



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

LETHO RESOURCES CORP.
MARCH 31, 2020
(Expressed in Canadian Dollars - Unaudited)

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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

LETHO RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars - Unaudited)

	March 31,	December 31,
	2020	2019
	\$	\$
ASSETS		
Current assets		
Cash	30,894	69,502
Receivable	2,419	1,219
Prepaid expenses (Note 5)	34,937	36,937
	68,250	107,658
Loan receivable (Note 6)	326,301	298,724
	394,551	406,382
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	177,492	171,875
Loans payable (Note 3)	47,000	46,250
	224,492	218,125
Shareholders' equity		
Share capital (Note 4)	5,383,655	5,383,655
Share subscription received (Note 4)	80,000	80,000
Reserves	222,617	222,617
Deficit	(5,516,213)	(5,498,015)
	170,059	188,257
	394,551	406,382

Nature of Operations and Going Concern (Note 1), Commitments (Note 10), Subsequent Events (Note 11)

Approved and authorized by the Board on July 3, 2020.

On behalf of the Board of Directors:

"Dimitris Soudas"

Director

"Alexander Tsakumis"

Director

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

LETHO RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended March 31,	
	2020	2019
	\$	\$
Administrative expenses		
Consulting fees	4,500	93,231
Interest (Note 3)	750	750
Management fees (Note 5)	4,500	4,500
Office	295	1,218
Professional fees	5,950	2,966
Project investigation costs	22,203	-
Transfer agent and filing fees	2,306	4,758
Travel and related	6,076	13,658
Loss before other item	(46,580)	(121,081)
Other item		
Foreign exchange gain (loss)	28,382	(3,655)
Net and comprehensive loss for the period	(18,198)	(124,736)
Basic and diluted loss per common share	(0.00)	(0.01)
Weighted average number of common shares outstanding	11,909,721	8,654,852

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

LETHO RESOURCES CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars - Unaudited)

	Share Capital		Share Subscription Received	Reserves	Deficit	Total
	Number	Amount				
		\$	\$	\$	\$	\$
Balance, December 31, 2018	8,422,361	4,721,375	10,000	83,123	(5,143,569)	(329,071)
Shares issued in private placement	3,487,360	732,346	(10,000)	139,494	-	861,840
Share issuance costs		(70,066)	-	-	-	(70,066)
Net loss for the period	-	-	-	-	(124,736)	(124,736)
Balance, March 31, 2019	11,909,721	5,383,655	-	222,617	(5,268,305)	337,967
Share subscription received	-	-	80,000	-	-	80,000
Net loss for the period	-	-	-	-	(229,710)	(229,710)
Balance, December 31, 2019	11,909,721	5,383,655	80,000	222,617	(5,498,015)	188,257
Net loss for the period	-	-	-	-	(18,198)	(18,198)
Balance, March 31, 2020	11,909,721	5,383,655	80,000	222,617	(5,516,213)	170,059

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

LETHO RESOURCES CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended March 31,	
	2020	2019
	\$	\$
Cash flows used in operating activities		
Net loss for the period	(18,198)	(124,736)
Add: Items not affecting cash		
Accrued interest	750	750
Foreign exchange	(27,577)	-
Changes in non-cash operating working capital:		
Receivable	(1,200)	(466)
Prepaid expenses	2,000	(4,650)
Accounts payable and accrued liabilities	5,617	(126,177)
	(38,608)	(255,279)
Cash flows from financing activities		
Proceeds from share issuances	-	808,000
Share subscriptions received	-	(10,000)
Share issuance costs	-	(5,565)
	-	792,435
Change in cash	(38,608)	537,156
Cash, beginning of period	69,502	35,176
Cash, end of period	30,894	572,332
Supplement Cash Flow Information		
Shares issued for finders' fees	-	63,840
Value of warrants issued in private placement	-	139,494
Share issuance costs in accounts payable and accrued liabilities	-	661

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

LETHO RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020
(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Letho Resources Corp. (“Letho” or the “Company”) is a publicly listed company incorporated in British Columbia and its shares are listed on the TSX Venture Exchange (the “Exchange”). The Company is principally engaged in the acquisition, exploration, development of oil and gas properties.

The head office and registered and records office of the Company is located at 208 – 837 West Hastings Street, Vancouver B.C., V6C 3N6.

The Company is current advancing an acquisition of an oil and gas production asset and has not yet determined whether the properties contain resources that are economically recoverable. The Company’s continuing operations and the underlying value and recoverability of the amounts shown for the investment in these properties is entirely dependent upon the ability of the Company to complete the acquisition of oil and gas interests in Albania (Note 6), the existence of economically recoverable mineral or oil and gas reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the investment in these properties, obtaining the necessary permits to extract natural resources and on future profitable production or proceeds from the disposition of the properties.

Going concern

These condensed interim 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 liabilities in the normal course of operations.

Several adverse conditions may cast significant doubt on the validity of this assumption. The Company has incurred significant operating losses since inception and as at March 31, 2020, has a deficit of \$5,516,213 (December 31, 2019 - \$5,498,015), a working capital deficit of \$156,242 (December 31, 2019 - \$110,467), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

To date the Company has funded its operations substantially through equity financings. The application of the going concern concept is dependent upon the Company’s ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its resource interests, the attainment of profitable resource operations or the receipt of proceeds from the disposition of its resource interests. Management is actively engaged in the review and due diligence on opportunities of merit and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management’s plan will be successful.

If the going concern assumption was not appropriate for these condensed interim financial statements, then adjustments may be necessary to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such 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, has adversely affected workforces, customers, economies, and financial markets globally, leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company’s. This outbreak could decrease spending, adversely affect and harm the Company’s business and results of operations. 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 results of operations at this time.

LETHO RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020
(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards (“IAS”) 34, “Condensed Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

This financial report does 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 annual financial statements of the Company for the years ended December 31, 2019 and 2018.

These condensed interim financial statements of the Company were approved and authorized for issue by the Board of Directors on July 3, 2020.

Basis of preparation

These condensed interim financial statements have been prepared under the historical cost basis, except for investments which are measured at fair value. These condensed interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

Foreign currency translation

The Company’s presentation currency and functional currency is the Canadian dollar, as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company’s functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions and are not subsequently restated.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of foreign currency transactions are included in profit or loss.

Use of estimates and judgments

The preparation of condensed interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim 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 may affect both the period of revision and future periods.

The key area of judgment applied in the preparation of the condensed interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- Going Concern

LETHO RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020
(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and judgments (continued)

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenses, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- Loans Receivable

Loans receivable are recorded at the estimated recoverable amount, which involves the estimate of uncollectible accounts.

The key estimates applied in the preparation of the condensed interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of deferred tax assets;
- Provision for decommissioning liabilities; and
- Share-based compensation, among others.

Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the annual audited financial statements, as appropriate.

3. LOANS PAYABLE

In February 2015, the Company entered into two separate loan agreements for \$30,000 and \$1,500.

- a) A \$30,000 unsecured loan was received from an unrelated party and bears interest at 10% per annum (calculated and payable semi-monthly), with the principal due September 30, 2015. The loan is convertible into common shares on or after the repayment date at a deemed value of no less than \$0.13 per share. Management had previously estimated and determined the conversion feature of this revised loan to be insignificant. The principal and accrued interest was not repaid by March 31, 2020.

As at March 31, 2020, the Company has accrued interest of \$15,500 (December 31, 2019 - \$14,750) in connection with this loan.

- b) A \$1,500 loan was received from an officer and director of the Company (Note 5). The loan is non-interest-bearing, unsecured and was due December 31, 2015. The principal was not repaid by March 31, 2020.

4. SHARE CAPITAL AND RESERVES

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars - Unaudited)

4. SHARE CAPITAL AND RESERVES (continued)

Issued

During the year ended December 31, 2019

In March 2019, the Company completed the second tranche of a private placement of 3,232,000 units at a price of \$0.25 per unit for gross proceeds of \$808,000 of which \$10,000 was received in fiscal 2018. Finder's fees in the amount of \$63,840 were paid by issuing 255,360 units to agents in connection with the private placement. Each unit consists of one common share and one-half share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.40 per share for 18 months. A value of \$129,280 and \$10,214 were allocated to the warrants and finders' warrants, respectively. Share issuance costs of \$6,226 were paid in connection with the closing of the financing.

As at March 31, 2020, the Company had received share subscriptions of \$80,000 for a private placement which will be closed subsequent to March 31, 2020.

Stock options

The Company has a 10% "rolling" stock option plan (the "2009 Stock Option Plan") pursuant to the policies of the Exchange. The exercise price of each option is to be determined by the Board of Directors, but shall not be less than the discounted market price as defined by the Exchange. The expiry date for each option should be for a maximum term of five years.

Options granted to consultants not engaged in investor relations activities are granted for past services and vest immediately. Options granted to investor relations consultants vest according to Exchange policy.

Stock-options transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
		\$
Balance, December 31, 2018, December 31, 2019 and March 31, 2020	623,000	0.085

A summary of the stock options outstanding and exercisable at March 31, 2020 is as follows:

Number of Stock Options	Exercise Price	Expiry Date
	\$	
623,000	0.085	February 9, 2022

The weighted average remaining contractual life of stock options outstanding at March 31, 2020 was 1.87 years (December 31, 2019 – 2.12 years).

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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4. SHARE CAPITAL AND RESERVES (continued)

Warrants

In connection with the March 2019 private placement, the Company issued 1,616,000 warrants with an exercise price of \$0.40 per warrant valued at \$129,280 estimated using the residual value method and 127,680 finders' warrants with an exercise price of \$0.40 per warrant valued at \$10,214 estimated using the residual value method.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, December 31, 2018	442,000	0.40
Issued	1,743,680	0.40
Balance, December 31, 2019 and March 31, 2020	2,185,680	0.40

A summary of the warrants outstanding and exercisable at March 31, 2020 is as follows:

Number of Warrants	Exercise Price	Expiry Date
	\$	
442,000	0.40	April 3, 2020
1,743,680	0.40	September 26, 2020
2,185,680		

The weighted average remaining contractual life of warrants outstanding at March 31, 2020 was 0.39 years.

5. RELATED PARTY TRANSACTIONS AND BALANCES

During the three months ended March 31, 2020, the Company entered into the following transactions with related parties, not disclosed elsewhere in these condensed interim financial statements:

As at March 31, 2020, \$8,576 (December 31, 2019 - \$16,600) was included in accounts payable and accrued liabilities owing to the Company's President and Chief Executive Officer for unpaid management fees. In addition, \$34,682 (December 31, 2019 - \$36,682) was included in prepaid expenses for travel advances made to the Company's President and Chief Executive Officer.

As at March 31, 2020, \$16,586 (December 31, 2019 - \$16,586) was included in accounts payable and accrued liabilities owing to a director of the Company for reimbursement of expenses and unpaid management fees.

As at March 31, 2020, \$1,500 (December 31, 2019 - \$1,500) was included in loans payable and \$305 (December 31, 2019 - \$305) was included in accounts payable and accrued liabilities owing to an officer and director of the Company for an unsecured and non-interest-bearing loan (Note 3) and reimbursement of expenses.

As at March 31, 2020, \$210 (December 31, 2019 - \$1,710) was included in accounts payable and accrued liabilities owing to a former Executive VP and director of the Company for reimbursement of expenses.

Amounts due from related parties have no stated rates of interest and are due on demand.

LETHO RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars - Unaudited)

5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Key management comprises officers and directors of the Company. Summary of key management compensation:

	For the three months ended March 31,	
	2020	2019
	\$	\$
Management fees	4,500	4,500
	4,500	4,500

6. PROPOSED TRANSACTIONS

Anio Oil & Gas Sh.a. Transaction

In May 2018, the Company signed a memorandum of understanding (“MOU”) to undertake a business combination transaction with Anio. Anio is a private company registered in Albania that holds a license to the Ballsh-Hekal producing oil field in Albania. If successful, the transaction will be completed by way of a share exchange, that will result in a reverse takeover of the Company by Anio.

In July 2018, the Company obtained Exchange approval for the Company to raise up to \$1.5 million through private placement, with the net proceeds being used to fund the Company’s obligations under the MOU, including a loan up to \$500,000 to Anio. The loan to Anio will bear no interest and is repayable on January 30, 2022, or earlier if Anio terminates the business combination prior to that date. The loan will be secured by a security charge over Anio’s crude oil production from the Ballsh-Hekal oil field and may be repaid at any time in cash or in kind in the form of crude oil equivalent produced by the Ballsh-Hekal oil field. During the year ended December 31, 2019, the Company advanced \$326,301 (US\$230,000) to Anio. In January 2020, the loan receivable was extended to be due on or before January 20, 2023.

During the three months ended March 31, 2020, the Company incurred \$22,203 (March 31, 2019 - \$nil) with regards to property investigation costs related to the Chakran-Mollaj Oilfield. The Company does not anticipate further development of the application award until after the closing of the business combination with Anio.

7. FINANCIAL RISK AND CAPITAL 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.

LETHO RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars - Unaudited)

7. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

The fair value of the Company's loan receivable, accounts payable and accrued liabilities and loans payable approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at a major Canadian financial institution. The Company is exposed to significant credit risk on its loan receivable balance. The carry amount of financial assets represents the maximum credit exposure. The amounts owed in loan receivable is from a company with whom the Company has a proposed transaction with.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. The Company is exposed to liquidity risk, as it does not have sufficient cash to settle its current liabilities that are due within 90 days. As such, management plans to meet its financial obligations through further private placements and loans, as necessary.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is not exposed to significant market risk.

8. SEGMENTED DISCLOSURE

The Company currently has one operating segment, being the acquisition and exploration of oil and gas properties. The Company's assets are located in Canada, apart from the loan receivable, which is due from a company in Albania.

9. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity (deficiency) and loans payable. 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 attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company is not exposed to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period ended March 31, 2020.

LETHO RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020
(Expressed in Canadian Dollars - Unaudited)

10. COMMITMENTS

In June 2016, the Company entered into a consulting services agreement with a consultant to provide various advisory services to the Company for an indefinite term. The agreement requires total payments of \$15,000 per month and are subject to certain performance-based compensation. Also included in the agreement is a provision for an 18-month payout in the event of a termination without cause and a provision for a 36-month payout in the event of a change in control. On January 1, 2018, the Company and the consultant mutually agreed to revise the contract to a reduced monthly rate of \$1,500 to December 31, 2018, if the Company completes a financing over \$5 million during 2018, the monthly rate will increase to the original monthly rate of \$15,000. In 2019 and 2020, the Company and the consultant agreed to continue with the reduced monthly rate.

The above agreements with the same terms, were also entered into with the Company's President and Chief Executive Officer.

11. SUBSEQUENT EVENTS

Subsequent to March 31, 2020,

- a) a total of 442,000 warrants exercisable at \$0.40 per share expired unexercised; and
- b) the Company received \$202,269 for share subscription received.