

ESSEX MINERALS INC.

Condensed Interim Financial Statements

For the Three and Six Months Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

ESSEX MINERALS INC.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The Company's auditors have not reviewed or been involved in the preparation of these condensed interim financial statements.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor, for the six months ended March 31, 2020 and 2019.

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

ESSEX MINERALS INC.

Condensed Interim Statements of Financial Position
Unaudited - Expressed in Canadian dollars

| | Note | March 31, 2020 | September 30, 2019 |
|---|------|-------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | \$ 700,448 | \$ 46,793 |
| Receivables | 3 | 32,794 | 21,103 |
| Prepaid expenses and deposit | | 15,000 | 15,000 |
| | | 748,242 | 82,896 |
| Non-current assets | | | |
| Advance | 4 | 41,800 | - |
| Total assets | | \$ 790,042 | \$ 82,896 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 5 | \$ 189,647 | \$ 257,562 |
| Loan payable | 6 | - | 113,400 |
| Total liabilities | | 189,647 | 370,962 |
| SHAREHOLDERS' EQUITY (DEFICIT) | | | |
| Share capital | 7 | 2,212,793 | 888,219 |
| Obligation to issue shares | 7,11 | 145,150 | - |
| Reserves | | 303,239 | 303,239 |
| Deficit | | (2,060,787) | (1,479,524) |
| Total shareholders' equity (deficit) | | 600,395 | (288,066) |
| Total liabilities and shareholders' equity (deficit) | | \$ 790,042 | \$ 82,896 |

Nature of Operations and Going Concern - Note 1
Subsequent Event – Note 11

These condensed interim financial statements are authorized for issue by the Board of Directors on June 1, 2020:

They are signed on the Company's behalf by:

"Paul Loudon"
Director/CEO

"Yuying Liang"
Director

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

ESSEX MINERALS INC.

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited - Expressed in Canadian dollars, except for number of shares

| | | Three months ended March 31, | | Six months ended March 31, | |
|---|------|------------------------------|--------------------|----------------------------|---------------------|
| | Note | 2020 | 2019 | 2020 | 2019 |
| Operating Expenses | | | | | |
| Management and consulting fees | 8 | \$ 243,500 | \$ - | \$ 245,000 | \$ 30,000 |
| General and administration | | 9,745 | 14,475 | 27,378 | 14,685 ¹ |
| Professional fees | 8 | 28,427 | 49,000 | 61,427 | 79,000 |
| Regulatory and transfer agent fees | | 18,676 | 8,602 | 19,390 | 10,690 |
| Property investigation costs | 8 | 215,705 | - | 215,705 | - |
| Travel and promotion | | 6,060 | - | 11,086 | - |
| Total expenses | | (522,113) | (72,077) | (579,986) | (134,375) |
| Other Items | | | | | |
| Interest expense | 6 | (730) | - | (2,600) | - |
| Foreign exchange gain | | 1,323 | - | 1,323 | - |
| Loss and comprehensive loss | | \$ (521,520) | \$ (72,077) | \$ (581,263) | \$ (134,375) |
| Basic and diluted loss per common share | | \$ (0.09) | \$ (0.03) | \$ (0.15) | \$ (0.06) |
| Weighted average number of common shares outstanding | | 5,671,814 | 2,085,001 | 3,868,608 | 2,085,001 |

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

ESSEX MINERALS INC.Condensed Interim Statements of Cash Flows
Unaudited - Expressed in Canadian dollars

| | Six months ended March 31, | |
|--|-----------------------------------|-------------------|
| | 2020 | 2019 |
| Operating activities | | |
| Net loss for the period | \$ (581,263) | \$ (134,375) |
| Adjustment for non-cash item: | | |
| Interest expense | 2,600 | - |
| Unrealized foreign exchange gain | (1,325) | - |
| Changes in non-cash working capital items: | | |
| Receivables | (11,691) | (5,058) |
| Due to related parties | - | 31,500 |
| Accounts payable and accrued liabilities | (66,590) | 198,908 |
| Net cash flows provided by (used in) operating activities | (658,269) | 90,975 |
| Investing activities | | |
| Loan repayment | (116,000) | - |
| Advance | (41,800) | - |
| Net cash flows used in investing activities | (157,800) | - |
| Financing activities | | |
| Shares issued for cash (net of issuance costs) | 1,469,724 | - |
| Net cash flows provided by financing activities | 1,469,724 | - |
| Net change in cash | 653,655 | 90,975 |
| Cash, beginning | 46,793 | 89,694 |
| Cash, ending | \$ 700,448 | \$ 180,669 |

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

ESSEX MINERALS INC.

Condensed Interim Statement of Changes in Shareholders' Equity

Unaudited - Expressed in Canadian dollars, except for number of shares

| | <u>Common Shares</u> | | Obligation to | Reserves | Deficit | Total | |
|------------------------------------|----------------------|-------------------|---------------------|-------------------|-------------------|-----------------------|-------------------|
| | Note | Number | Amount | Issue Shares | | | |
| Balance, September 30, 2018 | | 2,085,001 | \$ 888,219 | \$ - | \$ 303,239 | \$ (772,125) | \$ 419,333 |
| Net loss for the period | | - | - | - | - | (134,375) | (134,375) |
| Balance at March 31, 2019 | | 2,085,001 | \$ 888,219 | \$ - | \$ 303,239 | \$ (906,500) | \$ 284,958 |
| Balance, September 30, 2019 | | 2,085,001 | \$ 888,219 | \$ - | \$ 303,239 | \$ (1,479,524) | \$ (288,066) |
| Share issued, private placement | 7 | 15,000,000 | 1,500,000 | - | - | - | 1,500,000 |
| Share issuance costs - finders fee | 7,11 | - | (145,150) | 145,150 | - | - | - |
| Share issuance costs | 7 | - | (30,276) | - | - | - | (30,276) |
| Net loss for the period | | - | - | - | - | (581,263) | (581,263) |
| Balance at March 31, 2020 | | 17,085,001 | \$ 2,212,793 | \$ 145,150 | \$ 303,239 | \$ (2,060,787) | \$ 600,395 |

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

ESSEX MINERALS INC.

Notes to the Condensed Interim Financial Statements

Six Months Ended March 31, 2020 and 2019

Unaudited - Expressed in Canadian dollars

1. Nature of Operations and Going Concern

Essex Minerals Inc. (the "Company") was incorporated on November 19, 2012 under the Business Corporations Act (British Columbia). The Company's principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment.

On December 22, 2016, the Company received a receipt of the British Columbia Securities Commission for the Long Form Prospectus dated December 20, 2016 (the prospectus). On March 15, 2017, the Company completed an Initial Public Offering and its shares were listed on the TSX Venture Exchange.

The head office and principal address of the company is located at 3002-1211 Melville Street, Vancouver, BC V6E 0A7 and registered and records office of the Company are located at 2500- 700 W Georgia Street, Vancouver, BC V7Y 1B3.

These condensed interim financial statements have been prepared using accounting principles applicable to a going concern which assumes 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 business rather than through a process of forced liquidation. The Company emphasises that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern the most significant of these being the Company's ability to carry out its business objectives dependent on the Company's ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future. As at March 31, 2020, the Company has no properties in commercial production, continues to incur operating losses and no source of operating cash flow. The Company is considering a number of alternatives to secure additional capital including obtaining funding facilities or equity financings. Although management intends to secure additional financing there is no assurance management will be successful or that it will establish future profitable operations. These factors together raise substantial doubt about the Company's ability to continue as a going concern.

| | March 31, 2020 | | September 30, 2019 |
|------------------------------|---------------------------|----|-------------------------------|
| Deficit | \$ (2,060,943) | \$ | (1,479,524) |
| Working capital (deficiency) | \$ 558,595 | \$ | (280,066) |

If the going concern assumption was not appropriate for these condensed interim financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the condensed interim statements of financial position classifications used, and such amounts would be material.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on 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 in 2020.

ESSEX MINERALS INC.

Notes to the Condensed Interim Financial Statements
Six Months Ended March 31, 2020 and 2019
Unaudited - Expressed in Canadian dollars

2. Statement of Compliance, Basis of Presentation and New Accounting Policy

The condensed interim financial statements were approved by the Board of Directors of the Company on June 1, 2020.

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee. They do not include all of the information required for full annual financial statements.

Basis of Presentation

These condensed interim financial statements have been prepared on a historical cost basis except for some financial instruments classified in accordance with measurement standards under IFRS. The condensed interim financial statements are presented in Canadian dollars unless otherwise specified.

Certain comparative figures have been reclassified to conform to the current year’s presentation.

New Accounting Policy

IFRS 16 – Leases

On October 1, 2019, the Company adopted IFRS 16 – Leases is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The adoption of this new standard did not have a material impact on the condensed interim financial statements of the Company since the Company does not have any lease.

3. Receivables

Receivables consist of the following:

| | March 31, 2020 | September, 2019 |
|------------------|-----------------------|------------------------|
| | \$ | \$ |
| GST receivable | 32,512 | 20,821 |
| Other receivable | 282 | 282 |
| Receivables | 32,794 | 21,103 |

4. Advance

Advance for Australian gold properties

On March 20, 2020 the company advanced \$41,800 to KNX Resources Ltd (“KNX”) a private Australian company as part of its ongoing due diligence on several Australian gold properties (Note 11).

ESSEX MINERALS INC.

Notes to the Condensed Interim Financial Statements
Six Months Ended March 31, 2020 and 2019
Unaudited - Expressed in Canadian dollars

5. Accounts Payable and Accrued Liabilities

| | March 31, 2020 | September 30, 2019 |
|--|----------------|--------------------|
| | \$ | \$ |
| Accounts payable | 119,646 | 162,872 |
| Amounts due to related parties (Note 8) | 53,863 | 94,500 |
| Accrued liabilities | 16,138 | 190 |
| Accounts payable and accrued liabilities | 189,647 | 257,562 |

6. Loan Payable

On October 1, 2018, the Company received a loan of \$106,000 from a third party. The loan bore interest at 7% per annum and was payable on demand. During the period ended March 31, 2020, the Company repaid the loan principal plus accrued interest for a total of \$116,000.

As at March 31, 2020, the loan payable is \$Nil (September 30, 2019: \$113,400).

7. Share Capital

a) Authorized

Unlimited number of common shares with no par value.

b) Issued and outstanding

As at March 31, 2020, 17,085,001 (September 30, 2019: 2,085,001) common shares with no par value were issued and outstanding.

On January 31, 2020, the Company consolidated all the issued and outstanding common shares on a five for one basis. The consolidation has reduced the common shares issued and outstanding from 10,425,007 pre-consolidated to 2,085,001 post-consolidated common shares. All shares figures and references in the condensed interim financial statement have been retroactively adjusted to reflect the share consolidation.

On March 9, 2020, the Company completed the first tranche of a non-brokered private placement financing, issuing 12,675,000 common shares at a price of \$0.10 per share for gross proceeds of \$1,267,500. In connection with the first tranche private placement, the Company has the obligation to issue finders' units by issuing 1,219,000 shares (Note 11).

On March 17, 2020, the Company completed the second tranche of a non-brokered private placement financing, issuing 2,325,000 common shares at a price of \$0.10 per share for gross proceeds of \$232,500. In connection with the second tranche private placement, the Company has the obligation to issue finders' units by issuing 232,500 shares (Note 11).

Share issuance costs of \$175,426 were incurred in connection with the private placements.

As at March 31, 2020, the Company has no stock options and warrants outstanding.

ESSEX MINERALS INC.

Notes to the Condensed Interim Financial Statements
Six Months Ended March 31, 2020 and 2019
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7. Share Capital (cont'd...)

c) Escrow shares

As at March 31, 2020, the Company has Nil (September 30, 2019: 87,030) common shares held in escrow. These common shares held in escrow are released as follows:

- 10% released on the date the Company's securities are listed on a Canadian exchange (58,020 released on March 15, 2017); and
- 15% released every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 - *Escrow for Initial Public Offerings* (87,030 released on September 15, 2017, 87,030 released on March 15, 2018, 87,030 released on September 15, 2018, 87,030 released on March 15, 2019, 87,030 released on September 15, 2019 and 87,030 released on March 15, 2020).

8. Related Party Balances and Transactions

Balances

At March 31, 2020, the Company has \$53,863 (September 30, 2019 - \$94,500) due to related parties included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no specified terms of repayment.

Transactions

During the six months ended March 31, 2020 and 2019, the Company has the following related party transactions:

| | March 31, 2020 | March 31, 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| Management and consulting fees paid to the CEO | 8,000 | - |
| Management and consulting fees paid to a director | 3,000 | - |
| Management and consulting fees paid to the former CEO | - | 30,000 |
| Professional fees paid to the CFO | 6,000 | - |
| Property investigation costs paid to a company controlled by the CEO | 44,705 | - |
| | <hr/> 61,705 | <hr/> 30,000 |

9. Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to Note 1 for further details related to the ability of the Company to continue as a going concern.

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9. Financial Risk Management (cont'd...)

Liquidity risk (cont'd...)

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 30, 2020, the Company had a cash balance of \$700,448 (September 30, 2019: \$47,793) to settle current liabilities of \$189,647 (September 30, 2019: \$370,960). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

The Company's cash is held in large Canadian financial institutions. The Company has not experience nor is exposed to any significant credit losses. As a result, the Company's exposure to credit risk is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

Fair value

The Company's financial instruments measured at fair value consist of cash, receivables (excluding GST), accounts payable and accrued liabilities, and loan payable. The carrying values of cash, receivables (excluding GST), accounts payable and accrued liabilities, and loan payable approximate their fair values due to their short-term in nature and/or the existence of market related interest rates on the instruments.

Financial instruments measure 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 fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices that are observable for the other assets or liabilities either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

All financial instruments are classified as Level 1.

ESSEX MINERALS INC.

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10. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development 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 capital structure of the Company consists of shareholder's equity, comprising issued capital and deficit. The Company is not exposed to any externally imposed requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. Subsequent Events

Shares issued

Subsequent to March 31, 2020, 1,451,000 shares were issued as finders' units in connection with the closing of March 2020 private placement. The shares were valued at \$0.10 per share.

Australian Gold Properties

Subsequent to March 31, 2020, the Company announced the signing of an earn-in joint venture over three epithermal and orogenic gold properties in Australia.

The properties have been selected for their potential to host large, high-grade gold deposits and were assembled by a private Australian company KNX Resources Ltd ("KNX") in the Georgetown region of Queensland and the Pine Creek region of the Northern Territory.

The three properties are:

Cumberland

Five granted exploration permits covering 26,000 ha, 30 km from Georgetown, North Queensland, 70 km northwest of the former 3.5 million-ounce Kidston gold mine. The property has the potential to host high-grade epithermal gold mineralisation and is currently held 80% by KNX and 20% by another Australian private company, AMD Resources Ltd ("AMD"). The property has a number of drill-ready exploration targets.

Mt Turner

A granted exploration permit covering 6,000 ha, 30 km northeast of Cumberland with potential to host highgrade epithermal mineralisation and large gold-copper porphyry mineralisation. This property is held 100% by KNX.

Compass Creek

Three granted exploration permits covering 6,400 ha in Pine Creek goldfield, 28 km north of Kirkland Lake's 2.5Mtpa Union Reefs mill. The property has the potential to host large high-grade orogenic gold mineralisation and is held 80% by KNX and 20% by AMD.

ESSEX MINERALS INC.

Notes to the Condensed Interim Financial Statements

Six Months Ended March 31, 2020 and 2019

Unaudited - Expressed in Canadian dollars

11. Subsequent Events (cont'd...)

Australian Gold Properties (cont'd...)

Under the terms of the venture, Essex has the right to earn an initial First Stage Earn-in of 50% of KNX's interest in the three properties by spending AUD \$1,000,000 on exploration by May 2021.

The Company has committed to spend an initial AUD \$125,000 within three months to pay for aerial lidar mapping and assaying of soil samples to better position initial drill programs and completion of NI 43-101 property reports.

At the end of the First Stage Earn-in, Essex has the right to acquire the balance of KNX's interest in the properties at independent valuation or earn an additional 25% interest in Mt Turner and 20% interest in Cumberland and Compass Creek by funding a further AUD \$3,000,000 on exploration.