# Ophir Gold Corp.

(formerly Minkap Resources Inc.)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**For the three month periods ended**

**August 31, 2020 and 2019**

# OPHIR GOLD CORP.

(formerly Minkap Resources Inc.)

**UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION**
**(Expressed in Canadian dollars)**

| | | August 31, 2020 | | May 31, 2020 |
|---|---|---|---|---|
| ASSETS | | | | |
| CURRENT | | | | |
| Cash | **$** | **330,993** | $ | 209,519 |
| Marketable securities (Note 4) | | **30,000** | | 10,000 |
| HST and other receivables (Note 3) | | **4,206** | | 10,880 |
| Prepaids and deposits | | **18,856** | | 1,063 |
| | **$** | **384,055** | $ | 231,462 |
| LIABILITIES | | | | |
| CURRENT | | | | |
| Accounts payable and accrued liabilities (Note 6) | **$** | **200,438** | $ | 202,131 |
| | | **200,438** | | 202,131 |
| SHAREHOLDERS' EQUITY (DEFICIENCY) | | | | |
| Share capital (Note 7) | | **4,255,443** | | 4,255,443 |
| Shares to be issued (Note 7) | | **170,625** | | - |
| Contributed surplus | | **1,569,921** | | 1,569,921 |
| Deficit | | **(5,812,372)** | | (5,796,033) |
| | | **183,617** | | 29,331 |
| | **$** | **384,055** | $ | 231,462 |

NATURE OF BUSINESS AND GOING CONCERN (Note 1)
BASIS OF PREPARATION (Note 2)
COMMITMENTS (Note 9)
EVENTS AFTER THE REPORTING PERIOD (Note 12)

Approved and authorized for issue on behalf of the Board on October 26, 2020:

| | |
|---|---|
| *"Signed"* | *"Signed"* |
| Jonathan Armes | Shawn Westcott |

*The accompanying notes form an integral part of these unaudited interim condensed financial statements*

# OPHIR GOLD CORP.

(formerly Minkap Resources Inc.)

**UNAUDITED INTERIM CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
**(Expressed in Canadian dollars)**

| **For the three month period ended August 31,** | | **2020** | | 2019 |
|---|---|---|---|---|
| GENERAL AND ADMINISTRATION: | | | | |
| Consulting | **$** | **27,000** | $ | 29,725 |
| Investor relations | | **1,110** | | 120 |
| Office and miscellaneous | | **621** | | 499 |
| Professional fees | | **6,572** | | 11,115 |
| Transfer agent and filing fees | | **1,036** | | 1,497 |
| | | **(36,339)** | $ | (42,956) |
| Unrealized gain on marketable securities (Note 4) | | **20,000** | | - |
| NET LOSS AND COMPREHENSIVE LOSS | **$** | **(16,339)** | $ | (42,956) |
| LOSS PER COMMON SHARE, basic and diluted | **$** | **(0.00)** | $ | (0.00) |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, basic and diluted | | **17,629,599** | | 10,629,599 |

*The accompanying notes form an integral part of these unaudited interim condensed financial statements*

**OPHIR GOLD CORP.**
(formerly Minkap Resources Inc.)
**UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS**
**(Expressed in Canadian dollars)**

| **For the three month period ended August 31,** | **2020** | 2019 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net loss | **$ (16,339)** | $ (42,956) |
| Items not involving cash: | | |
| Unrealized gain on marketable securities | **(20,000)** | - |
| Changes in non-cash working capital items: | | |
| Prepaid expenses | **(17,793)** | 8,725 |
| HST and other receivables | **6,674** | 3,875 |
| Accounts payable and accrued liabilities | **(1,693)** | 37,781 |
| | **(49,151)** | 7,425 |
| FINANCING ACTIVITIES | | |
| Funds received for shares to be issued | **170,625** | - |
| | **170,625** | - |
| CHANGE IN CASH | **121,474** | 7,425 |
| CASH, BEGINNING OF YEAR | **209,519** | 15,079 |
| CASH, END OF YEAR | **$ 330,993** | $ 22,504 |
| SUPPLEMENTAL INFORMATION | | |
| Exploration and evaluation assets included in accounts payable and accrued liabilities | **$ -** | $ 12,573 |
| Shares issued for exploration and evaluation assets | **-** | - |

*The accompanying notes form an integral part of these unaudited interim condensed financial statements*

# OPHIR GOLD CORP.

(formerly Minkap Resources Inc.)

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

**(Expressed in Canadian dollars)**

| | Number of Shares* | Share Capital | Shares to be issued | Contributed Surplus | Deficit | Total Shareholders' Equity (Deficiency) |
|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ |
| Balance, May 31, 2019 | 10,629,599 | 4,011,443 | - | 1,476,921 | (5,558,562) | (70,198) |
| Net loss for the period | - | - | - | - | (42,956) | (42,956) |
| Balance, August 31, 2019 | 10,629,599 | 4,011,443 | - | 1,476,921 | (5,601,518) | (113,154) |
| Issued for cash pursuant to private placements | 7,000,000 | 350,000 | - | - | - | 350,000 |
| Warrants issued pursuant to private placements | - | (93,000) | - | 93,000 | - | - |
| Share issue costs (cash) | - | (13,000) | - | - | - | (13,000) |
| Net loss for the period | - | - | - | - | (194,515) | (194,515) |
| Balance, May 31, 2020 | 17,629,599 | 4,255,443 | - | 1,569,921 | (5,796,033) | 29,331 |
| Funds received for shares to be issued | - | - | 170,625 | - | - | 170,625 |
| Net loss for the period | - | - | - | - | (16,339) | (16,339) |
| Balance, August 31, 2020 | 17,629,599 | 4,255,443 | 170,625 | 1,569,921 | (5,812,372) | 183,617 |

* On April 23, 2019, the Company consolidated the common shares in the capital of the Company on a 6 for 1 basis.

*The accompanying notes form an integral part of these unaudited interim condensed financial statements*

## 1. NATURE OF BUSINESS AND GOING CONCERN

Ophir Gold Corp. (the “Company” or “Ophir”), (formerly MinKap Resources Inc.) was incorporated under the Business Corporations Act in British Columbia on April 26, 2010. The head office, principal address and records office of the Company are located at 133 Richmond Street West, Suite 501 Toronto, ON. M5H 2L3. The Company’s registered address is 700 West Georgia Street, 25th Floor, Vancouver, British Columbia, V7Y 1B3.

Effective April 23, 2019 the Company implemented a consolidation of its common shares on the basis of 6 old for 1 new common share of the Company. All share and per share information has been retroactively restated to reflect the consolidation. Additionally, the Company changed its name from Kapuskasing Gold Corp. to MinKap Resources Inc. On October 9, 2020, the Company further changed its name from Minkap Resources Inc. to Ophir Gold Corp.

At the end of 2019, a novel strain of coronavirus (“COVID-19”) was reported in China. The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections around the world. On March 11, 2020, it was labelled a pandemic by the World Health Organization. During the first quarter of 2020, attempts at containment of COVID-19 have resulted in decreased economic activity, which has adversely affected the broader global economy. The rapid development and fluidity of the situation precludes any prediction as to the ultimate impact of COVID-19; however, the Company seeks to obtain the best possible information to enable the assessment of the risks involved, and implement appropriate measures to respond. The Company has taken a number of measures to safeguard the health of its workers and the local communities where it operates. The Company, with proper mitigation measures in place, is able to explore its mineral assets at this time, although there is no guarantee the situation will remain as such.

### GOING CONCERN

The Company’s principal business activities include the acquisition and exploration of mineral property assets. At August 31, 2020, the Company had not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for an exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

The Company has taken the appropriate steps to verify title to the properties on which it is conducting exploration and in which it has an interest, and to the best of the Company’s knowledge the Company holds title to its properties. These steps have been taken in accordance with industry standards for the current stage of exploration of such properties; however, these procedures may not always guarantee the Company's title. Dependent on jurisdiction, property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims, and/or non-compliance with regulatory and environmental requirements.

The Company's ability to retain the rights to certain of its properties is dependent upon the Company continuing to make option payments and/or meet other commitments (see note 9).

The Company has an accumulated deficit of $5,812,372 as at August 31, 2020 (May 31, 2020 - $5,796,033). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

As at August 31, 2020, the Company’s current cash resources are insufficient to cover the expected expenditures in fiscal 2021. The Company’s ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

During the three month period ended August 31, 2020 and 2019, the Company reported a net loss of $16,339 and a net loss of $42,956 respectively. Historically, the Company has recognized recurring losses and the need for continued financing to further successful exploration may cast significant doubt as to the Company’s ability to continue as a going concern.

These unaudited interim condensed financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

These unaudited interim condensed consolidated financial statements were authorized by the Board of Directors of the Company on October 26, 2020.

### 2.2 Basis of Preparation and Functional and Presentation Currency

These unaudited condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's May 31, 2020 annual financial statements.

The financial statements are presented in Canadian Dollars, which is also the functional currency of the Company.

### 2.3 Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates and judgments relate to, but are not limited to, the following:

- determination of the flow-through share premium requires the use of estimates when using the residual value method while calculating the premium associated with the issuance of flow-through shares compared with common shares;

- calculation of the fair value of share-based payments requires the use of estimates of inputs in the Black-Scholes option pricing valuation model;

- assessment of the carrying value of exploration and evaluation assets at each reporting date to determine whether any indication of impairment exists. When an impairment exists, the calculation of recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, recoverable metals, and operating performance;

- ownership and control of property requires the use of judgment; and

- assessment of the going concern assumption as detailed in Note 1 to the financial statements.

**(Expressed in Canadian dollars)**

## 3. HST RECEIVABLE

| *As at* | **August 31, 2020** | May 31, 2020 |
|---|---|---|
| HST receivable | **$ 4,206** | $ 10,880 |
| **Total HST receivable** | **$ 4,206** | $ 10,880 |

At August 31, 2020, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 11.

The Company holds no collateral for any receivable amounts outstanding as at August 31, 2020.

## 4. MARKETABLE SECURITIES

Marketable securities are comprised of 1,000,000 (May 31, 2020 – 1,000,000) shares of Ubique Minerals Ltd. The Company has classified this investment as fair value through profit and loss investments.

As at August 31, 2020, the shares were valued at their fair value of $30,000 ($0.03 per share) (May 31, 2020 - $10,000 ($0.01 per share)) based on current market price. The impact to the financial statements of this revaluation to market value resulted in an unrealized gain of $20,000 for the three month period ended August 31, 2020 (2019 – $nil).

## 5. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation asset expenditures during the three month periods ended August 31, 2020 and 2019, by nature are detailed as follows:

| | **2020** | 2019 |
|---|---|---|
| | **$** | $ |
| Acquisition costs | **-** | - |
| Exploration costs | **-** | - |
| **Total** | **-** | - |

*LADY POND, KINGS COURT, ALEXIS, HAYES, CAPE CHARLES, INDIAN HEAD, IRON MOUNTAIN, ROSS LAKE, NEWFOUNDLAND AND LABRADOR*

On April 3, 2017, the Company entered into a Mineral Property Acquisition Agreement to acquire a 100% interest in eight separate properties located in the province of Newfoundland and Labrador. As consideration for the properties, the Company was required to issue 1,250,000 common shares (issued at a fair value of $375,000), and make a cash payment of $5,000 (paid). The vendors shall retain a 3.0% net smelter return royalty (“NSR”) interest, or where applicable, a 3.0% net profit return royalty (“NPR”). The Company retains the option to buy back 2.0% of the NSR (or NPR) for $1,000,000.

The properties are termed the: Lady Pond (Cu, Co, Au, Ag) project, Kings Court (Cu, Co) project, Alexis (Co) project, Cape Charles (Co) project, Hayes (V) project, Indian Head (V) project, Iron Mountain (V) project, and the Ross Lake (V) project.

Management exercised judgment in allocating the total consideration of $380,000 to the eight properties based on the number of claims acquired for each property.

In addition to the claims acquired under the Mineral Property Acquisition Agreement, the Company acquired through staking a 100% interest in 15 claims that form part of the Lady Pond Project.

As at May 31, 2019, the Company wrote down all costs associated with the properties in the amount of $225,470.

## 5. EXPLORATION AND EVALUATION ASSETS *(continued)*

*DANIELS HARBOUR PROPERTY, NEWFOUNDLAND*

On May 10, 2017, the Company signed a non-binding Letter of Intent to purchase a 100% undivided interest in 42 claims comprising the Daniels Harbour Property located on the Great Northern Peninsula of Newfoundland. Under the proposed terms, the Company can acquire the property for staged cash payments totaling $60,000 ($25,000 paid), issuing 291,667 common shares (291,667 shares issued) to the vendor, and carrying out $100,000 in exploration by the second anniversary of TSX-V acceptance of the agreement. The Vendor shall retain a 3% net smelter royalty ("NSR") interest. The Company retains the option to buy back 2% of the NSR for $2,000,000. In the event the Company delineates a NI 43-101 compliant resource of 5,000,000 tonnes of ore grade zinc (Grade of at least 7% Zn), the vendor will receive a one- time bonus payment equating to $50,000 payable in cash or shares at the election of the Company on the day of which said report is filed on SEDAR.

The vendor shall retain a 3.0% NSR interest, 2.0% of which can be purchased by the Company for $2,000,000.

On September 10, 2017, the Company entered into an agreement to acquire the Daniels Harbour Property according to the terms of the Letter of Intent.

On September 14, 2017, the Company executed and finalized the formal option agreement to earn a 100% interest in the Daniels Harbour Zinc Property located on the Great Northern Peninsula of Newfoundland, approximately 10 km's north east of the community of Daniels Harbour.

On February 8, 2018, the Company executed the asset purchase agreement for a 100% interest in the DH Unity Claims consisting of 30 claims (750 hectares) in the Daniels Harbour area, situated nearby the Company's Daniels Harbour Zinc Property. The Company can purchase a 100% interest in the DH Unity Claims Property for total consideration of 50,000 shares (issued), and a $1,950 (paid) one time cash payment.

On February 14, 2019, the Company and Ubique Minerals Limited ("Ubique") executed the option agreement which provides for Ophir granting Ubique an option to earn a 55% or greater interest in Ophir's Daniel's Harbour Zinc property in western Newfoundland. The property comprises 42 claim units covering an aggregate area of 1,326 hectares, adjoining Ubique's Daniel's Harbour property to its west and making for a contiguous property area of more than 4,000 hectares.

The option agreement requires Ubique to exercise the option by making work and payment commitments as follows:

- On the date of signing of the definitive agreement, $10,000 cash (received) and 500,000 shares of Ubique (received);
- Prior to March 9, 2019, a minimum work expenditure of $12,000 (met) and file an assessment report;
- Prior to September 15, 2019, a minimum work expenditure of $100,000 (met) inclusive of the $12,000 above;
- Prior to the 1 year anniversary from the definitive agreement date, $10,000 in cash (received) and an additional 500,000 common shares of Ubique (received);
- Prior to February 28, 2020, make a minimum additional work expenditure of $200,000 (met);
- Prior to the 2 year anniversary from the definitive agreement date issue an additional 200,000 common shares of Ubique;
- Prior to February 28, 2021, a minimum additional work expenditure of $300,000, of which expenditures will include any payments and commitments needed to be made to the underlying vendors of the optioned property;
- Upon Ubique having made the above expenditures and payments; Ubique will have earned a 55% interest in the property. Ubique will be granted the option to earn an additional 15% interest in the property by spending an additional $400,000 on exploration and paying the underlying vendors a cash payment of $40,000 as required by the underlying agreement with the vendors.

Upon Ubique earning either a 55% or 70% interest in the property, the companies will form a joint venture to continue exploration, or Ophir may elect to grant Ubique the right to earn an additional 5% interest in the property for every additional work expenditure of $100,000 to a limit of 95% ownership by Ubique, at which time the agreement provides for Ophir's interest to be converted to a 2% Net Smelter Royalty ("NSR"). Ubique will then have the right to buy back 1.75% of the NSR for $2,000,000. The underlying vendors are entitled to a NSR of 3% of which 2% may be repurchased for $2,000,000. In addition, the underlying vendors are entitled to a bonus payment in the event that the Operator delineates a NI 43-101 compliant resource of a minimum of 5,000,000 tonnes of ore with a grade of at least 7% zinc.

**(Expressed in Canadian dollars)**

## 5. EXPLORATION AND EVALUATION ASSETS *(continued)*

*STERLING PROPERTY, NEWFOUNDLAND*

On August 21, 2017, the Company entered into an agreement to acquire a 100% undivided interest in 28 claims comprising the Sterling Property located in Newfoundland. Under the terms of the agreement, the Company can acquire the property for staged cash payments totaling $25,000 ($5,000 paid), issuing 300,000 common shares (200,000 shares issued) to the vendor, and carrying out $250,000 in exploration by the fourth anniversary of TSX-V acceptance of the agreement.

The vendor shall retain a 3.0% NSR interest, 2.0% of which can be purchased by the Company for $2,000,000.

As at May 31, 2019, the Company wrote off all costs associated with the Sterling project in the amount of $96,217.

*BRECCIA PROPERTY, IDAHO*

On February 3, 2020, the Company entered into a letter of intent to acquire a 100% undivided interest in 80 claims comprising the Breccia Property located in Idaho, USA. Under the terms of the letter of intent, the Company made an initial, non-refundable cash advance totaling $50,000 (paid) to the vendor. As required by the letter of intent, the definitive agreement was not reached by March 31, 2020 and therefore, the letter of intent was terminated and the Company wrote-off the $50,000 cash advance. Subsequent to the year ended, a new letter of intent and definitive agreement have been signed (Note 12).

## 6. RELATED PARTY TRANSACTIONS AND BALANCES

During the three month period ended August 31, 2020, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors as follows:

| Related party | Nature of transactions |
|---|---|
| Jonathan Armes, President & CEO | Consulting fees |
| Marco Guidi, CFO | Consulting fees |

Included for the three month periods ended August 31, 2020 and 2019 are the following items paid or accrued to key management personnel and/or companies with common directors. The Company has identified its directors and certain senior officers as its key management personnel. Exchange amounts are the amounts agreed upon by the transacting parties.

| | **2020** | 2019 |
|---|---|---|
| Consulting | $ 27,000 | $ 21,000 |
| Totals | $ 27,000 | $ 21,000 |

As at August 31, 2020, included in accounts payable and accrued liabilities is $134,000 (May 31, 2020 - $104,000) payable to directors and officers.

**(Expressed in Canadian dollars)**

## 7. SHARE CAPITAL

### a) Share capital

Authorized

Unlimited common shares without par value.

Issued and outstanding

On April 23, 2019, the Company consolidated the common shares in the capital of the Company on a 6 for 1 basis. All share and per share information has been retroactively restated to reflect the consolidation.

As at August 31, 2020, the issued share capital is comprised of 17,629,599 common shares (May 31, 2020 – 17,629,599):

***Fiscal 2021***

There were no transactions during the three month period ended August 31, 2020.

***Fiscal 2020***

i. During the year ended May 31, 2020, the Company closed a non-brokered financing of 7,000,000 units of the Company at a price of $0.05 per unit for gross proceeds of $350,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will be exercisable into one common share at $0.10 for a period of 24 months from the closing of the financing.

   A fair value of $93,000 was allocated to the warrants using the Black-Scholes model with the following assumptions: term of 2 years, dividend yield 0%, expected volatility of 100%, and a risk free interest rate of 1.60%.

### b) Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to 5 years from the date of grant, and must comply with the rules of the TSX-V. The stock options vest at the Board's discretion.

As at August 31, 2020, the Company had 1,062,960 (May 31, 2020 – 1,062,960) options available for issuance.

(i) A summary of the changes to the Company's issued and outstanding stock options is as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| **Balance, May 31, 2019** | **866,666** | **$0.36** |
| Expired/Cancelled | (166,667) | $0.60 |
| **Balance, May 31, 2020 and August 31, 2020** | **699,999** | **$0.30** |

(ii) The following table provides additional information about outstanding stock options at August 31, 2020:

| **Expiry Date** | **No. of Options Outstanding** | **Weighted Average Remaining Life (Years)** | **Weighted Average Exercise Price** | **No. of Options Currently Exercisable** |
|---|---|---|---|---|
| July 20, 2021 | 258,333 | 0.88 | $ 0.30 | 258,333 |
| October 12, 2022 | 441,666 | 2.11 | $ 0.30 | 441,666 |

**(Expressed in Canadian dollars)**

## 7. SHARE CAPITAL (continued)

### c) Warrants and finder's warrants

(i) The following warrants were outstanding and exercisable as at August 31, 2020:

| Warrants Outstanding | Warrants Exercisable | Exercise Price | Expiry Date |
|---|---|---|---|
| 33,333 | 33,333 | $0.30 | October 23, 2020 |
| 666,667 | 666,667 | $0.30 | October 25, 2020 |
| 8,333 | 8,333 | $0.30 | May 17, 2021 |
| 5,000,000 | 5,000,000 | $0.10 | September 18, 2021, |
| 2,000,000 | 2,000,000 | $0.10 | October 11, 2021 |
| **7,708,333** | **7,708,333** | | |

(ii) A summary of the changes to the Company's issued outstanding share purchase warrants is as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Balance, May 31, 2019** | **1,908,889** | **$0.49** |
| Issued | 7,000,000 | 0.10 |
| Expired | (1,200,556) | 0.60 |
| **Balance, May 31, 2020 and August 31, 2020** | **7,708,333** | **$0.12** |

## 8. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted loss per share for the three month periods ended August 31, 2020 and 2019 was based on the loss attributable to common shareholders of $16,339 (2019 – $42,956) and the weighted average number of common shares outstanding of 17,629,599 (2019 – 10,629,599). None of the outstanding options and warrants had a dilutive impact during the three month periods ended ended August 31, 2020 and 2019.

## 9. COMMITMENTS

The Company is obligated to make certain payments and issue shares as described in Note 5 in connection with the acquisition and continued exploration of its exploration and evaluation assets.

**(Expressed in Canadian dollars)**

## 10. MANAGEMENT OF CAPITAL

The Company considers its capital to be all components of shareholders' equity. 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. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews is capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three month period ended August 31, 2020. The Company is not subject to externally imposed capital restrictions.

## 11. FINANCIAL INSTRUMENTS

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. 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 potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions.

*Price Risk*

The Company holds the common shares of a TSX Venture Exchange traded company. The Company has classified this investment as fair value through profit and loss investments and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions. A 10% increase (decrease) in the share price would increase (decrease) net loss by $3,000 (2019 - $3,500).

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 11.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities:

| | **<1 year** | **1 – 3 Years** | **Total** |
|---|---|---|---|
| Accounts payable and accrued liabilities | $ 200,438 | - | $ 200,438 |

## 11. FINANCIAL INSTRUMENTS (continued)

*Foreign Exchange Risk*

The Company currently does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

*Interest Rate Risk*

The Company is not exposed to significant interest rate risk.

*Commodity Price Risk*

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

*Fair Value Measurements*

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 fair value of cash and marketable securities is determined based on "Level 1" inputs which consist of quoted prices in active markets for identical assets. As at August 31, 2020, the Company believes that the carrying values of accounts payable and accrued liabilities approximates its fair value because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company's Statements of Financial Position as of August 31, 2020, as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash | $ 330,993 | $ - | $ - | $ 330,993 |
| Marketable securities | 30,000 | - | - | 30,000 |

## 12. EVENTS AFTER THE REPORTING PERIOD

On September 14, 2020, the Company received final approval from the TSX Venture Exchange in respect of the proposed acquisition from Dahrouge Geological Resource Management ("DGRM"). of the Breccia Gold property (the "Breccia Gold Property") and acquisition from Canarc Resource Corp. ("Canarc") of the contiguous Lightning Tree property (the "Lightning Tree Property" and together with the Breccia Gold Property, the "Properties"), both of which are located in Lemhi County, Idaho, USA (the "Transaction").

**Lightning Tree Property Agreement with Canarc**

Under the terms of the definitive agreement, the Company has an option to acquire a 100% undivided interest in the Lightning Tree Property from Canarc by completing the following:

- Issuing an aggregate of 2,500,000 common shares and 2,500,000 common share purchase warrants over a 2 year period to Canarc as follows:
  - 1,250,000 common shares and 1,250,000 warrants exercisable at $0.095 for a period of 3 years, within 5 days of approval date
  - 1,250,000 common shares and 1,250,000 warrants exercisable at a 20 day volume weighted average price for a period of 3 years, within 12 months of approval date
- Total cash consideration of $137,500 payable as follows:
  - $12,500 due on the Approval Date (not paid);
  - $25,000 due on the first anniversary from the Approval Date;
  - $50,000 due on the second anniversary from the Approval Date;
  - $50,000 due on the third anniversary from the Approval Date;
- Spend an aggregate $2,000,000 in exploration expenditures over three (3) years, commencing on the date Ophir receives an exploration drill permit for the Property (the "Permit Date");
- Issuing to Canarc a 2.5% net smelter return royalty ("Canarc NSR") in respect of the Property, subject to the Company retaining an option to acquire 1% of the Canarc NSR for a cash payment of $1,000,000;
- File, on the Company's SEDAR issuer profile, a mineral resource estimate in compliance with NI 43-101 on the Property within 3 years of the Permit Date.

**Breccia Property Agreement with DGRM**

Under the terms of the definitive agreement, the Company has an option to acquire a 100% undivided interest in the Breccia Property from DGRM by completing the following:

- Issuing an aggregate of 2,500,000 common shares and 2,500,000 common share purchase warrants over a 2 year period to DGRM as follows:
  - 1,250,000 common shares and 1,250,000 warrants exercisable at $0.095 for a period of 3 years, within 5 days of approval date
  - 1,250,000 common shares and 1,250,000 warrants exercisable at a 20 day volume weighted average price for a period of 3 years, within 12 months of approval date
- Total cash consideration of $137,500 payable as follows:
  - $12,500 due on the Approval Date (not paid);
  - $25,000 due on the first anniversary from the Approval Date;
  - $50,000 due on the second anniversary from the Approval Date;
  - $50,000 due on the third anniversary from the Approval Date;
- Spend an aggregate $2,000,000 in exploration expenditures over three (3) years, commencing on the date Ophir receives an exploration drill permit for the Property (the "Permit Date");
- Issuing to DGRM a 2.5% net smelter return royalty ("DGRM NSR") subject to the Company retaining an option to acquire 1% of the DGRM NSR for a cash payment of $1,000,000;
- File, on the Company's SEDAR issuer profile, a mineral resource estimate in compliance with NI 43-101 on the Property within 3 years of the Permit Date.

**12. EVENTS AFTER THE REPORTING PERIOD** *(continued)*

Pursuant to the Purchase Agreement, Ophir shall, prior to the date (the "Expiry Date") that is thirty-six (36) months from the date on which Ophir receives an exploration drill permit in respect of the Properties (the "Permit Date"), incur aggregate exploration expenditures of at least $4,000,000 (the "Expenditure Commitment") in connection with the Properties (being the aggregate of incurring at least $2,000,00 with respect to each of the Lightning Tree Property and the Breccia Gold Property, respectively),provided that not less than $4,000,000 of such Expenditure Commitment shall be incurred in connection with the Property prior to the Expiry Date, such Expenditure Commitment to be made as follows:

- Cumulative Exploration Expenditures of at least $300,000 within one (1) year from the Permit Date (with 50% of such amount to be spent of each of the Breccia Gold Property and the Lightning Tree Property);
- cumulative Exploration Expenditures of at least $2,000,000 within two (2) years from the Permit Date (with 50% of such amount to be spent of each of the Breccia Gold Property and the Lightning Tree Property); and
- cumulative exploration expenditures of at least $4,000,000 within three (3) years from the Permit Date (with 50% of such amount to be spent of each of the Breccia Gold Property and the Lightning Tree Property);

Pursuant to the definitive agreement, Ophir has also agreed to grant to DGRM and Canarc, together, a one-time bonus payment (the "Bonus Payment") of $1.00 per ounce of gold or gold equivalent, up to a maximum of $1,000,000 upon the SEDAR filing of a NI 43-101 compliant resource of 1,000,000 ounces of gold or gold equivalent. The Bonus Payment will be payable to DGRM and CANARC on a pro rata basis based on the number of ounces of gold or gold equivalent from each of their respective claims relative to the 1,000,000 ounces as defined in the NI 43-101 compliant technical report to be prepared in respect of the Property.

The Company has agreed to pay a certain eligible third party a finder's fee in connection with the Transaction as consideration for introducing the Company to the respective Vendors, payable through the issuance of an aggregate of 250,000 common shares in the capital of the Company.

**Financing**

On September 22, 2020, the Company completed the previously announced non-brokered private placement through the issuance of an aggregate of 9,999,998 units of the company at a price of 7.5 cents per unit for gross proceeds of $749,999.85.

Each unit consists of one common share in the capital of the company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of 15 cents for a period of 24 months from the closing date of the offering.