



BAM BAM RESOURCES CORP.

(formerly KOPR Point Ventures Inc.)

Condensed Interim Consolidated Financial Statements

Period Ended December 31, 2020

(Expressed in Canadian dollars)

BAM BAM RESOURCES CORP.
(formerly KOPR Point Ventures Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2020 \$	June 30, 2020 \$
Assets		
Current assets		
Cash	1,040,322	8,778
GST receivable	97,078	39,961
Prepaid expenses and deposits	632,915	113,240
Total current assets	1,770,315	161,979
Non-current assets		
Equipment	2,897	2,897
Exploration and evaluation assets (Note 4)	1,829,936	915,833
Total non-current assets	1,832,833	918,730
Total assets	3,603,148	1,080,709
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	236,320	166,298
Loans payable	–	90,000
Total current liabilities	236,320	256,298
Shareholders' equity		
Share capital	14,569,192	9,628,682
Share subscriptions receivable	(300,950)	–
Options reserve	1,114,453	1,012,519
Warrants reserve	1,808,903	1,750,223
Deficit	(13,824,770)	(11,567,013)
Total shareholders' equity	3,366,828	824,411
Total liabilities and shareholders' equity	3,603,148	1,080,709

Nature and continuance of operations (Note 1)
Subsequent events (Note 12)

Approved and authorized for issuance by the Board of Directors on March 1, 2021:

/s/ "David Greenway"

David Greenway, Director

/s/ "Bryson Goodwin"

Bryson Goodwin, Director

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

BAM BAM RESOURCES CORP.

(formerly KOPR Point Ventures Inc.)

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended, December 31,		Six months ended, December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Expenses				
Consulting fees (Note 5)	358,757	32,736	586,761	50,736
General and administrative	2,938	30,780	62,753	54,763
Investor relations	576,418	—	785,656	—
Management fees (Note 5)	242,000	51,500	564,000	104,000
Professional fees	56,443	716	68,512	3,337
Rent	6,825	—	11,375	—
Share based payments	101,934	—	101,934	—
Transfer agent and filing fees	27,431	12,851	49,140	21,425
Travel	7,888	7,536	27,626	8,776
Total expenses	1,380,634	136,119	2,257,757	243,037
Net loss and comprehensive loss	(1,380,634)	(136,119)	(2,257,757)	(243,037)
Basic and diluted loss per share	(0.03)	(0.02)	(0.04)	(0.04)
Weighted average shares outstanding	54,817,123	6,192,753	50,342,288	6,192,753

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

BAM BAM RESOURCES CORP.

(formerly KOPR Point Ventures Inc.)

Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	Share capital		Share	Options	Warrants	Deficit	Total
	Number	Amount \$	subscriptions receivable \$	reserve \$	reserve \$	\$	shareholders' equity \$
Balance, June 30, 2019	6,192,753	7,844,464	–	440,348	1,736,841	(9,475,805)	545,848
Net loss for the period	–	–	–	–	–	(243,038)	(243,038)
Balance, December 31, 2019	6,192,753	7,844,464		440,348	1,736,841	(9,718,843)	302,810
Balance, June 30, 2020	15,672,453	9,628,682	–	1,012,519	1,750,223	(11,567,013)	824,411
Shares issued for cash	45,165,000	4,565,000	(300,950)	–	–	–	4,264,050
Share issuance costs	–	(28,200)	–	–	–	–	(28,200)
Fair value of finders' warrants	–	(58,680)	–	–	58,680	–	–
Shares issued for warrants exercised	4,157,400	462,390	–	–	–	–	462,390
Fair value of stock options granted	–	–	–	101,934	–	–	101,934
Net loss for the period	–	–	–	–	–	(2,257,757)	(2,257,757)
Balance, December 31, 2020	64,994,853	14,569,192	(300,950)	1,114,453	1,808,903	(13,824,770)	3,366,828

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

BAM BAM RESOURCES CORP.

(formerly KOPR Point Ventures Inc.)

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Six months ended December 31, 2020 \$	Six months ended December 31, 2019 \$
Operating activities		
Net loss	(2,257,757)	(243,038)
Items not involving cash:		
Share-based payments	101,934	—
Changes in non-cash working capital items:		
GST receivable	(57,117)	105,198
Prepaid expenses and deposits	(519,676)	50,680
Accounts payable and accrued liabilities	70,022	81,437
Net cash used in operating activities	(2,662,594)	(5,723)
Investing activities		
Exploration and evaluation asset expenditures	(914,103)	(55,320)
Net cash used in investing activities	(914,103)	(55,320)
Financing activities		
Proceeds from loans payable	—	58,000
Repayment of loans payable	(90,000)	—
Proceeds from issuance of common shares	4,726,440	—
Share issuance costs	(28,200)	—
Net cash provided by financing activities	4,608,240	58,000
Change in cash	1,031,543	(3,043)
Cash, beginning of period	8,778	14,126
Cash, end of period	1,040,321	11,083
Non-cash investing and financing activities:		
Fair value of warrants issued as finder's fee	58,680	—

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

BAM BAM RESOURCES CORP.

(formerly KOPR Point Ventures Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

Period Ended December 31, 2020

(Expressed in Canadian dollars)

1. Nature and Continuance of Operations

Bam Bam Resources Corp. (formerly KOPR Point Ventures Inc.) ("the Company") was incorporated on March 10, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 700-838 West Hastings Street, Vancouver, BC. The Company's principal business activities include the acquisition and exploration of mineral property assets. As at December 31, 2020, the Company had not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amount shown for 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 the future profitable production from the property or realizing proceeds from its disposition.

Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus ("COVID-19") pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows. The Company continues to operate its business, and in response to Federal, Provincial, and State emergency measures, has requested its employees and consultants work remotely wherever possible. These government measures, which could include government mandated closures of international borders, of the Company or its contractors, and restrictions on travel of various personnel, could impact the Company's ability to conduct its exploration programs in a timely manner.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. During the period ended December 31, 2020, the Company has not generated any revenues and has negative cash flow from operations. As at December 31, 2020, the Company has working capital of \$1,533,995 and an accumulated deficit of \$13,824,770. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors, and/or private placements of common shares. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") on a going concern basis.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency.

(b) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Goldhat Resources, Inc. and Goldhat Mineral Holdings (US) Ltd. The wholly-owned subsidiaries were dissolved in February 2020. All significant inter-company balances and transactions have been eliminated on consolidation.

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Notes to the Condensed Interim Consolidated Financial Statements

Period Ended December 31, 2020

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(c) Use of Estimates and Judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the recoverability of exploration and evaluation assets, collectability of loan receivable, recoverability of investments, fair value of share-based compensation, and unrecognized deferred income tax assets.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

The application of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

(f) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability; and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Exploration and Evaluation Expenditures (continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farm outs

The Company does not record any expenditures made by the farmee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

(g) Property and Equipment

Property and equipment, comprised of computer equipment, is recorded at cost. The Company depreciates the computer equipment over their estimated useful lives on a straight-line basis over 3 years.

(h) Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged in the consolidated statement of operations over the economic life of the related asset, through amortization using either the unit of production or the straight-line method. The obligation is increased for the accretion and the corresponding amount is recognized in the consolidated statement of operations.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in the consolidated statement of operations.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

As at December 31, 2020, the Company has no material restoration, rehabilitation, and environmental obligations.

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(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(i) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of operations.

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

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(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(j) Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(k) Investment in Associates

Associates are all entities over which the Company has significant influence but no control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in the consolidated statement of operations, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

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Notes to the Condensed Interim Consolidated Financial Statements

Period Ended December 31, 2020

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(k) Investment in Associates (continued)

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2(l).

(l) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(m) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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Notes to the Condensed Interim Consolidated Financial Statements

Period Ended December 31, 2020

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(n) Share-based Payments

The Company grants share-based awards to employees, directors, and consultants as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and share-based payment reserve. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the consolidated statement of operations with a corresponding entry within equity, against share-based payment reserve. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in share-based payment reserve, are credited to share capital.

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

(o) Reclassifications

Certain of the prior period amounts have been reclassified to conform to the current period's presentation.

(p) Loss Per Share

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. As at December 31, 2020, the Company had 55,098,600 (June 30, 2020 – 9,938,700) potentially dilutive shares outstanding.

(q) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations.

(r) Application of New IFRS

IFRS 16, Leases

On July 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases with certain variable lease payments, and leases of low-value assets.

The Company adopted IFRS 16 effective July 1, 2019, using the modified retrospective method, with no significant impact on the Company's consolidated financial statements.

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(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)**(s) Accounting Standards Issued But Not Yet Effective**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended December 31, 2020, and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Investment in Premium Exploration (USA), Inc.

On February 26, 2019, the Company entered into a Share Purchase Agreement ("SP Agreement") with Premium Exploration Inc. ("Premium") to acquire 200 shares, representing 19.98% ownership, of Premium Exploration (USA), Inc. ("Premium USA"), a wholly owned subsidiary of Premium. The Company paid \$211,984 (US\$160,000) and issued 9,000,000 common shares with a fair value of \$375,000 to Premium to complete the acquisition.

Pursuant to the SP Agreement, the Company has the option to purchase the balance of 80.02% of the issued and outstanding shares (801 common shares) of Premier USA from Premium at any time from March 1, 2020 to March 1, 2023 by paying cash \$1,000,000 and issuing the common shares of the Company with an equivalent value of US\$3,000,000. Premium USA owns patented and unpatented mining claims located in Idaho County, Idaho near the town of Elk City. This acquisition is considered to be a related party transaction as the President of Premium is a director of the Company. Due to the uncertainty of recoverability, the Company recorded a write-down of \$586,984 as at June 30, 2019.

4. Exploration and Evaluation Assets

	Moosehead Property \$	Majuba Hill Property \$	Total \$
Acquisition costs:			
Balance, June 30, 2019	125,750	181,567	307,317
Additions	—	103,405	103,405
Impairment	(125,750)	—	(125,750)
Balance, June 30, 2020	—	284,972	284,972
Additions	—	—	—
Impairment	—	—	—
Balance, December 31, 2020	—	284,972	284,972
Exploration costs:			
Balance, June 30, 2019	23,197	244,301	267,498
Additions	—	386,560	386,560
Impairment	(23,197)	—	(23,197)
Balance, June 30, 2020	—	630,861	630,861
Additions	—	914,103	914,103
Impairment	—	—	—
Balance, December 31, 2020	—	1,544,964	1,544,964
Carrying amounts:			
Balance, June 30, 2020	—	915,833	915,833
Balance, December 31, 2020	—	1,829,936	1,829,936

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4. Exploration and Evaluation Assets (continued)

Majuba Hill Copper Project

On May 28, 2018 ("Effective Date"), the Company entered into an Exploration Lease and Option to Purchase Agreement with Majuba Hill LLC, a Nevada limited liability company (the "Owner"), for the Majuba Hill Copper Project in Nevada, USA. The Owner has granted to the Company the exclusive option and right to acquire ownership of the property (the "Option") for the final purchase price of US\$4,000,000 due on or before May 28, 2028 and a series of minimum payments ("Minimum Payments").

- i) Cash payments to be made:
 - US\$50,000 upon execution of the agreement; (paid)
 - US\$50,000 on or before May 28, 2019 (paid);
 - US\$75,000 on or before May 28, 2020; (paid)
 - US\$100,000 on or before May 28, 2021; and
 - US\$125,000 on or before May 28, 2022 and each subsequent anniversary of the agreement date.
- ii) Shares to be issued
 - 7,500 upon execution of the agreement (issued);
 - 7,500 on or before May 28, 2019 (issued);
 - 7,500 on or before May 28, 2020 (issued); and
 - 7,500 on or before May 28, 2021.
- iii) Exploration expenditures to be incurred:
 - US\$100,000 on or before May 28, 2019 (incurred); and
 - US\$350,000 on or before May 28, 2020 (incurred).

Precious metals from the property are subject to a 3% net smelter return royalty. Minerals from the property are subject to a 1% net smelter return royalty.

Moosehead Gold Project

On August 1, 2018, the Company entered into an agreement to acquire the Moosehead Gold Project located near the town of Grand Falls-Windsor in Newfoundland and Labrador. In addition, the Company also acquired claims on Thwart Island in St. John's Bay. On August 17, 2018, in connection with the acquisition of the Moosehead Gold Project the Company made a cash payment of \$90,000 and issued 65,000 common shares with a fair value of \$35,750.

During the year ended June 30, 2020, the Company decided not to further proceed with the exploration of the property. As a result, the Company recorded a write-down of \$148,947.

5. Related Party Transactions

- (a) The following fees were incurred by key management personnel (directors, officers and former directors and officers of the Company as well as other management personnel having a significant role in the decision making process): \$552,000 (2019 - \$104,000) for consulting fees included in operating costs.
- (b) Included in accounts payable at December 31, 2020 is \$365 (June 30, 2020 - \$88,056) due to companies with a common director and/or key management personnel.

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6. Share Capital

Authorized: Unlimited common shares without par value

Share transactions for the period ended December 31, 2020:

- (a) On July 23, the Company issued 540,000 common shares for proceeds of \$112,000 pursuant to the exercise of share purchase warrants.
- (b) On July 30, the Company issued 1,500,000 common shares for proceeds of \$40,000 pursuant to the exercise of share purchase warrants.
- (c) On September 14, 2020, the Company issued 29,625,000 units at a price of \$0.067 per unit for proceeds of \$1,975,000. Each unit consisted of one common share and one transferable share purchase warrant exercisable at \$0.083 per common share expiring on September 14, 2023. In connection with this private placement, the Company incurred finder's fees of \$9,650 and issued 108,000 finder's warrants with a fair value of \$9,000 and are exercisable into a common share at a price of \$0.083 per unit for a period of 36 months.
- (d) On October 7, 2020, the Company issued 675,000 common shares for proceeds of \$56,250 pursuant to the exercise of share purchase warrants.
- (e) On October 14, 2020, the Company issued 150,000 common shares for proceeds of \$12,500 pursuant to the exercise of share purchase warrants.
- (f) On October 20, 2020, the Company issued 375,000 common shares for proceeds of \$31,250 pursuant to the exercise of share purchase warrants.
- (g) On October 22, 2020, the Company issued 1,500,000 common shares for proceeds of \$125,000 pursuant to the exercise of share purchase warrants.
- (h) On October 26, 2020, the Company issued 750,000 common shares for proceeds of \$62,500 pursuant to the exercise of share purchase warrants.
- (i) On November 16, 2020, the Company issued 15,540,000 units at a price of \$0.167 per unit for proceeds of \$2,590,000. Each unit is comprised of one common share and one transferrable warrant exercisable at \$0.267 per common share expiring on November 16, 2023. In connection with this private placement, the Company incurred finder's fees of \$18,550 and issued 62,000 finder's warrants with a fair value of \$49,860 and are exercisable into a common share at a price of \$0.267 per unit for a period of 36 months.
- (j) On November 30, 2020, the Company issued 137,400 common shares for proceeds of \$22,890 pursuant to the exercise of share purchase warrants.

Share transactions for the year ended June 30, 2020:

- (a) On February 25, 2020, the Company issued 8,422,200 units at a price of \$0.50 per unit for proceeds of \$1,403,700. Included in this share issuance were 2,325,600 units for proceeds of \$387,600 issued to officers and directors of the Company. Each unit consisted of one common share and one transferable share purchase warrant exercisable at \$0.267 per common share expiring on August 25, 2021. In connection with this private placement, the Company incurred finders' fees of \$13,000 and issued 78,000 finders' warrants with a fair value of \$13,382, of which 8,400 finders' warrants are exercisable into one share at a price of \$0.267 per share for a period of 18 months and 69,600 finders' warrants are exercisable into units at a price of \$0.167 per unit for a period of 18 months.
- (b) On April 28, 2020, the Company issued 600,000 common shares for proceeds of \$120,000 pursuant to the exercise of stock options. The fair value of \$94,860 for the stock options exercised was reallocated from options to share capital.

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6. Share Capital (continued)

- (c) On April 30, 2020, the Company issued 450,000 common shares for proceeds of \$105,000 pursuant to the exercise of stock options. The fair value of \$83,040 for the stock options exercised was reallocated from options reserve to share capital.
- (d) On May 25, 2020, the Company issued 7,500 common shares with a fair value of \$4,000 pursuant to the terms of the mineral property option agreement for the Majuba Hill Property.

7. Stock Options

The Company has adopted a Stock Option Plan (the "Plan"). Under the Plan, the Company can issue up to 10% of the issued and outstanding common shares as incentive stock options to directors, officers, employees and consultants to the Company. The Plan limits the number of stock options which may be granted to any one individual to not more than 5% of the total issued common shares of the Company in any 12-month period. The Plan also limits the stock options which may be granted to any one individual if the exercise would result in the issuance of common shares more than 2% in any 12-month period. The number of options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued common shares of the Company. As well, stock options granted under the Plan may be subject to vesting provisions as determined by the Board of Directors.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, June 30, 2019	197,400	0.33
Granted	2,787,000	0.37
Exercised	(1,050,000)	0.25
Exercised	(495,900)	0.33
Outstanding, June 30, 2020	1,438,500	0.47
Granted	1,200,000	0.25
Expired	(1,498,500)	0.40
Outstanding, December 31, 2020	1,140,000	0.31

8. Restricted Share Units

The Company adopted a Restricted Share Unit Plan (the "RSU Plan") , approved by the Company's shareholders on December 2, 2019. The RSU Plan is designed to provide certain directors, officers, consultants and other key employees (an "Eligible Person") of the Company and its related entities with the opportunity to acquire restricted share units ("RSUs") of the Company. The RSU Plan allows the Company to award, in aggregate, up to a rolling 10% maximum of the issued and outstanding Shares from time to time, under and subject to the terms and conditions of the RSU Plan.

As at December 31, 2020, 5,325,000 RSUs were outstanding.

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9. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, June 30, 2019	3,612,225	1.27
Issued	8,500,200	0.27
Expired	(3,612,225)	1.27
Balance, June 30, 2020	8,500,200	0.27
Issued	45,415,800	0.15
Expired	(4,157,400)	0.11
Balance, December 31, 2020	49,758,600	0.17

As at December 31, 2020, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
7,798,200	0.27	August 25, 2021
69,600	0.17	August 25, 2021
26,208,000	0.08	September 14, 2023
15,682,800	0.27	November 16, 2023
<u>49,758,600</u>		

10. Financial Instruments and Risk Management**(a) Fair Values**

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, and accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies.

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10. Financial Instruments and Risk Management (continued)

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(d) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. As at December 31, 2020, the Company has no significant financial instruments denominated in a foreign currency; however, the Company has exploration and evaluation assets in the U.S. with mineral property option agreement obligations denominated in U.S. dollars. The Company has not entered into foreign exchange rate contracts to mitigate this risk. As at December 31, 2020, the Company is not exposed to any significant foreign exchange rate risk.

(e) 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 requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financing will be on terms acceptable to the Company.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

11. Capital Management

The Company's capital structure consists of cash and equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has interests are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its 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 since inception. The Company is not subject to externally imposed capital requirements.

12. Subsequent Events

On February 19, 2021, the Company granted 150,000 restricted share units (the "RSUs") to each officer and director of the Company, for an aggregate total of 900,000 RSUs. The RSUs are valid for a one-year term and are subject to a hold period of four months and one day expiring on June 20, 2021.

On February 22, 2021 the Company's shares began trading on a 3 for 1 split-adjusted basis. All share amounts have been retroactively restated for all periods presented.