordin" Director

"Chris Cherry" Director

The accompanying notes are an integral part of these consolidated financial statements.

CLYDESDALE RESOURCES INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended September 2019	Three Month Period Ended September 2018	Six Month Period Ended September 2019	Six Month Period Ended September 2018
			($)	($)
EXPENSES				
General and administrative	4,094	3,945	5,962	7,335
Professional fees (Note 5)	3,300	9,050	10,800	17,628
Loss from operations	(7,394)	(12,995)	(16,762)	(24,963)
Interest income	2,998	2,949	5,866	5,866
Change in fair value of marketable securities (Note 5)	(399)	-	(399)	-
Loss and comprehensive loss for the period	(4,795)	(10,046)	(11,295)	(19,097)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average common shares outstanding	34,283,475	34,283,475	34,283,475	34,283,475

The accompanying notes are an integral part of these consolidated financial statements.

CLYDESDALE RESOURCES INC.

Condensed Interim Consolidated Statements of Changes in Shareholders` Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Shares	Amount	Share-based Reserves	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Equity
		($)	($)	($)	($)	($)
Balance at April 1, 2018	**34,283,475**	**3,763,592**	**721,483**	**304**	**(4,415,447)**	**69,932**
Loss for the period	-	-	-	-	(19,097)	(19,097)
Balance at September 30, 2018						
Transfer of unrelaized gain on marketable securities upon adoption of IFRS 9	-	-	-	(304)	304	-
Loss for the period	-	-	-	-	(17,196)	(17,196)
Balance at March 31, 2019	**34,283,475**	**3,763,592**	**721,483**	**-**	**(4,451,436)**	**33,639**
Loss for the period	-	-	-	-	(11,295)	(11,295)
Balance at September 30, 2019	**34,283,475**	**3,763,592**	**721,483**	**-**	**(4,462,731)**	**-** **22,344**

The accompanying notes are an integral part of these consolidated financial statements.

CLYDESDALE RESOURCES INC.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six Month Period Ended September 30, 2019 ($)	Six Month Period Ended September 30, 2018 ($)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	(11,295)	(19,097)
Items not affecting cash:		
Change in fair value of marketable securities	399	-
Changes in non-cash working capital items:		
Amounts receivable	(4,071)	(5,162)
Prepaids	(4,042)	-
Accounts payable and accrued liabilities	(36,237)	9,055
Due to related parties	7,875	15,750
Cash used in operating activities	(47,371)	546
Change in cash during the period	(47,371)	546
Cash, beginning of period	66,843	66,333
Cash, end of period	19,472	66,879

During the six month periods ended September 30, 2019 and 2018, the Company had no significant non-cash investing or financing activities.

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Clydesdale Resources Inc. (the "Company") was incorporated under the laws of the Province of British Columbia. The Company is in the exploration stage and is in the process of identifying potential mineral properties for acquisition. The Company's registered office is located at Suite 1008, 409 Granville Street, Vancouver, BC, V6C 1T2.

These condensed interim consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2019, the Company has not generated any revenues from operations, has an accumulated deficit of $4,462,731, and incurred a net loss of $11,295 for the six month period ended September 30, 2019. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2019, prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Board of Directors of the Company on November 29, 2019.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the parent company, Clydesdale Resources Inc. and its wholly-owned subsidiary, Otish Mountain Diamonds Inc. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

2. BASIS OF PRESENTATION (continued)

Use of Estimates and Judgments

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Actual results could differ from these estimates.

The significant assumption about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relates to, but is not limited to, the following:

<u>Deferred income taxes</u>

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. Deferred tax assets, including those arising from tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. The Company has adequately provided for all income tax obligations; however, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for deferred income taxes.

There were no significant judgments made by management for the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared using the same accounting policies as those used in the Company's annual financial statements at September 30, 2019 with the exception of the newly adopted standards noted below.

During the period ended September 30, 2019, the Company adopted the following accounting standard:

IFRS 16, Leases

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. This new standard replaces the existing leasing guidance in IAS 17, Leases.

IFRS 16 distinguishes between leases and service contracts on the basis of whether the customer controls the asset being leased. For those contracts determined to meet the definition of a lease, IFRS 16 requires a lessee to recognize on the balance sheet a lease asset along with the associated lease liability which reflects future lease payments, similar to current finance lease accounting. There are limited exceptions for leases with a term of less than 12 months or leases of assets which have a very low value. As a result of the adoption of IFRS 16, operating leases which were previously only recognized on the statement of loss will be recognized on the statement of financial position.

There was no impact on the Company's financial statements from the adoption of this standard.

4. LOANS RECEIVABLE

As at September 30, 2019, the Company was owed $170,264 (March 31, 2019 - $164,398), inclusive of $53,264 (March 31, 2019 - $47,398) of accrued interest from Firebird Resources Inc., a publicly traded company on the TSX Venture Exchange. The loan is unsecured, bears interest at 10% per annum, and is due on demand.

During the six month period ended September 30, 2019, the Company recorded $5,866 (2018 - $5,866) in interest income.

5. MARKETABLE SECURITIES

As at September 30, 2019, the Company held 39,900 common shares (March 31, 2019 – 39,900 common shares) of King Global Ventures Inc. ("King")(formerly Rosita Mining Corp.) with a fair value of $1,197 (March 31, 2019 - $1,596). King is an is an exploration-stage, publicly-traded company on the TSX Venture Exchange.

6. SHARE CAPITAL

a) Authorized share capital

Unlimited common shares without par value.

b) Issued share capital

<u>Six Period Ended September 30, 2019</u>

There was no share capital activity.

<u>Year ended March 31, 2019</u>

There was no share capital activity.

c) Stock options

On April 30, 2010, the Company implemented a stock option plan pursuant to which stock options may be granted to directors, officers, employees and consultants of the Company. The Company may grant stock options to a maximum of 10% of the issued shares of the Company at the date of granting the stock options. The minimum exercise price of each stock option must not be less than the discounted market price (as permissible by TSX Venture Exchange Policy). Stock options are exercisable over periods up to ten years and vesting periods can be imposed at the discretion by the Board of Directors.

There were no stock options issued or outstanding during the six month period ended September 30, 2019 or the year ended March 31, 2019.

d) Share purchase warrants

There were no share purchase warrants issued or outstanding during the six month period ended September 30, 2019 or the year ended March 31, 2019.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, interest receivable, marketable securities, loan receivable, accounts payable and due to related party.

The fair value of cash and marketable securities are measured using level one of the fair value hierarchy. The fair value of interest receivable, loans receivable and accounts payable approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments. The Company manages credit risk for cash by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist of goods and services tax due from the Canada Revenue Agency. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

The Company seeks to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand. As at the balance sheet date, the Company had sufficient cash to meet its current obligations and was not exposed to significant liquidity risk.

Interest rate risk

The Company's exposure to interest rate risk relates to its ability to earn short-term interest on cash balances at variable rates. The Company does not have any variable interest rate liabilities.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Currency risk

The Company is not exposed to significant foreign currency risk.

Commodity price risk

The Company is not significantly exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

7. MANAGEMENT OF CAPITAL

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period ended September 30, 2019.

8. RELATED PARTY TRANSACTIONS

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and certain directors and officers and companies controlled or significantly influenced by them.

During the six month period ended September 30, 2019, the Company incurred professional fees of $7,500 (2018 - $15,000) to the former CFO of the Company.

As at September 30, 2019 there was $147,500 (March 31, 2019 - $139,625) owing to the former CFO of the Company and included in due to related party.

As at September 30, 2019 there was $20,169 (March 31, 2019 - $139,625) owing to the former CFO of the Company and included in accounts payable and accrued liabilities.