

QUADRO RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

Three Months Ended October 31, 2020

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report.

QUADRO RESOURCES LTD.
INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)

	Note	October 31, 2020	July 31, 2020
ASSETS			
Current assets			
Cash		\$ 315,837	\$ 812,187
Receivables	4	115,312	71,753
Prepaid expenses		73,551	98,551
		504,700	982,491
Non-current assets			
Exploration and evaluation assets	6	2,149,032	1,699,559
Equipment	5	2,974	1,637
		2,152,006	1,701,196
Total assets		\$ 2,656,706	\$ 2,683,687
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	7	\$ 128,270	\$ 111,464
Total liabilities		128,270	111,464
Shareholders' equity			
Share capital	9	13,680,255	13,608,755
Share-based payments reserve	10	867,599	867,599
Deficit		(12,019,418)	(11,904,131)
Total shareholders' equity		2,528,436	2,572,223
Total liabilities and shareholders' equity		\$ 2,656,706	\$ 2,683,687

Nature of business and going concern (Note 1)

Commitments (Note 6)

Event after the reporting period (Note 15)

The financial statements were authorized for issue by the Board of Directors on December 15, 2020 and were signed on its behalf by:

T. Barry Coughlan Director Brian Corrall Director

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

QUADRO RESOURCES LTD.
INTERIM STATEMENTS OF COMPREHENSIVE LOSS
THREE MONTHS ENDED OCTOBER 31
(Unaudited – Prepared by Management)

	Note	2020	2019
EXPENSES			
Accounting and audit		\$ 2,500	\$ 1,500
Consulting fees		47,038	329
Depreciation		380	136
Legal fees		684	-
Management fees	8	25,500	24,000
Media and news dissemination		3,250	-
Office and miscellaneous		12,443	413
Rent		2,625	2,625
Transfer agent and regulatory fees		16,679	678
Travel and meals		4,188	2,029
Loss and comprehensive loss for the period		\$ (115,287)	\$ (31,710)
Basic and diluted loss per common share	9	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		51,578,107	27,927,094

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

QUADRO RESOURCES LTD.**INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited – Prepared by Management)

	Note	Number of shares	Share capital	Share-based payments reserve	Deficit	Total shareholders' equity
Balance, July 31, 2020		51,390,498	\$ 13,608,755	\$ 867,599	\$ (11,904,131)	\$ 2,572,223
Acquisition of exploration and evaluation assets	6	300,000	58,500	-	-	58,500
Exercise of warrants	9	260,000	13,000	-	-	13,000
Comprehensive loss for the period		-	-	-	(115,287)	(115,287)
		560,000	71,500	-	(115,287)	(43,787)
Balance, October 31, 2020		51,950,498	\$ 13,680,255	\$ 867,599	\$ (12,019,418)	\$ 2,528,436

	Note	Number of shares	Share capital	Share-based payments reserve	Deficit	Total shareholders' equity (deficiency)
Balance, July 31, 2019		27,927,094	\$ 11,907,811	\$ 835,996	\$ (11,233,378)	\$ 1,510,429
Comprehensive loss for the period		-	-	-	(31,710)	(31,710)
Balance, October 31, 2019		27,927,094	\$ 11,907,811	\$ 835,996	\$ (11,265,088)	\$ 1,478,719

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

QUADRO RESOURCES LTD.
INTERIM STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED OCTOBER 31
(Unaudited – Prepared by Management)

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		\$ (115,287)	\$ (31,710)
Item not affecting cash:			
Depreciation		380	136
Changes in non-cash working capital items:			
Receivables		(43,559)	(2,769)
Prepaid expenses		25,000	8,400
Trade and other payables		(16,420)	4,193
Amounts due to related parties		-	6,300
Net cash used in operating activities		(149,886)	(15,450)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation assets		(357,747)	(2,070)
Purchase of equipment		(1,717)	(2,182)
Net cash used in investing activities		(359,464)	(4,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		13,000	-
Net cash provided by financing activities		13,000	-
Change in cash during the period		(496,350)	(19,702)
Cash, beginning of the period		812,187	161,105
Cash, end of the period		\$ 315,837	\$ 141,403

Supplemental disclosures with respect to cash flows (Note 11)

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

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020**(Unaudited – Prepared by Management)

1. NATURE OF BUSINESS AND GOING CONCERN

Quadro Resources Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada and maintains its head office and registered office at Suite 1500, 1040 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4H8. The Company is primarily engaged in the acquisition, exploration and development of exploration and evaluation assets in Canada. The Company is listed on the TSX Venture Exchange (TSX-V) under the symbol "QRO", on the OTCQB under the symbol "QDROF", and on the Frankfurt Stock Exchange under the symbol "G4O2".

Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

At present, the Company's operations do not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of \$12,019,418 as at October 31, 2020, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to raise adequate financing, identify economically recoverable reserves and to commence profitable operations in the future.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence. These adjustments could be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds at this time.

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended July 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

2. BASIS OF PREPARATION (cont'd...)

Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Significant estimates and assumptions

The preparation of these financial statements requires management to make estimates 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 period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options and warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
- iii) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainty and requires the Company to assess the value of non-flow through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.
- iv) Option or sale agreements, under which the Company may receive shares as payment, require the Company to determine the fair value of the shares received. Many factors can enter into this determination, including, if public shares, the number of shares received, the trading value of the shares, and volume of shares, and if non-public shares, the underlying asset value of the shares, or value of the claims under option or sale. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the shares received.

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020**

(Unaudited – Prepared by Management)

2. BASIS OF PREPARATION (cont'd...)**Significant judgments**

The preparation of these financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount. Management is required, at each reporting date, to review its mineral property interests for signs of impairment. This is a highly subjective process taking into consideration exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

- ii) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- iii) The classification of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's annual financial statements for the year ended July 31, 2020 were consistently applied to all the periods presented unless otherwise noted below.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2020 that impacted the Company's interim financial statements.

4. RECEIVABLES

	October 31, 2020	July 31, 2020
Sales tax recoverable	\$ 97,875	\$ 55,440
Other receivables	17,437	16,313
	<u>\$ 115,312</u>	<u>\$ 71,753</u>

QUADRO RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED OCTOBER 31, 2020
(Unaudited – Prepared by Management)

5. EQUIPMENT

	Computer equipment
Cost	
Balance as at July 31, 2020	\$ 2,183
Addition	1,717
Balance as at October 31, 2020	3,900
Accumulated depreciation	
Balance as at July 31, 2020	546
Depreciation for the year	380
Balance as at October 31, 2020	926
Net book value as at October 31, 2020	\$ 2,974
	Computer equipment
Cost	
Balance as at July 31, 2019	\$ -
Addition	2,183
Balance as at July 31, 2020	2,183
Accumulated depreciation	
Balance as at July 31, 2019	-
Depreciation for the year	546
Balance as at July 31, 2020	546
Net book value as at July 31, 2020	\$ 1,637

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020**

(Unaudited – Prepared by Management)

6. EXPLORATION AND EVALUATION ASSETS

	Victoria Lake Property	Seagull Lake Property	Careless Cove & Yellow Fox Properties	Other	Total
Acquisition costs					
Option payments	\$ -	\$ -	\$ 73,500	\$ -	\$ 73,500
Claim staking/maintenance costs	-	452	-	-	452
	-	452	73,500	-	73,952
Deferred exploration expenditures					
Assaying	15,336	-	-	-	15,336
Drilling	217,881	-	-	-	217,881
Equipment rental	39,653	-	-	-	39,653
Geological consulting	73,369	-	-	-	73,369
Miscellaneous	5,528	-	-	-	5,528
Travel	24,354	-	-	-	24,354
Government grant received	(600)	-	-	-	(600)
	375,521	-	-	-	375,520
Net costs for the period	375,521	452	73,500	-	449,473
Balance, beginning of the year	1,518,382	160,000	-	21,177	1,699,559
Balance, October 31, 2020	\$ 1,893,903	\$ 160,452	\$ -	\$ 21,177	\$ 2,149,032

QUADRO RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED OCTOBER 31, 2020

(Unaudited – Prepared by Management)

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

	Victoria Lake Property	Seagull Lake Property	Other	Total
Acquisition costs				
Option payments	\$ 40,000	\$ 160,000	\$ -	\$ 200,000
Deferred exploration expenditures				
Assaying	15,038	-	-	15,038
Equipment rental	13,453	-	-	13,453
Geological consulting	68,262	-	-	68,262
Miscellaneous	18,012	-	-	18,012
Travel	13,576	-	-	13,576
Government grant adjustment	(23,727)	-	-	(23,727)
	104,614	-	-	104,614
Net costs for the year	144,614	160,000	-	304,614
Balance, beginning of the year	1,373,768	-	21,177	1,394,945
Balance, July 31, 2020	\$ 1,518,382	\$ 160,000	\$ 21,177	\$ 1,699,559

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020**

(Unaudited – Prepared by Management)

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)Victoria Lake Gold Project, Newfoundland and Labrador

The Company's Victoria Lake Gold project is located in west-central Newfoundland and comprises the following properties:

Staghorn Property

On June 6, 2017, the Company entered into an option agreement with Metals Creek Resources Corp. ("Metals Creek") and Benton Resources Inc. ("Benton") whereby the Company was granted an option to acquire a 100% interest in the Staghorn property, located in Newfoundland and Labrador, as well as all their rights to the Rose Gold property which is comprised of certain mineral claims contiguous to the Staghorn property. The Company issued 8,000,000 common shares (with a fair value of \$800,000) to Metals Creek and Benton and earned a 100% interest in the Staghorn property.

The Staghorn property is subject to Net Smelter Return ("NSR") royalties as outlined below:

- A royalty granted to Metals Creek and Benton representing a 3 kilometer area of interest that is subject to a 3% NSR in favour of Metals Creek and Benton, of which a 2% NSR can be purchased by the Company at any time for \$2,000,000.
- An existing royalty held by Ed Northcott and Gilbert Lushman representing a 3 kilometer area of interest that is subject to: i) a 2% NSR in favour of Ed Northcott and Gilbert Lushman, of which a 1% NSR can be purchased by the Company at any time for \$1,000,000; and (ii) a 1% NSR in favour of Metals Creek and Benton.

Long Lake Property

In November 2019, the Company entered into an option agreement to acquire a 100% interest in the Long Lake property, located in Newfoundland and Labrador by making staged cash payments totaling \$100,000 over three years (\$10,000 paid) and share issuances totaling 5,000,000 common shares over three years (500,000 shares issued with a fair value of \$30,000). The Long Lake property is subject to a 2% NSR, half of which can be purchased by the Company for \$1,500,000.

Seagull Lake Property, Ontario

In February 2020, the Company entered into a letter of intent to acquire a 70% interest in the Seagull Lake property near Thunder Bay, Ontario. Under the terms of the agreement, the Company paid \$25,000 non-refundable deposit and is required to make staged cash payments totaling \$250,000, issue 6,500,000 common shares and spend \$1,550,000 of exploration expenditures over three years as follows:

- Pay \$25,000 (paid) and issue 1,000,000 common shares (issued with a fair value of \$110,000) upon TSX-V approval (obtained on April 3, 2020);
- Pay \$100,000, issue 2,250,000 common shares, and incur exploration expenditures of \$300,000 by February 20, 2021;
- Pay \$125,000, issue 3,250,000 common shares, and incur additional exploration expenditures of \$500,000 by February 20, 2022; and
- Incur additional exploration expenditures of \$750,000 by February 20, 2023.

Upon the Company earning the 70% interest, the Company and the optionor will form a joint venture for the further development of the property.

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020**

(Unaudited – Prepared by Management)

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)Careless Cove and Yellow Fox properties, Newfoundland and Labrador

On October 8, 2020, the Company signed a LOI with Metals Creek to earn a 100% interest in the Careless Cove and Yellow Fox properties in Newfoundland. To exercise its option, the Company is required to pay Metals Creek a total \$100,000 and 1,500,000 common shares of the Company according to the following schedule:

- (a) \$15,000 (paid) and 300,000 common shares (issued with a fair value of \$58,500) on signing;
- (b) \$20,000 and 300,000 common shares on the first anniversary;
- (c) \$20,000 and 400,000 common shares on the second anniversary; and
- (d) \$45,000 and 500,000 common shares on the third anniversary

Careless Cove and Yellow Fox properties is subject to a 2.0% NSR royalty on any future mineral production. The Company will have the right to purchase 50% of the NSR from Metals Creek for \$1,000,000.

Other properties, Newfoundland and Labrador

During the year ended July 31, 2018, the Company staked two claim blocks totaling 122 claim units in the St. Anthony area on the Great Northern Peninsula, Newfoundland and Labrador for \$21,177.

7. TRADE AND OTHER PAYABLES

	October 31, 2020	July 31, 2020
Trade payables	\$ 59,270	\$ 39,151
Accrued expenses	64,000	66,000
	<u>\$ 123,270</u>	<u>\$ 105,151</u>

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020**

(Unaudited – Prepared by Management)

8. RELATED PARTY TRANSACTIONS

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the three month periods ended October 31 is as follows:

	2020	2019
Management fees	\$ 25,500	\$ 24,000
Geological consulting fees	18,000	-

The Company entered into the following related party transactions during the three months ended October 31, 2020:

- a) Paid or accrued management fees of \$18,000 (2019 - \$18,000) to a company controlled by the Chief Executive Officer of the Company for management services provided.
- b) Paid or accrued management fees of \$7,500 (2019 - \$6,000) to the Chief Financial Officer of the Company for management services provided.
- c) Incurred geological consulting of \$18,000 (2019 - \$nil) to a company controlled by an officer of the Company.

9. SHARE CAPITAL**Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At October 31, 2020, the Company had 51,950,498 common shares issued and outstanding (July 31, 2020 - 51,390,498).

9. SHARE CAPITAL (cont'd...)

Share issuance

During the three months ended October 31, 2020, the Company:

- i) Issued 300,000 common shares pursuant to the Careless Cove and Yellow Fox property agreement (Note 6) with a fair value of \$58,500.
- ii) Issued 260,000 common shares at \$0.05 per share upon the exercise of warrants for proceeds of \$13,000.

During the year ended July 31, 2020, the Company:

- i) Completed a private placement of 8,287,904 non-flow-through units at a price of \$0.105 per unit for gross proceeds of \$870,230. Each unit is comprised of one common share and one-half of a share purchase warrant; each whole warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of \$0.25. There was no value assigned to the warrant component of the units.
- ii) Completed a private placement of 8,825,000 non-flow-through units at a price of \$0.05 per non-flow-through unit and 2,575,000 flow-through units at a price of \$0.05 per flow-through unit for gross proceeds of \$570,000. Each non-flow-through unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at a price of \$0.05. Each flow-through unit is comprised of one common share and one of a share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at a price of \$0.05. There was no value assigned to the warrant component of the units. In connection with the private placement, the Company paid finders' fees consisting of \$4,550 in cash and 91,000 warrants which have the same terms as the warrants issued with the private placement units. The agent's warrants were valued at \$2,329 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.67%, an expected life of 1 year, annualized volatility of 106% and a dividend rate of 0%). The Company also incurred filing expenses and other share issuance costs of \$4,568 in connection with the private placement. There was no premium received by the Company on issuance of the flow-through shares.
- iii) Issued 1,000,000 common shares pursuant to the Seagull Lake option agreement (Note 5) with a fair value of \$110,000.
- iv) Issued 500,000 common shares pursuant to the Long Lake option agreement (Note 5) with a fair value of \$30,000.
- v) Issued 125,000 common shares at \$0.10 per share upon the exercise of stock options for proceeds of \$12,500. Accordingly, \$12,136 was transferred from share-based payments reserve to share capital.
- vi) Issued 2,150,500 common shares at \$0.05 per share upon the exercise of warrants for proceeds of \$107,525.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended October 31, 2020 was based on the loss attributable to common shareholders of \$115,287 (2019 - \$31,710) and a weighted average number of common shares outstanding of 51,578,107 (2019 - 27,927,094).

At October 31, 2020, 2,275,000 stock options (2019 - nil) and 13,224,452 warrants (2019 - nil) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020**

(Unaudited – Prepared by Management)

10. SHARE-BASED PAYMENTS**Stock options**

The Company has adopted an incentive rolling stock option plan (the “Plan”) under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to a maximum of 20% of the total number of issued and outstanding shares of the Company. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors. The exercise price of options granted under the Plan shall not be less than the closing price of the Company’s shares on the trading day immediately preceding the date of grant, less the discount permitted under the Exchange’s policies.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2019	1,950,000	\$ 0.10
Granted	450,000	0.14
Exercised	(125,000)	0.10
Balance, July 31, 2020 and October 31, 2020	2,275,000	\$ 0.10
Exercisable at July 31, 2020 and October 31, 2020	2,275,000	\$ 0.10
Weighted average fair value of options granted during the period	\$ nil	(2019 - \$ nil)

The options outstanding at October 31, 2020 have exercise prices in the range of \$0.08 to \$0.25 and a weighted average remaining contractual life of 2.35 years.

As at October 31, 2020 the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
1,825,000	\$ 0.10	January 18, 2023
300,000	\$ 0.08	November 8, 2023
150,000	\$ 0.25	July 8, 2023
2,275,000		

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020****(Unaudited – Prepared by Management)****10. SHARE-BASED PAYMENTS (cont'd...)****Warrants**

The Company uses the residual value method with respect to the measurement of share purchase warrants issued with private placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of the announcement of the placement and the balance, if any, is allocated to the attached warrants. Agents' warrants are measured at fair value on the date of the grant as determined using the Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, July 31, 2019	-	\$	-
Warrants granted	15,543,952		0.10
Agents' warrants granted	91,000		0.05
Exercised	(2,150,500)		0.05
Balance, July 31, 2020	13,484,452	\$	0.11
Exercised	(260,000)		0.05
Balance, October 31, 2020	13,224,452	\$	0.11

The warrants outstanding at October 31, 2020 have exercise prices in the range of \$0.05 to \$0.25 and a weighted average remaining contractual life of 0.68 year.

As at October 31, 2020, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
703,500	\$ 0.05	December 31, 2020
8,377,000	\$ 0.05	January 28, 2021
2,363,000	\$ 0.25	June 6, 2022
1,780,952	\$ 0.25	June 23, 2022
13,224,452		

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020**(Unaudited – Prepared by Management)

11. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash investing and financing transactions during the three months ended October 31, 2020 included:

- a) The Company issued 300,000 common shares pursuant to a mineral property agreement with a total value of \$58,500.
- b) Included in trade and other payables are \$43,259 related to exploration and evaluation assets.

Significant non-cash investing and financing transactions during the three months ended October 31, 2019 included:

- a) Included in trade and other payables are \$12,577 related to exploration and evaluation assets.

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to ensure adequate working capital is available to fund both the business development plans and the working capital requirements of each annual operating cycle. In the management of capital, the Company includes shareholders' equity (deficiency) in the definition of capital.

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 its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management.

There were no changes in the Company's approach to capital management from the prior year. The Company is not subject to externally-imposed capital requirements.

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020**(Unaudited – Prepared by Management)

13. FINANCIAL INSTRUMENTS AND RISK

The Company has classified cash as FVTPL, and receivables, trade and other payables and amounts due to related parties at amortized cost.

As of October 31, 2020, the carrying amounts of receivables, trade and other payables, and amounts due to related parties carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with its cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The Company's receivables consist of rental recovery due from a sublease office tenant and sales tax recoverable due from the Canadian government. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2020, the Company had a cash balance of \$315,837 to settle trade and other payables of \$123,270 and due to related parties of \$5,000. The Company's trade and other payables have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

QUADRO RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED OCTOBER 31, 2020**

(Unaudited – Prepared by Management)

14. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in these levels and no changes in classifications during the three months ended October 31, 2020.

	Level 1	Level 2	Level 3	Total
October 31, 2020				
Cash	\$ 315,837	\$ -	\$ -	\$ 315,837
July 31, 2020				
Cash	\$ 812,187	\$ -	\$ -	\$ 812,187

15. EVENT AFTER THE REPORTING PERIOD

Subsequent to October 31, 2020, the Company issued 300,000 common shares at a price of \$0.05 per share from the exercise of warrants for gross proceeds of \$15,000.