

# **Gold Springs Resource Corp.**

*(formerly TriMetals Mining Inc.)*

*(An Exploration Stage Company)*

Condensed Interim Consolidated Financial Statements  
**Three and six months ended June 30, 2020 and 2019**

*(Unaudited - Expressed in U.S. dollars)*

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

# Gold Springs Resource Corp.

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in U.S. dollars)

	Note	June 30, 2020	December 31, 2019
		\$	\$
<b>Assets</b>			
Current			
Cash and cash equivalents		2,841,733	3,831,570
Restricted cash	7	449,794	450,408
Receivables and prepaids	4	514,288	408,735
		3,805,815	4,690,713
Non-current assets			
Equipment		74,474	25,619
Reclamation deposit	6	470,131	470,131
Other receivables	4	310,018	295,487
Investment in associate	5	1,535,446	1,819,796
Mining claims and deferred exploration costs	6	17,938,956	17,527,069
		24,134,840	24,828,815
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities	10	89,231	146,572
Redemption liability	7	449,794	450,408
		539,025	596,980
Non-current liabilities			
Loan payable	8	29,352	-
		568,377	596,980
<b>Equity attributable to shareholders</b>			
Share capital	9	98,466,930	98,466,930
Contributed surplus	9	13,750,805	13,725,401
Accumulated other comprehensive loss		(429,005)	(327,157)
Deficit		(88,222,267)	(87,633,339)
		23,566,463	24,231,835
		24,134,840	24,828,815

**Contingencies** (Note 11)

**Approved by the Board of Directors:**

(signed) "Tina Woodside-Shaw"

(signed) "Roman Mironchik"

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

# Gold Springs Resource Corp

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)

For the three and six months ended June 30, 2020 and 2019

(Unaudited - Expressed in U.S. dollars)

	Note	Three months ended		Six Months ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		\$	\$	\$	\$
<b>General and administrative expenses</b>					
Professional fees	10	71,456	104,901	143,361	179,128
Wages and benefits	10	53,939	24,364	114,816	81,651
Filing and transfer agent fees		4,826	12,723	30,593	42,665
Office and administration		15,568	18,954	38,355	41,616
Shareholder information and investor relations		13,165	13,187	32,453	25,955
Share-based payments	9,10	6,926	166,951	24,435	226,573
Directors' fees	10	14,400	11,400	26,583	23,850
Depreciation and amortization		6,689	5,039	13,411	10,155
Consulting		5,342	4,857	10,684	10,126
Arbitration		-	418,206	-	441,791
Reconnaissance and sundry exploration		-	13,447	-	16,173
		(192,311)	(794,029)	(434,691)	(1,099,683)
<b>Other income (expenses)</b>					
Interest and other income		11,436	1,101	46,146	1,350
Foreign exchange loss		(550)	(821)	(1,525)	(290)
Share of loss of equity accounted investee	5	(49,709)	-	(198,858)	-
Change in fair value of arbitration award assets, Class B shares and other arbitration award liabilities	7	-	761,510	-	1,166,128
Write-down of carrying value on transfer to assets held for sale		-	(11,388,588)	-	(11,388,588)
		(38,823)	(10,626,798)	(154,237)	(10,221,400)
<b>Net loss for the period</b>		(231,134)	(11,420,827)	(588,928)	(11,321,083)
<b>Other comprehensive income (loss)</b>					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences		50,766	(5,530)	(101,848)	(10,004)
<b>Total other comprehensive income (loss) for the period</b>		50,766	(5,530)	(101,848)	(10,004)
<b>Total comprehensive loss for the period</b>		(180,368)	(11,426,357)	(690,776)	(11,331,087)
<b>Net loss per share:</b>					
<b>Basic</b>		(0.00)	(0.05)	(0.00)	(0.05)
<b>Diluted</b>		(0.00)	(0.05)	(0.00)	(0.05)
<b>Weighted average number of shares outstanding:</b>					
<b>Basic</b>		248,789,073	239,169,464	248,789,073	235,025,818
<b>Diluted</b>		248,789,073	239,169,464	248,789,073	235,025,818

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

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Equity

For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in U.S. dollars)

	Share Capital		Contributed Surplus	AOCI(L) <sup>1</sup>	Deficit	Total
	Number	\$	\$	\$	\$	\$
<b>Balance, December 31, 2018</b>	<b>229,569,464</b>	<b>97,678,334</b>	<b>13,403,664</b>	<b>(337,601)</b>	<b>(75,829,541)</b>	<b>34,914,856</b>
Shares issued on private placement	9,200,000	345,414	-	-	-	345,414
Less: issue costs - cash	-	(28,563)	-	-	-	(28,563)
Shares issued on settlement of trade payables	400,000	21,367	-	-	-	21,367
Share-based payments	-	-	234,505	-	-	234,505
Total comprehensive loss	-	-	-	(10,004)	(11,321,083)	(11,331,087)
<b>Balance, June 30, 2019</b>	<b>239,169,464</b>	<b>98,016,552</b>	<b>13,638,169</b>	<b>(347,605)</b>	<b>(87,150,624)</b>	<b>24,156,492</b>
Shares issued on private placement	8,548,181	356,442	-	-	-	356,442
Less: issue costs - cash	-	(11,265)	-	-	-	(11,265)
Shares issued on warrant exercise	1,071,428	105,201	(15,800)	-	-	89,401
Share-based payments	-	-	103,032	-	-	103,032
Total comprehensive income (loss)	-	-	-	20,448	(482,715)	(462,267)
<b>Balance, December 31, 2019</b>	<b>248,789,073</b>	<b>98,466,930</b>	<b>13,725,401</b>	<b>(327,157)</b>	<b>(87,633,339)</b>	<b>24,231,835</b>
Share-based payments	-	-	25,404	-	-	25,404
Total comprehensive loss	-	-	-	(101,848)	(588,928)	(690,776)
<b>Balance, June 30, 2020</b>	<b>248,789,073</b>	<b>98,466,930</b>	<b>13,750,805</b>	<b>(429,005)</b>	<b>(88,222,267)</b>	<b>23,566,463</b>

<sup>1</sup> Accumulated other comprehensive income (loss)

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

# Gold Springs Resource Corp.

(An Exploration Stage Company)

## Condensed Interim Consolidated Statements of Cash Flows

For the six months ended June 30, 2020 and 2019

(Unaudited - Expressed in U.S. dollars)

	June 30, 2020	June 30, 2019
	\$	\$
<b>Cash flows (used in) from operating activities</b>		
Net loss for the period	(588,928)	(11,321,083)
<i>Items not affecting cash</i>		
Depreciation and amortization	13,411	10,155
Share of loss of equity accounted investee	198,858	-
Change in fair value of arbitration award assets, Class B shares and other arbitration award liabilities	-	(1,166,128)
Interest income	(46,146)	(1,350)
Share-based payments	24,435	226,573
Write-down of carrying value on transfer to assets held for sale	-	11,388,588
	(398,370)	(863,245)
Interest received	42,902	1,350
<i>Changes in non-cash operating working capital</i>		
Change in receivables and prepaids	(116,841)	(15,616)
Change in accounts payable and accrued liabilities	(69,071)	416,648
	(541,380)	(460,863)
<b>Cash flows (used in) from investing activities</b>		
Mining claims and deferred exploration costs	(399,188)	(275,407)
Reclamation deposit	-	(77,283)
Purchase of equipment	(62,265)	-
	(461,453)	(352,690)
<b>Cash flows from (used in) financing activities</b>		
Private placement	-	345,414
Share issuance costs	-	(28,563)
Receipt of loan financing	29,352	-
Receipt of funding installment	-	500,000
	29,352	816,851
<b>Increase (decrease) in cash and cash equivalents</b>	(973,481)	3,298
Foreign exchange effect on cash and cash equivalents	(16,356)	(10,004)
<b>Cash and cash equivalents - Beginning of period</b>	3,831,570	11,678
<b>Cash and cash equivalents - End of period</b>	2,841,733	4,972

### Supplemental cash flow information (Note 13)

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

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

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(Unaudited - Expressed in U.S. dollars)

## 1 Nature of operations and going concern

Gold Springs Resource Corp. (“GRC” or the “Company”) was incorporated pursuant to the *Canada Business Corporations Act* by articles of incorporation dated September 28, 2006 and was continued under the *Business Corporations Act* (British Columbia) (“BCBCA”) on December 17, 2013. On November 1, 2019 the Company changed its name from TriMetals Mining Inc. to Gold Springs Resource Corp. On November 5, 2019, the Company changed its stock symbol on the Toronto Stock Exchange (“TSX”) to GRC and on November 12, 2019 changed its stock symbol on the OTCQB Venture Market (“OTCQB”) in the U.S. to GRCAF. On December 31, 2019 the Company amalgamated with its 100% subsidiary, MK Acquisition Corp., and continued under the name Gold Springs Resource Corp. The Company’s registered and head office is located at Suite 880, 580 Hornby Street, Vancouver, British Columbia, Canada. The Company’s principal activities include the acquisition, exploration and development of mineral properties. The principal country where the Company has been undertaking exploration activities is the United States. Property interests are held through wholly owned subsidiaries.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months.

At June 30, 2020, the Company had a working capital of \$3,266,790 (December 31, 2019 – working capital of \$4,093,733), which the Company believes is sufficient to meet its obligations and continue its operations for at least the next twelve months.

Beyond the next 12 months, the Company’s ability to continue as a going concern will be dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

## 2 Basis of presentation

### Statement of compliance

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2019.

These financial statements were approved by the board of directors on August 12, 2020.

# Gold Springs Resource Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Unaudited - Expressed in U.S. dollars)

## Basis of consolidation

The consolidated financial statements include the results or financial information of Gold Springs Resource Corp. (formerly TriMetals Mining Inc.) and its significant wholly-owned subsidiaries listed in the following table:

<u>Name</u>	<u>Country of incorporation</u>
South American Silver Limited	Bermuda
Compania Minera Malku Khota S.A.	Bolivia
High Desert Gold Corporation	Canada
Gold Springs Resource Corp. (formerly TriMetals Mining Inc.)	U.S.A.
Gold Springs LLC	U.S.A.

The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. All significant intercompany transactions and balances have been eliminated.

## 3 Use of estimates, assumptions and judgments

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019.

## 4 Receivables and prepaids

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>\$</u>	<u>\$</u>
GST receivable	10,028	13,502
Other receivables	12,490	15,731
Other prepaids and advances	189,467	87,635
Receivables from sale of the Escalones property (note 5)	612,321	587,354
	824,306	704,222
Less: long term receivable from sale of the Escalones property (note 5)	(310,018)	(295,487)
	514,288	408,735

## 5 Investment in associate

On May 31, 2019, the Company and its wholly-owned subsidiary, Escalones Resource Corp. ("ERC") entered into a definitive share purchase agreement, as amended (the "Share Purchase Agreement"), with Wealth Minerals Ltd. ("Wealth") and its then wholly-owned subsidiary, Wealth Copper Ltd., subsequently renamed to World Copper Ltd., ("World Copper"), a private company incorporated in British Columbia, pursuant to which, World Copper agreed to acquire from ERC all of the issued and outstanding shares of the Company's subsidiaries SASC Metallurgy Corp. and Escalones Copper Corp. (the "Purchased Shares"), and thereby 100% of the Company's Chilean subsidiary, TriMetals Mining Chile SCM, and its interest in the Escalones property (the "Escalones Transaction"). The Escalones Transaction closed on September 26, 2019.



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For the three and six months ended June 30, 2020 and 2019

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*(Unaudited - Expressed in U.S. dollars)*

As consideration to the Company for the purchase of the Escalones property, World Copper

(i) issued 25,000,000 common shares in its capital (each, a “World Copper Share”) to the ERC;

(ii) will pay the Company an aggregate of \$754,638 (Cdn\$1,000,000) in cash (the “Cash Consideration”) of which \$112,790 (Cdn\$150,000) was paid in 2018, and credited against the Cash Consideration, and Cdn\$350,000 due upon closing of the Concurrent Financing (as defined below, still to occur) and Cdn\$500,000 due on the 12-month anniversary of the closing of the Concurrent Financing (still to occur); and

(iii) granted the Company a 2% net smelter returns royalty payable on production from those mining rights or exploitation concessions that supersede or shall derive from the Escalones Exploration Concessions if the price of copper is greater than US\$0.75 per pound or a 1% net smelter returns royalty if the copper price is equal to or less than US\$0.75 per pound (the “Royalty”). The Royalty shall be subject to a buyback right pursuant to which the Royalty may be purchased for US\$3 million at any time during the 5 years following the first sale of minerals produced from such mining rights or exploitation concessions, and US\$5 million after such 5-year period. In calculating the loss from disposition of the Escalones property, a \$nil value was ascribed to the Royalty due to uncertainty of occurrence.

World Copper also agreed to reimburse the Company for the 2019 land payments of the Escalones property of \$54,000 upon closing of the Concurrent Financing (as defined below, still to occur).

At closing of the Escalones Transaction, the Company held 25,000,000 World Copper Shares and 25,000,000 World Copper Shares were held by Wealth, which collectively represented 85.2% of the issued and outstanding World Copper Shares, excluding any World Copper Shares to be issued in connection with the Concurrent Financing (as defined below).

World Copper has entered into a letter of intent with Allante Resources Ltd. (TSXV: ALL.H) (“Allante”) dated June 7, 2019 in respect of a reverse take-over transaction (the “Going-Public Transaction”), whereby Allante (which, after the closing of the Going-Public Transaction, shall be the “Resulting Issuer”) is to acquire all of the issued and outstanding World Copper Shares from Wealth and ERC and continue the business of World Copper in exchange for the issuance of common shares in the capital of Allante to the World Copper shareholders on a one (1) for one (1) basis. The Share Purchase Agreement contemplates that in connection with the Going-Public Transaction, World Copper and/or Allante shall have completed private placement financings to raise an aggregate of at least Cdn\$5,000,000 (the “Concurrent Financing”) of which, at closing of the Escalones Transaction, World Copper has already raised approximately Cdn\$814,000 with the issuance of 8,140,000 World Copper Shares at a price of Cdn\$0.10 per World Copper Share. World Copper is to complete by itself (or in conjunction with Allante), private placement financing(s) in the aggregate amount of at least Cdn\$2,000,000 prior to the closing of the Going-Public Transaction, with the outstanding amount of the Concurrent Financing to be raised on or before February 28, 2021.

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(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Unaudited - Expressed in U.S. dollars)

Pursuant to the Share Purchase Agreement, the Company's ownership interest in the Resulting Issuer is not to be less than 30% immediately after giving effect to the Going-Public Transaction and the Concurrent Financing and the Company is to be granted the right to participate in future equity financings of the Resulting Issuer to allow the Company to maintain up to its pro rata ownership interest in the equity capital of the Resulting Issuer. In addition, following closing of the Going-Public Transaction, the Company and Wealth will each be granted the right to nominate one director to the board of directors of the Resulting Issuer for so long as each holds at least 20% of the issued and outstanding shares of the Resulting Issuer.

If the Going-Public Transaction has not closed by December 31, 2020, ERC has the right to demand, on or before July 15, 2021, that World Copper return and transfer the Purchased Shares (including the shares of TMI Chile) to ERC. In the event that the Purchased Shares are returned by World Copper to ERC, then ERC would be required to return its World Copper Shares to Wealth Minerals.

On initial recognition, in absence of available market information on the value of World Copper's shares, the Company estimated the value of the common shares of World Copper to equal Cdn \$0.10/share, being the price per common share applicable to the portion of the financing by World Copper that was raised prior to closing of the Escalones transaction, totalling an initial recognition cost of \$1,887,000. As at June 30, 2020 the Company owns 42.6% of the issued and outstanding common shares of World Copper.

The Company's investment in associate as at June 30, 2020 and the changes for the period then ended are as follows:

	<b>June 30, 2020</b>
	\$
<b>Balance, December 31, 2019</b>	<b>1,819,796</b>
Share of loss in equity accounted investee	(198,858)
Foreign exchange	(85,492)
<b>Balance, June 30, 2020</b>	<b>1,535,446</b>

The following is a summary of World Copper's financial information on a 100% basis as at June 30, 2020. World Copper's financial statements are prepared in accordance with IFRS.

	<b>June 30, 2020</b>
	\$
Cash and cash equivalents	43,453
Total current assets	52,347
Total non-current assets	2,914,105
Total current liabilities	(596,396)
Total non-current liabilities	(871,437)
Net asset value	1,602,072
Net loss for the six months ended June 30, 2020	466,441
Proportionate share of net loss (42.6% ownership)	198,858

# Gold Springs Resource Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Unaudited - Expressed in U.S. dollars)

## 6 Mining claims and deferred exploration costs

Mining claims and deferred exploration costs are associated with the following project:

	<b>Gold Springs</b>
	<b>\$</b>
<b>Balance, December 31, 2019</b>	<b>17,527,069</b>
Land and option payments	26,150
Laboratory	28,186
Field supplies	13,277
Camp	13,968
Geologists and personnel	164,103
Environmental and permitting	20,745
Technical consulting	97,482
Travel and accommodation	47,007
Share-based payments	969
	411,887
<b>Balance, June 30, 2020</b>	<b>17,938,956</b>

### Gold Springs, USA

The Gold Springs mineral property was acquired through the 2013 acquisition of High Desert Gold Corporation (“HDG”).

During the year ended December 31, 2017 the Company increased the size of the Gold Springs property by entering into lease and surface use agreements. Pursuant to the agreements, the Company has entered into a 30 year lease beginning on October 25, 2017 for the mineral rights on certain patented mining claims and a 30 year surface use agreement on certain homestead lands upon payment as follows: \$41,035 paid on execution of the agreement, \$40,000 on October 25, 2018 (paid), \$45,000 on October 25, 2019 (paid), \$50,000 on October 25, 2020 and \$55,000 on each anniversary until October 25, 2047. In addition, upon commencement of commercial production, the Company is to pay the lessor a 3% net smelter returns royalty which is to be increased in relation to the average price per troy ounce of gold. The Company has the right and option, prior to commencement of commercial production, to buy back 0.5% of the net smelter returns royalty for the sum of \$1,000,000, payable within 60 days from and after commencement of commercial production.

As at June 30, 2020 the Company had \$470,131 (2019 - \$470,131) of cash on direct deposit with Nevada and Utah land and environmental regulatory authorities for future remediation costs. The carrying values represent the cash placed directly with those authorities. The cash on deposit represents the amounts to meet the expected remediation costs as advised by those regulatory authorities.

# Gold Springs Resource Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

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(Unaudited - Expressed in U.S. dollars)

## 7 Restricted cash and redemption liability

On August 29, 2019, the Company and its wholly-owned Bermudian subsidiary, South American Silver Limited (“SASL”), and SASL’s wholly-owned Bolivian subsidiary, Compañía Minera Malku Khota S.A. (“CMMK”), entered into an agreement with the Plurinational State of Bolivia (“Bolivia”) for \$25,798,000 to settle SASL’s then ongoing international arbitration against Bolivia, and to transfer to Bolivia the exploration data of the Malku Khota project owned by the Company (the “Data”).

On September 5, 2019 the Company received \$25,588,525, being net of \$209,475 for the Tribunal’s cost order included in the Award, from the Government of Bolivia as a final settlement amount for (i) SASL’s Award against Bolivia and (ii) the transfer of the Data by the Company to Bolivia.

On November 4, 2019 the Class B shares were redeemed for \$0.09827 per Class B share for an aggregate redemption amount of \$11,436,186. On November 5, 2019 the Class B shares were delisted from the TSX and the OTCQB. As at June 30, 2020 there was \$449,794 (December 31, 2019 - \$450,408) of redemption funds remaining held in trust with Company’s Transfer Agent, and representing amounts not yet claimed for redemption by prior Class B shareholders.

During 2019, and prior to the settlement with Bolivia and redemption of the Class B shares, the associated arbitration assets and liabilities were carried at their estimated fair values, being the accounting measure as determined based on the requirements of IFRS-13 *Fair value measurement* (“IFRS-13”). The fair value requirements of IFRS-13 compel the maximum use of quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs).

During the six months ended June 30, 2019, the Class B shares were recorded at their estimated fair value which was based on the quoted price of the Class B shares on the Toronto Stock Exchange (“TSX”). The Class B shares represented a portion of the total arbitration award liability. The remainder of the liability was made up of the other costs incurred that were contingent on the monetary outcome of the award process.

As the Class B shares were quoted on the TSX, and because of the requirement of IFRS-13 to maximise the use of Level 1 inputs, the price of the Class B shares was required to be utilized as the primary input in determining the fair values of the arbitration award asset as well as the other arbitration award liability.

The change in fair value of arbitration award asset, Class B shares and other arbitration award liabilities of \$761,510 and \$1,166,128 for the three and six months ended June 30, 2019 comprise the net unrealized fair value changed in the then total arbitration award assets and the then arbitration award liabilities.

## 8 Loan payable

In May 2020, the Company received \$29,352 (CAD \$40,000) in the form of a Canada Emergency Business Account (“CEBA”) loan. CEBA is part of the economic assistance program launched by the Government of Canada to ensure that businesses have access to capital during the COVID-19 pandemic and can only be used to pay non-deferrable operating expenses. During the period from receipt of the CEBA loan to December 31, 2022, the “Initial Term”, no interest is charged on the amount outstanding and should at least CAD\$ 30,000 be repaid on or before the end of the Initial Term the remaining CAD \$10,000 of principal will be forgiven. During the period from January 1, 2023 to December 31, 2025 (the “Extended Term”), should the loan remain outstanding, interest will be payable monthly at rate of 5% per annum on the outstanding balance. The balance of the CEBA

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loan is fully repayable on or before the end of the Extended Term, if not repaid on or before the end of the initial Term.

## 9 Share capital

### Authorized

An unlimited number of common shares without par value and up to 127,328,790 Class B shares without par value.

The holders of the common shares are entitled to one vote per share. The holders of the common shares are entitled to dividends, when and if declared by the directors of the Company. No dividends have ever been declared or paid as at June 30, 2020.

On November 4, 2019 the Company redeemed the Class B shares at a price of US\$0.09827 per share for an aggregate redemption amount of \$11,436,186. On November 5, 2019 the Class B shares were delisted from the TSX and the OTCQB. As at June 30, 2020 there was \$449,794 (December 31, 2019 - \$450,408) of redemption funds remaining held in trust with Company's Transfer Agent, and representing amounts not yet claimed for redemption by prior Class B shareholders.

### Financings

There were no share capital financing activities in the six-month period ended June 30, 2020.

During the six months ended June 30, 2019 the Company completed a private placement for gross proceeds of \$345,414 (Cdn \$460,000) through the issuance of 9,200,000 common shares at a price of Cdn \$0.05 per share. The Company incurred share issuance costs of \$28,563. In addition, the Company issued 400,000 common shares at a price of Cdn \$0.05 per share to settle trade debts payable.

### Stock options

The Company's stock options outstanding as at June 30, 2020 and the changes for the six months then ended are as follows:

	Number of options	Weighted average exercise price (per share) Cdn \$	Weighted average remaining life (years)
Balance – December 31, 2019	20,657,500	0.11	2.08
Expired	-	-	-
Forfeited	-	-	-
Granted	-	-	-
<b>Balance – June 30, 2020</b>	<b>20,657,500</b>	<b>0.11</b>	<b>1.58</b>
<b>Exercisable – June 30, 2020</b>	<b>19,924,166</b>	<b>0.11</b>	<b>1.56</b>

During the three and six months ended June 30, 2020, the Company recorded share-based payments, in respect of the vesting of previously granted stock options, of which \$6,926 and \$24,435, respectively, (2019 - \$166,951 and \$226,573, respectively) was recorded as a charge to operations, and \$969 was included in deferred exploration costs for the six months ended June 30, 2020 (2019 - \$7,732).

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The weighted average grant date fair value of options granted during the six months ended June 30, 2020 was \$nil per share (2019 - \$0.02 per share). The fair value of each option grant during the six months ended June 30, 2019 was estimated at the time of the grant using the Black-Scholes option pricing model with assumptions for grants as follows:

	<b>2019</b>
Weighted average exercise price	Cdn. \$0.06
Weighted average grant date share price	Cdn. \$0.06
Risk-free interest rate	1.54%
Expected life	3 years
Expected volatility	83%
Dividend rate	0%

Grant date share price is the closing market price on the date the options were granted. Expected volatility was determined by measuring the historical volatility of the Company's share price. The historical period used to measure historical volatility was the same as the expected life of the options granted.

The balance of options outstanding as at June 30, 2020 is as follows:

<b>Expiry date</b>	<b>Exercise price Cdn\$</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>
August 12, 2020*	0.21	1,727,500	1,727,500
May 19, 2021	0.305	1,427,500	1,427,500
October 10, 2021	0.285	250,000	250,000
November 21, 2021	0.225	50,000	50,000
November 27, 2021	0.05	2,050,000	2,050,000
February 8, 2022	0.055	200,000	133,333
February 15, 2022	0.06	2,000,000	2,000,000
April 8, 2022	0.06	6,500,000	6,500,000
May 1, 2022	0.045	2,000,000	2,000,000
May 9, 2022	0.045	500,000	500,000
June 12, 2022	0.30	1,702,500	1,702,500
September 9, 2022	0.08	2,250,000	1,583,333
		<b>20,657,500</b>	<b>19,924,166</b>

\* Subsequent to June 30, 2020, 1,727,500 options with an exercise price of Cdn\$ 0.21 per common share expired unexercised.

All of the outstanding options have associated share appreciation rights which allow the optionees to exercise their options on a cashless basis resulting in a lesser number of common shares to be issued to the optionee pursuant to their exercise.

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## Warrants

The Company's warrants outstanding as at June 30, 2020 and the changes for the six months then ended are as follows:

	Number of warrants	Weighted average exercise price (per share) Cdn\$	Weighted average remaining life (years)
Balance – December 31, 2019	8,490,357	0.21	0.34
Expired	(6,347,499)	0.25	
<b>Balance – June 30, 2020</b>	<b>2,142,858</b>	<b>0.11</b>	<b>0.32</b>

Warrants to acquire common shares are outstanding at June 30, 2020 as follows:

Expiry Date	Exercise Price Cdn\$	Number of warrants outstanding
October 19, 2020	0.11	714,286
October 25, 2020	0.11	1,428,572
		2,142,858

## 10 Related party transactions

Key management includes all the Officers and Directors of the Company. The compensation paid or payable to key management for services during the three and six months ended June 30, 2020 and 2019 is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Directors' fees	14,400	11,400	27,000	23,850
Professional fees	7,105	18,620	21,792	37,563
Share-based payments	6,767	143,035	23,911	201,925
Wages and benefits	75,000	34,604	150,000	62,247
	103,272	207,659	222,703	325,585

Included in accounts payable and accrued liabilities at June 30, 2020 is an amount of \$38,333 (December 31, 2019 - \$38,670) due to related parties. These amounts are non-interest bearing and have no specific terms of repayment.

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The Company incurred the following additional expenditures with related parties during the three and six months ended June 30, 2020 and 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Consulting fees	-	19,711	-	38,758
Consulting fees - mineral property costs	-	4,569	-	21,325
Professional fees	23,570	86,762	53,597	120,170
Share issuance costs	-	6,376	-	16,268
	23,570	117,418	53,597	196,521

## 11 Contingencies

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

## 12 Segment information

The Company's operations are limited to a single industry segment, being mineral exploration and development. Geographic segment information of the Company's assets and liabilities as at June 30, 2020 and December 31, 2019 is as follows:

	June 30,	December 31,
	2020	2019
<b>Identifiable assets</b>		
		\$
Bolivia	23,399	11,127
Canada	5,461,513	6,652,716
United States	18,649,928	18,164,972
Total assets	24,134,840	24,828,815
<b>Identifiable liabilities</b>	June 30,	December 31,
	2020	2019
		\$
Bolivia	21,140	10,091
Canada	534,724	577,186
United States	12,513	9,703
Total liabilities	568,377	596,980



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Geographic segmentation of the Company's net earnings (loss) for the three and six months ended June 30, 2020 and 2019 is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Bolivia	(19,395)	859,994	(51,348)	1,238,344
Canada	(187,700)	(816,145)	(484,787)	(1,045,595)
Chile	-	(11,439,383)	-	(11,452,573)
United States	(24,039)	(25,293)	(52,793)	(61,259)
Net earnings (loss)	(231,134)	(11,420,827)	(588,928)	(11,321,083)

## 13 Supplemental cash flow information

The Company conducted non-cash investing activities during the six months ended June 30, 2020 and 2019 as follows:

	2020	2019
	\$	\$
Shares issued to settle accounts payable	-	21,367
Investing activities		
Deferred exploration costs included in accounts payable	12,247	13,095
Deferred exploration costs included in accounts payable as at December 31, 2019 and 2018 respectively	(517)	(60,163)
Financing activities		
Share-based payments included in deferred exploration costs	969	7,732

Cash and cash equivalents as at June 30, 2020 and 2019 was comprised solely of cash.

## 14 Financial instruments

The Company's financial instruments as at June 30, 2020 consist of cash and cash equivalents, receivables, reclamation deposits, accounts payable, redemption obligations and loan payable which are all classified as amortized cost.

### Fair Value of Financial Instruments

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

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Notes to the Condensed Interim Consolidated Financial Statements

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*(Unaudited - Expressed in U.S. dollars)*

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. There have been no changes in any risk management policies since December 31, 2019.

## **15 Subsequent events**

On August 12, 2020, 1,727,500 options with an exercise price of Cdn\$ 0.21 per common share expired unexercised.