GROSVENOR

RESOURCE CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

February 29, 2020

These unaudited condensed interim financial statements of Grosvenor Resource Corporation for the six months ended February 29, 2020 have been prepared by management and approved by the Board of Directors. These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

GROSVENOR RESOURCE CORPORATION
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Unaudited)
(Expressed in Canadian Dollars)

	February 29, 2020	August 31, 2019 (Audited)
ASSETS		
Current		
Cash and equivalents	$ 1,340,980	$ 130,835
Marketable securities (Note 3)	2,120,040	1,902,600
Short-term investments	25,000	1,090,376
Receivables (Note 3)	59,277	13,583
Prepaid expenses	4,080	5,592
	3,549,327	3,142,986
Exploration and evaluation asset (Note 4)	25,588	25,088
	$ 3,574,915	$ 3,168,074
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 5)	$ 16,811	$ 28,036
Shareholders' equity		
Capital stock (Note 6)	10,099,749	10,099,749
Reserves (Note 6)	2,083,737	2,083,737
Accumulated other comprehensive income	1,654,176	1,466,090
Deficit	(10,279,558)	(10,509,538)
	3,558,104	3,140,038
	$ 3,574,915	$ 3,168,074

Nature of operations (Note 1)
Commitment (Note 9)

Approved by the Board of Directors:

"Douglas Scheving"	Director	"Ian Rozier"	Director
Douglas Scheving		Ian Rozier	

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

GROSVENOR RESOURCE CORPORATION
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended Feb. 29, 2020	Three months ended Feb. 28, 2019	Six months ended Feb. 29, 2020	Six months ended Feb. 28, 2019
EXPENSES				
Consulting fees	$ 21,000	$ 21,000	$ 42,000	$ 42,000
Directors' fees	9,000	9,000	18,000	18,000
Management fees	24,000	24,000	48,000	48,000
Office and miscellaneous	1,232	4,847	9,376	6,832
Professional fees	23,444	18,300	42,029	41,258
Property investigation costs	-	11,030	-	43,452
Rent	3,000	7,500	8,500	15,000
Shareholder communications	1,582	1,549	1,762	1,669
Transfer agent and filing fees	9,019	3,750	12,805	7,633
Travel and related	7,239	-	7,239	-
	(99,516)	(100,976)	(189,711)	(223,844)
OTHER ITEMS				
Dividend income	54,360	-	380,520	271,800
Interest income	5,595	7,255	9,817	13,329
	59,955	7,255	390,337	285,129
Income (loss) before taxes	(39,561)	(93,721)	200,626	61,285
Deferred tax recovery (expense)	44,031	28,268	29,354	(21,200)
Income (loss) for the period	4,470	(65,453)	229,980	40,085
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gain (loss) on marketable securities, net of tax (Note 3)	282,129	189,172	188,086	(141,880)
Comprehensive net income (loss) for the period	$ 286,599	$ 123,719	$ 418,066	$ (101,795)
Basic and diluted income (loss) per common share	$ 0.00	$ (0.00)	$ 0.01	$ 0.00
Weighted average number of common shares outstanding	26,900,694	26,900,694	26,900,694	26,900,694

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

GROSVENOR RESOURCE CORPORATION
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED,
(Unaudited)
(Expressed in Canadian Dollars)

		February 29, 2020		February 28, 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income for the period	$	229,980	$	40,085
Items not affecting cash:				
Deferred tax expense (recovery)		(29,354)		21,200
Interest income		(9,817)		(13,329)
Change in non-cash working capital items:				
Decrease (increase) in receivables		(40,005)		5,615
Decrease in prepaid expenses		1,512		2,750
Decrease in accounts payable and accrued liabilities		(6,375)		(16,398)
Interest received		4,178		19,467
Cash provided by operating activities		150,119		59,390
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on exploration and evaluation asset		(5,350)		(500)
Redemption of short-term investments		1,065,376		-
Cash provided by (used in) investing activities		1,060,026		(500)
Increase in cash and equivalents during the period		1,210,145		58,890
Cash and equivalents, beginning of period		130,835		760,510
Cash and equivalents, end of period	$	1,340,980	$	819,400
Cash and equivalents consists of:				
Cash	$	35,492	$	324,579
Guaranteed Investment Certificates		1,305,488		494,821
	$	1,340,980	$	819,400

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

GROSVENOR RESOURCE CORPORATION
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Capital Stock					
	Number	**Amount**	**Reserves**	**Accumulated Other Comprehensive Income**	**Deficit**	**Total**
Balance at August 31, 2018	26,900,694	$ 10,099,749	$ 2,083,737	$ 1,276,917	$ (10,415,101)	$ 3,045,302
Income for the period	-	-	-	-	40,085	40,085
Unrealized loss on marketable securities	-	-	-	(141,880)	-	(141,880)
Balance at February 28, 2019	26,900,694	$ 10,099,749	$ 2,083,737	$ 1,135,037	$ (10,375,016)	$ 2,943,507
Balance at August 31, 2019	26,900,694	$ 10,099,749	$ 2,083,737	$ 1,466,090	$ (10,509,538)	$ 3,140,038
Income for the period	-	-	-	-	229,980	229,980
Unrealized gain on marketable securities	-	-	-	188,086	-	188,086
Balance at February 29, 2020	26,900,694	$ 10,099,749	$ 2,083,737	$ 1,654,176	$ (10,279,558)	$ 3,558,104

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

1. NATURE OF OPERATIONS

Grosvenor Resource Corporation (the "Company") was incorporated on January 6, 2004 under the laws of the Province of Ontario and was granted certification of continuation by the Province of British Columbia and is considered to be in the exploration stage with respect to its evaluation and exploration asset. Based on the information available to date, the Company has not yet determined whether its exploration and evaluation asset contains ore reserves. Recoverability of the carrying amount of the exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Company's head office and principal address is 202-2168 Marine Drive, West Vancouver, British Columbia, Canada, V7V 1K3. The Company's registered and records office is 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

The recovery of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has financed its operations through issuance of common shares and the receipt of dividend income. The Company currently has cash and equivalents, marketable securities and short term investments totalling $3,486,020 and net working capital of $3,532,516 which, the Company believes, is sufficient to fund its current operations in the foreseeable future. In the longer term, additional equity or debt financing may be necessary to fund exploration and general and administrative activities.

These unaudited condensed interim 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 in existence.

2. STATEMENT OF COMPLIANCE AND NEW ACCOUNTING STANDARDS

These unaudited condensed interim financial statements were authorized for issue on April 24, 2020 by the directors of the Company.

Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended August 31, 2019.

2. STATEMENT OF COMPLIANCE AND NEW ACCOUNTING STANDARDS (cont'd)

New Accounting Standards Adopted during the period

IFRS 16 – Leases

On January 13, 2016 the IASB issued IFRS 16 – Leases, which will supersede IAS 17 – Leases. The standard introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits form the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently amortized from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

IFRS 16 has changed how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Applying IFRS 16 for all except for short-term leases and leases of low-value assets, the Company will (1) recognize 'right-of-use' assets and lease liabilities in the balance sheet, initially measured at the present value of future lease payments discounted at the incremental borrowing rate; (ii) recognize depreciation of right-of-use assets and interest on lease liabilities in the statement of earnings; and (iii) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows. For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognise a lease expense on a straight-line basis as permitted. The Company has taken the exemptions related to short-term and low-value asset leases. Leases to explore for or use of minerals are not in the scope of the standard.

The Company adopted IFRS 16 using the modified retrospective basis and did not restate comparative amounts. However, the adoption of IFRS 16 had no impact on the financial statements on the date of adoption.

3. MARKETABLE SECURITIES

The Company holds 5,436,000 (August 31, 2019 – 5,436,000) common shares of Newport Exploration Ltd. ("Newport"), received from Newport as partial consideration from the sale of the Chu Chua Property. The Company recorded these shares at a fair value of $217,440 upon receipt during the year ended August 31, 2014. As at February 29, 2020, the fair value of the common shares held was $2,120,040 (August 31, 2019 - $1,902,600) which resulted in an unrealized gain on marketable securities, net of tax, of $188,086 (2019 – $141,880). During the six months ended February 29, 2020, the Company had dividend income of $380,520 (2019 - $271,800), which represents a dividend of $0.07 (2019 - $0.05) per common share of its Newport shares. As at February 29, 2020, $54,360 (August 31, 2019 - $Nil) is included in receivables (received on March 9, 2020).

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSET

Mineral Hill

In fiscal 2014, the Company acquired a 50% interest in the Mineral Hill gold-silver property ("Mineral Hill"), located in southwestern British Columbia, from Remington Resources Inc. ("Remington"). During the year ended August 31, 2016, the Company purchased the remaining 50% interest in Mineral Hill from Remington. During the year ended August 31, 2018, the Company chose not to continue exploring the Mineral Hill property and let its exploration rights lapse. Accordingly, the Company recognized a $447,048 impairment charge.

Powder

During the year ended August 31, 2018, the Company acquired a 100% interest in the Powder gold-silver property for consideration of $7,500 in cash and the issuance of 50,000 common shares (valued at $8,500). The property is subject to a 1% NSR.

	Six Months Ended February 29, 2020	Year ended August 31, 2019
Acquisition costs		
Balance, beginning of period	$ 16,000	$ 16,000
Additions	-	-
Impairment	-	-
Balance, end of period	16,000	16,000
Exploration costs		
Balance, beginning of period	9,088	3,738
Claim maintenance	500	5,350
Balance, end of period	9,588	9,088
Total, end of period	$ 25,588	$ 25,088

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 29, 2020	August 31, 2019
Trade payables	$ 10,661	$ 5,886
Related party transactions (Note 7)	6,000	6,000
Accrued liabilities	150	16,150
Total	$ 16,811	$ 28,036

The average credit period of purchases is one month. The Company has financial risk management policies in place to ensure that all payables are paid within these agreed credit terms. The Company's exposure to liquidity risk is included in Note 11.

(Expressed in Canadian Dollars)

6. CAPITAL STOCK AND RESERVES

a) Authorized share capital

As at February 29, 2020, the authorized share capital of the Company is an unlimited number of common shares without par value.

Basic and diluted per share amounts were calculated based on the weighted number of shares outstanding of 26,900,694. The Company's outstanding stock options were antidilutive.

b) Stock options:

The Company has an incentive stock option plan (the "Plan") in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the Plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

Details of options outstanding as at February 29, 2020 are as follows:

Number of Options	Exercise Price	Expiry Date
2,650,000	$0.17	May 29, 2023*

*these options vested 100% on the date of grant.

There were no stock option transactions during the six months ended February 29, 2020 or the year ended August 31, 2019.

c) Warrants

As at August 31, 2019 and February 29, 2020, the Company had no outstanding share purchase warrants.

7. RELATED PARTY TRANSACTIONS

Payments to key management personnel, consisting of the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and members of the board of directors, for compensation are as follows:

	February 29, 2020	February 28, 2019
Management fees	$ 48,000	$ 48,000
Professional fees	36,000	36,000
Directors fees	18,000	18,000

During the six months ended February 29, 2020, the Company reimbursed rent expense of $8,500 (2019 - $15,000) to a company controlled by a director of the Company.

As at February 29, 2020, accounts payable and accrued liabilities included $6,000 (August 31, 2019 - $6,000) owing to directors of the Company.

8. COMMITMENTS

Grosvenor has management and consulting contracts with a company controlled by Ian Rozier, a director and Chief Executive Officer, and a company controlled by Tyler Friesen, Chief Financial Officer. The companies are paid a combined total of $14,000 per month and the contracts remain in force on a continuous basis but can be terminated by Grosvenor with three months written notice. If Grosvenor terminates services of either or both companies, it will be obligated to pay 36 months of service fees to the company controlled by Ian Rozier, and 12 months of service fees to the company controlled by Tyler Friesen.

Effective January 1, 2018, the Company entered into a consulting contract with Prospect Point Consulting Ltd. to provide corporate consulting services for Grosvenor at $7,000 per month. The contract remains in force on a continuous basis but can be terminated by Grosvenor with three months written notice. If Grosvenor terminates the services of the company, it will be obligated to pay 24 months services fees to the company.

9. SEGMENTED INFORMATION

The Company operates in the acquisition and exploration of resource assets segment. The Company's exploration and evaluation asset is held in Canada.

10. FAIR VALUES

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and equivalents, receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The fair value of short term investments and marketable securities was $25,000 (August 31, 2019 - $589,826) and $2,120,040 (August 31, 2019 - $1,902,600) respectively, as at February 29, 2020, which are level 1 fair value measurements.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and equivalents, short-term investments and receivables, the carrying value totalling $1,425,207, represents the Company's maximum exposure to credit risk. Management believes that the credit risk concentration with respect to financial instruments is remote because cash and equivalents and short-term investments are held with reputable Canadian financial institutions. Receivables consist mainly of dividends, GST and interest. The Company does not consider any of its current receivables past due. The Company believes any credit risk associated with its receivables is low due to the historical success of collecting receivables.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at February 29, 2020, the Company had a cash and equivalents balance of $1,340,980, marketable securities of $2,120,040 and short-term investments of $25,000 to settle current liabilities of $16,811. All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

a) Interest rate risk

The Company has cash and equivalents balances and short-term investments. The Company's current policy is to invest excess cash in investment-grade short-term deposits certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The effect on net loss of a 1% change in interest rates is approximately $200.

b) Equity risk

The Company is exposed to equity risk with respect to the market price of its Newport shares. A change in market price will impact the value of its Newport shareholdings and have an impact on other comprehensive income and working capital. The effect on net loss of a 1% change in market price is approximately $15,500.

Capital management

Grosvenor's objectives when managing capital is to pursue the exploration and evaluation of its mineral property, possibly acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

Grosvenor 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, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company monitors its expenditures against its available capital.

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