



# **Cleghorn Minerals Ltd.**

Interim Condensed Financial Statements  
**For the three-month and nine-month periods ended December 31, 2019 and 2018**  
(in Canadian dollars)

# Cleghorn Minerals Ltd.

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## INTERIM CONDENSED FINANCIAL STATEMENTS

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## **Notice to Reader**

The accompanying unaudited interim condensed financial statements of Cleghorn Minerals Ltd. (the "Company") for the three-month and nine-month periods ended on December 31, 2019 and 2018 have been prepared by the management and are its responsibility. These unaudited interim condensed financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited interim condensed financial statements have not been reviewed by the Company's auditors.

# Cleghorn Minerals Ltd.

## Interim Condensed Statements of Financial Position

As at December 31, 2019 and March 31, 2019

(Unaudited - in Canadian dollars)

	Notes	December 31, 2019 \$	March 31, 2019 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		34,329	139,459
Sales taxes receivable		6,297	7,364
Prepaid expenses		4,793	6,937
		<u>45,419</u>	<u>153,760</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	4	<u>981,854</u>	<u>976,862</u>
		<u>1,027,273</u>	<u>1,130,622</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>224</u>	<u>22,319</u>
<b>Shareholders' equity</b>			
Share capital	5	1,854,429	1,854,429
Contributed surplus	6	210,663	144,515
Warrants	5	243,231	243,231
Deficit		<u>(1,281,274)</u>	<u>(1,133,872)</u>
<b>Total equity</b>		<u>1,027,049</u>	<u>1,108,303</u>
<b>Total liabilities and equity</b>		<u>1,027,273</u>	<u>1,130,622</u>
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Nature of operations and going concern	1		
Subsequent event	10		

On behalf of the Board of Directors,

Signed: "Glenn J. Mullan" Director

Signed: "Andrew T. Pepper" Director

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

# Cleghorn Minerals Ltd.

## Interim Condensed Statements of Loss and Comprehensive Loss

For the three-month and nine-month periods ended on December 31, 2019 and 2018

(Unaudited - in Canadian dollars)

	Notes	Three-month periods ended		Nine-month periods ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		\$	\$	\$	\$
<b>Operating expenses</b>					
Accounting fees		7,500	7,500	22,500	22,500
Audit fees		-	-	18,096	17,160
Legal fees		423	6,067	15,283	9,457
Regulatory and transfer agent fees		4,959	6,166	17,107	16,564
Shareholder's information		-	1,536	777	2,187
Office expenses		1,780	2,163	5,539	5,547
Travel and representation fees		-	-	1,557	-
Other fees		-	-	-	50
Bank charges		383	513	1,601	784
Stock-based compensation	6	-	-	64,942	-
<b>Net loss and comprehensive loss</b>		<u>(15,045)</u>	<u>(23,945)</u>	<u>(147,402)</u>	<u>(74,249)</u>
<b>Basic and diluted net loss per common share</b>		<u>(0.001)</u>	<u>(0.001)</u>	<u>(0.007)</u>	<u>(0.004)</u>
<b>Weighted average number of common shares outstanding</b>		<u>21,208,618</u>	<u>20,826,553</u>	<u>21,208,618</u>	<u>20,448,618</u>

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

## Cleghorn Minerals Ltd.

### Interim Condensed Statements of Changes in Shareholders' Equity

For the nine-month periods ended December 31, 2019 and 2018

(Unaudited - in Canadian dollars)

	Notes	Share capital		Warrants	Contributed surplus	Deficit	Total
		Number	\$	\$	\$	\$	\$
<b>Balance – April 1<sup>st</sup>, 2018</b>		20,258,618	1,680,797	243,231	204,147	(1,042,657)	1,085,518
Exercise of stock options		950,000	173,632	-	(59,632)	-	114,000
Net loss and comprehensive loss		-	-	-	-	(74,249)	(74,249)
<b>Balance – December 31, 2018</b>		<b>21,208,618</b>	<b>1,854,429</b>	<b>243,231</b>	<b>144,515</b>	<b>(1,116,906)</b>	<b>1,125,269</b>
<b>Balance – April 1<sup>st</sup>, 2019</b>		21,208,618	1,854,429	243,231	144,515	(1,133,872)	1,108,303
Stock-based compensation	6	-	-	-	66,148	-	66,148
Net loss and comprehensive loss		-	-	-	-	(147,402)	(147,402)
<b>Balance – December 31, 2019</b>		<b>21,208,618</b>	<b>1,854,429</b>	<b>243,231</b>	<b>210,663</b>	<b>(1,281,274)</b>	<b>1,027,049</b>

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

# Cleghorn Minerals Ltd.

## Interim Condensed Statements of Cash Flows

For the three-month and nine-month periods ended on December 31, 2019 and 2018

(Unaudited - in Canadian dollars)

	Notes	Three-month periods ended		Nine-month periods ended	
		December 31, 2019 \$	December 31, 2018 \$	December 31, 2019 \$	December 31, 2018 \$
<b>Operating activities</b>					
Net loss for the period		(15,045)	(23,945)	(147,402)	(74,249)
Items not affecting cash					
Stock-based compensation	6	-	-	64,942	-
		(15,045)	(23,945)	(82,460)	(74,249)
Change in non-cash working capital items					
Sales taxes receivable		(1,695)	8,570	1,067	4,471
Prepaid expenses		3,047	3,038	2,144	426
Accounts payable and accrued liabilities		(5,116)	6,092	(1,430)	(12,289)
		(3,764)	17,700	1,781	(7,392)
Net cash related to operating activities		(18,809)	(6,245)	(80,679)	(81,641)
<b>Investing activities</b>					
Exploration and evaluation expenditures and net cash related to investing activities	4	-	(23,694)	(24,451)	(131,727)
<b>Financing activities</b>					
Exercise of stock option and net cash related to financing activities		-	114,000	-	114,000
<b>Increase (decrease) in cash during the period</b>		(18,809)	84,061	(105,130)	(99,368)
<b>Cash and cash equivalents – Beginning of period</b>		53,138	110,308	139,459	293,737
<b>Cash and cash equivalents – End of period</b>		34,329	194,369	34,329	194,369

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

# Cleghorn Minerals Ltd.

## Notes to Interim Condensed Financial Statements

December 31, 2019 and 2018 and March 31, 2019

(Unaudited - in Canadian dollars)

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### 1 Nature of operations and going concern

Cleghorn Minerals Ltd., incorporated on February 16, 2010 under the Business Corporations Act of British Columbia (the "Company") is involved in the process of exploring, evaluating and promoting its mineral property and other projects. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Québec, Canada. The Company's registered and records office is located at #1810 - 1111 West Georgia Street, Vancouver, B.C. V6E 4M3. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-D'Or, Quebec, J9P 0B9.

The Company's shares, which are listed on the TSX Venture Exchange, are trading under the symbol "CZZ".

#### ***Going concern uncertainty***

These financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. During the nine-month period ended December 31, 2019, the Company incurred a net loss and comprehensive loss of \$147,402 (\$91,215 for the year ended March 31, 2019) and has an accumulated deficit of \$1,281,274 (March 31, 2019 – \$1,133,872). To date, the Company has financed its cash requirements primarily by issuing common shares or units. The Company's ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company's discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Management has assessed its liquidity needs and estimates that these funds will not be sufficient to meet the Company's obligations, budgeted expenditures and commitments through December 31, 2020. Based on the extent of the Company's current stage and anticipated plan, the Company will need to raise additional financing within the next 12 months, and those facts cast significant doubt on the Company's ability to continue as a going concern. While Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company.

If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.



# **Cleghorn Minerals Ltd.**

## **Notes to Interim Condensed Financial Statements**

**December 31, 2019 and 2018 and March 31, 2019**

(Unaudited - in Canadian dollars)

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### **2 Basis of presentation**

These interim condensed financial statements, approved by the Board of Directors on February 5, 2020, 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". These interim condensed financial statements as well as the related notes should be read in conjunction with the audited financial statements of the Company as at March 31, 2019.

### **3 Significant accounting policies**

#### **Basis of preparation**

The significant accounting policies that have been applied in the preparation of these interim condensed financial statements are summarized in Note 3 of the Company's annual audited financial statements for the year ended March 31, 2019.

### **4 Exploration and evaluation assets**

The Company owns a 100% interest in the Meech Lake Matachewan Prospect which consists of four (4) mining claims situated in the Argyle, McNeil and Robertson Townships, approximately 25 km Northwest of Matachewan, in Northeastern Ontario within the Abitibi Greenstone Belt. Following the MLAS claim to cell conversion process completed by Ontario's Ministry of Northern Development and Mines (MNDM), the four (4) original legacy claims covering 656 ha were converted to 41 cells (36 single cells and 5 boundary cells) covering an area of 833.6 ha.

Three (3) of the original mining claims are subject to a 3% NSR on metals or minerals (iron, titanium, vanadium, gold, silver, copper, zinc and any and all other minerals or elements) produced from the property. The Company shall be entitled to repurchase 0.5% of the NSR, leaving the vendor with a 2.5% NSR, by paying to the vendor

As part of a prospecting funding application, the Company signed, on September 13, 2016, a funding and royalty agreement with Ontario Exploration Corporation («OEC») under which the Company granted a 0.5% NSR on its Meech Lake Matachewan Prospect in consideration of \$10,000 in cash.

The royalty agreement has a buyback clause which provides that the Company can purchase one-half of the 0.5% royalty for a dollar value that increases over time, ranging from a purchase price of \$15,000 before the second anniversary of the date of the agreement to a purchase price of \$250,000 from the 11th anniversary of the agreement and beyond.

# Cleghorn Minerals Ltd.

## Notes to Interim Condensed Financial Statements

December 31, 2019 and 2018 and March 31, 2019

(Unaudited - in Canadian dollars)

The following table presents a summary of exploration and evaluation assets:

	March 31, 2018 \$	Activity \$	March 31, 2019 \$	Activity \$	December 31, 2019 \$
<b>Meech Lake Matachewan Prospect (Ontario)</b>					
Acquisition costs and claim maintenance fees	399,848	2,595	402,443	-	402,443
Drilling	307,652	66,708	374,360	-	374,360
Sampling & testing	10,256	52,622	62,878	686	63,564
Geophysics	42,585	-	42,585	-	42,585
Line cutting	39,955	-	39,955	-	39,955
Geology	19,917	11,263	31,180	994	32,174
Technical & field consultants	5,631	5,437	11,068	2,106	13,174
Maps & publications	8,265	2,411	10,676	-	10,676
General expenses	5,006	4,353	9,359	-	9,359
Geochemistry	-	2,358	2,358	-	2,358
Stock-based compensation	-	-	-	1,206	1,206
Proceeds from the sale of a 0.5% NSR	(10,000)	-	(10,000)	-	(10,000)
<b>Total E&amp;E assets</b>	<b>829,115</b>	<b>147,747</b>	<b>976,862</b>	<b>4,992</b>	<b>981,854</b>

## 5 Share capital

Authorized

Unlimited number of voting common shares without par value.

### Escrowed shares

As required by applicable securities commissions and the rules of the TSX, and under an agreement entered with a transfer agent from Computershare Investor Services Inc., a total of 9,513,928 common shares have been placed in escrow and deposited with a trustee under escrow agreements before the completion of the Qualifying Transaction. On August 18, 2016, following the completion of the Qualifying Transaction, 10% of the escrowed shares were released. The balances of restricted shares will be released at a rate of 15% in each of the anniversaries of 6, 12, 18, 24, 30 and 36 months following the initial release. As at December 31, 2019, there is no more escrowed shares (1,427,089 as at March 31, 2019).

# Cleghorn Minerals Ltd.

## Notes to Interim Condensed Financial Statements

December 31, 2019 and 2018 and March 31, 2019

(Unaudited - in Canadian dollars)

### Warrants

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

Expiration date	December 31, 2019		March 31, 2019	
	Exercise price \$	Number of warrants outstanding	Exercise price \$	Number of warrants outstanding
August 18, 2021	0.12	4,550,000	0.12	4,550,000
August 18, 2021	0.15	1,631,674	0.15	1,631,674
		<u>6,181,674</u>		<u>6,181,674</u>

On June 25, 2019, the Board of Directors approved the extension of the expiry date of the outstanding warrants from August 18, 2019 to August 18, 2021. The warrants contain an accelerated expiry provision such that the exercise period of the warrants will be reduced to 30 days if for any 10 consecutive trading days during the unexpired term of the warrants (the "Premium Trading Days") the closing price of the Company's common shares exceeds the respective \$0.12 or \$0.15 exercise price by 25% or more (which would be a respective trading price of \$0.15 or \$0.1875 per share or higher), the accelerated 30 day expiry period to begin no more than 7 calendar days after the 10<sup>th</sup> Premium Trading Day. The accelerated expiry provision will continue to apply to the warrants on extension of the term to expiry.

## 6 Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX (the "Stock Option Plan") pursuant to which it has granted options to purchase common shares to directors, officers and technical consultants. The options will be exercisable at the price set by the Company's board of directors and for a period of up to ten years from the date of grant, provided that the number of common shares reserved for issuance under the Share Option Plan does not exceed ten percent (10%) of the issued and outstanding common shares of the Company on the date of grant, provided that the option exercise price is not to be lower than permitted under the policies of the TSX.

# Cleghorn Minerals Ltd.

## Notes to Interim Condensed Financial Statements

December 31, 2019 and 2018 and March 31, 2019

(Unaudited - in Canadian dollars)

The following table shows the changes in stock options:

	December 31, 2019		March 31, 2019	
	Number of stock options	Weighted average exercise price \$	Number of stock options	Weighted average exercise price \$
<b>Outstanding – Beginning of period</b>	250,000	0.20	1,550,000	0.13
Granted	1,370,861	0.06	-	-
Exercised	-	-	(950,000)	0.12
Forfeited	-	-	(350,000)	0.17
<b>Outstanding and exercisable – End of period</b>	<b>1,620,861</b>	<b>0.08</b>	<b>250,000</b>	<b>0.20</b>

The number of outstanding stock options that could be exercised for an equal number of common shares is as follows:

	December 31, 2019		March 31, 2019		
Expiry date	Exercise price \$	Number outstanding	Number exercisable	Number outstanding	Number exercisable
November 16, 2020	0.20	250,000	250,000	250,000	250,000
September 6, 2024	0.06	1,370,861	1,370,861	-	-
		<b>1,620,861</b>	<b>1,620,861</b>	<b>250,000</b>	<b>250,000</b>

The fair value of stock options granted was determined using the Black & Scholes valuation model based on the following weighted average assumptions:

	Nine-month period ended December 31, 2019	Year ended March 31, 2019
Weighted average price at the grant date	\$0.06	-
Weighted average exercise price	\$0.06	-
Expected dividend	-	-
Expected average volatility	113.97%	-
Risk-free average interest rate	1.36%	-
Expected average life	5 years	-
Weighted fair value per share option	\$0.05	-

# Cleghorn Minerals Ltd.

## Notes to Interim Condensed Financial Statements

December 31, 2019 and 2018 and March 31, 2019

(Unaudited - in Canadian dollars)

An expense for stock-based compensation of \$66,148 was recognized during the nine-month period ended December 31, 2019 (for the nine-month period ended December 31, 2018 – nil). An amount of \$64,942 (for the nine-month period ended December 31, 2018 – nil) was recognized in the interim condensed statement of loss and comprehensive loss and \$1,208 (for the nine-month period ended December 31, 2018 – nil) was capitalized to the exploration and evaluation assets.

### 7 Additional cash flow information

The following significant non-cash transactions have been excluded from the statements of cash flows:

	Three-month periods ended		Nine-month periods ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	\$	\$	\$	\$
Accounts payable included in exploration and evaluation assets	-	(12,980)	(20,665)	4,483
Stock-based compensation included in exploration and evaluation assets	-	-	1,206	-

### 8 Related parties

Related parties include the Company's key management personnel and related companies. Unless otherwise stated, balances are usually settled in cash.

Key management personnel are the members of the Board of Directors and officers.

#### Transactions with key management personnel

During the nine-month period ended December 31, 2019, the Company incurred fees of \$22,500 (\$22,500 for the nine-month period ended December 31, 2018) with the Chief Financial Officer. These fees are recorded under accounting fees.

### 9 Commitment

The Company entered into a consulting agreement with an indefinite term which will call for a monthly payment of \$2,500.

### 10 Subsequent event

The Company announced that it will conduct a non-brokered private placement offering pursuant to which it will issue 4,000,000 units at a per-unit price of \$0.05 for gross proceeds of \$200,000. Each unit will consist of one common share in the capital of the Company and one non-transferable share purchase warrant, with each warrant entitling the purchase of one common share at a per-share price of \$0.10 for three years from the date of issuance of the securities. The offering is subject to acceptance by the TSX Venture Exchange. Directors and/or officers of Cleghorn plan to purchase a portion of securities under the offering.