



# **Cleghorn Minerals Ltd.**

Interim Condensed Financial Statements  
**For the three-month and nine-month periods ended December 31, 2020 and 2019**  
(in Canadian dollars)

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**INTERIM CONDENSED FINANCIAL STATEMENTS**

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NOTICE TO READER	3
INTERIM CONDENSED FINANCIAL STATEMENTS	
Statements of financial position	4
Statements of loss and comprehensive loss	5
Statements of changes in equity	6
Statements of cash flows	7
Notes to financial statements	8 – 14

## **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, 2020 and 2019 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, 2020 and March 31, 2020

(Unaudited - in Canadian dollars)

	Notes	December 31, 2020 \$	March 31, 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		244,822	294,509
Sales taxes receivable		2,211	3,355
Prepaid expenses		6,249	6,947
		<u>253,282</u>	<u>304,811</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	5	<u>1,103,794</u>	<u>1,100,300</u>
<b>Total assets</b>		<u>1,357,076</u>	<u>1,405,111</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>-</u>	<u>10,631</u>
<b>Total liabilities</b>		<u>-</u>	<u>10,631</u>
<b>Equity</b>			
Share capital	6	2,337,682	2,139,429
Units to be issued	5 and 6	-	116,383
Contributed surplus	7	267,787	210,663
Warrants	6	269,614	243,231
Deficit		<u>(1,518,007)</u>	<u>(1,315,226)</u>
<b>Total equity</b>		<u>1,357,076</u>	<u>1,394,480</u>
<b>Total liabilities and equity</b>		<u>1,357,076</u>	<u>1,405,111</u>
Nature of operations, going concern and Covid-19	1		

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on January 22, 2021.

Signed: "Glenn J. Mullan" Director

Signed: "Joseph Groia" 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, 2020 and 2019

(Unaudited - in Canadian dollars)

	Notes	Three-month periods ended		Nine-month periods ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		\$	\$	\$	\$
<b>Operating expenses</b>					
Accounting fees		7,500	7,500	22,500	22,500
Audit fees		-	-	20,800	18,096
Legal fees		1,145	423	17,286	15,283
Regulatory and transfer agent fees		8,213	4,959	17,665	17,107
Office expenses and other		4,674	1,780	14,147	5,539
Project development costs		-	-	2,240	-
Shareholder's information		26	-	1,634	777
Travel and representation fees		-	-	-	1,557
Bank charges (revenue)		(106)	383	(74)	1,601
Stock-based compensation	7	-	-	101,922	64,942
<b>Net loss and comprehensive loss</b>		<u>(21,452)</u>	<u>(15,045)</u>	<u>(198,120)</u>	<u>(147,402)</u>
<b>Basic and diluted net loss per common share</b>		<u>(0.001)</u>	<u>(0.001)</u>	<u>(0.007)</u>	<u>(0.007)</u>
<b>Weighted average number of common shares outstanding</b>		<u>29,408,618</u>	<u>21,208,618</u>	<u>28,712,254</u>	<u>21,208,618</u>

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

## Cleghorn Minerals Ltd.

### Interim Condensed Statements of Changes in Equity

For the nine-month periods ended on December 31, 2020 and 2019

(Unaudited - in Canadian dollars)

		Share capital		Units to be issued	Warrants	Contributed surplus	Deficit	Total
		Number	\$	\$	\$	\$	\$	\$
<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	7	-	-	-	-	66,148	-	66,148
Net loss and comprehensive loss		-	-	-	-	-	(147,402)	(147,402)
<b>Balance – December 31, 2019</b>		<u>21,208,618</u>	<u>1,854,429</u>	<u>-</u>	<u>243,231</u>	<u>210,663</u>	<u>(1,281,274)</u>	<u>1,027,049</u>
<b>Balance – April 1<sup>st</sup>, 2020</b>		26,908,618	2,139,429	116,383	243,231	210,663	(1,315,226)	1,394,480
Issuance of units as part of an acquisition of exploration and evaluation assets	5 and 6	1,500,000	90,000	(116,383)	26,383	-	-	-
Exercise of stock options	6 and 7	1,000,000	108,253	-	-	(48,253)	-	60,000
Cost related to the issuance of shares	6	-	-	-	-	-	(4,661)	(4,661)
Stock-based compensation	7	-	-	-	-	105,377	-	105,377
Net loss and comprehensive loss		-	-	-	-	-	(198,120)	(198,120)
<b>Balance – December 31, 2020</b>		<u>29,408,618</u>	<u>2,337,682</u>	<u>-</u>	<u>269,614</u>	<u>267,787</u>	<u>(1,518,007)</u>	<u>1,357,076</u>

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, 2020 and 2019

(Unaudited - in Canadian dollars)

	Notes	Three-month periods ended		Nine-month periods ended	
		December 31, 2020 \$	December 31, 2019 \$	December 31, 2020 \$	December 31, 2019 \$
<b>Operating activities</b>					
Net loss for the period		(21,452)	(15,045)	(198,120)	(147,402)
Items not affecting cash					
Stock-based compensation	7	-	-	101,922	64,942
		(21,452)	(15,045)	(96,198)	(82,460)
Change in non-cash working capital items					
Sales taxes receivable		2,184	(1,695)	1,144	1,067
Prepaid expenses		3,729	3,047	698	2,144
Accounts payable and accrued liabilities		(23,511)	(5,116)	(10,631)	(1,430)
		(17,598)	(3,764)	(8,789)	1,781
Net cash related to operating activities		(39,050)	(18,809)	(104,987)	(80,679)
<b>Investing activities</b>					
Exploration and evaluation expenditures and net cash related to investing activities	5	(39)	-	(39)	(24,451)
<b>Financing activities</b>					
Exercise of stock options	6 and 7	-	-	60,000	-
Cost related to the issuance of shares	6	-	-	(4,661)	-
Net cash related to financing activities		-	-	55,339	-
<b>Decrease in cash during the period</b>		(39,089)	(18,809)	(49,687)	(105,130)
<b>Cash – Beginning of period</b>		283,911	53,138	294,509	139,459
<b>Cash – End of period</b>		244,822	34,329	244,822	34,329

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

# **Cleghorn Minerals Ltd.**

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

**December 31, 2020 and 2019 and March 31, 2020**

(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***

Management of the Company believes that it has sufficient funds to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for the ensuing twelve months as they fall due. 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, twelve months from the end of the reporting period. The Company's ability to continue future operations beyond December 31, 2021 and fund its exploration and evaluation expenditures is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments. Management will pursue such additional sources of financing when required, and 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 or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

#### ***Covid-19***

In March 2020, the COVID-19 outbreak was declared a pandemic and numerous measures were put in place by the federal, provincial and municipal governments to protect the public. During this period of uncertainty, the Company priority is to safeguard the health and safety of personnel and host communities, support and enforce government actions to slow the spread of COVID-19, and to continually assess and mitigate the risks to the business operations.

The Company has implemented a COVID-19 response plan that includes a number of measures to safeguard against the spread of the virus at its offices and sites. Although there have not been any impacts to the Company's operations, the Company cannot provide assurance that there will not be disruptions to its operations in the future. If the Company's operations are impacted or expected to be impacted, the Company will seek measures to preserve cash including suspension of discretionary spending and other legal means to reduce and minimize contractual spending.



# **Cleghorn Minerals Ltd.**

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

**December 31, 2020 and 2019 and March 31, 2020**

(Unaudited - in Canadian dollars)

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### **2 Changes in accounting policies**

*IAS 1, Presentation of Financial Statements ("IAS 1") and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")*

On April 1, 2020, the Company adopted IAS 1, and IAS 8 which refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The adoption of IAS 1 and IAS 8 had no impact on the financial statements.

### **3 Basis of presentation**

These interim condensed financial statements, approved by the Board of Directors on January 22, 2021, 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 for the year ended March 31, 2020.

### **4 Significant accounting policies**

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, 2020.

### **5 Exploration and evaluation assets**

Meech Lake Matachewan Prospect

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 831.51 ha.

On March 7, 2020, the Company signed a mineral claim purchase agreement for the acquisition of a 100% interest in 142 mineral claims known as the Sprague and Odie prospects in consideration of 1,500,000 units. Each unit comprises one common share in the capital of the Company and one-half of one purchase common share warrant. The fair value of the shares was evaluated at \$90,000. Each whole warrant entitles the holder to acquire an additional common share in the capital of the Company at a price of \$0.10 until April 8, 2022. The fair value of the warrants was evaluated using the Black & Scholes valuation model at \$26,383.

The Sprague prospect is located directly adjacent to the northeast corner of the Meech Lake Matachewan prospect and the Odie prospect is located directly adjacent to the southwest corner of the Meech Lake Matachewan prospect.

# Cleghorn Minerals Ltd.

## Notes to Interim Condensed Financial Statements

December 31, 2020 and 2019 and March 31, 2020

(Unaudited - in Canadian dollars)

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 \$1,000,000 and an additional 1%, leaving the vendor with a 1.5% NSR, by paying the vendor an additional \$3,000,000.

As part of a prospecting funding application, the Company signed, on September 13, 2016, a funding and royalty agreement with Ontario Exploration Corporation under which the Company granted a 0.5% NSR on its Meech Lake 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.

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

	March 31, 2019 \$	Activity \$	March 31, 2020 \$	Activity \$	December 31, 2020 \$
<b>Meech Lake Matachewan Prospect (Ontario)</b>					
Acquisition costs and claim maintenance fees	402,443	116,383	518,826	-	518,826
Drilling	374,360	-	374,360	-	374,360
Sampling & testing	62,878	686	63,564	39	63,603
Geophysics	42,585	-	42,585	-	42,585
Line cutting	39,955	-	39,955	-	39,955
Geology	31,180	3,057	34,237	-	34,237
Technical & field consultants	11,068	2,106	13,174	-	13,174
Maps & publications	10,676	-	10,676	-	10,676
General expenses	9,359	-	9,359	-	9,359
Geochemistry	2,358	-	2,358	-	2,358
Stock-based compensation	-	1,206	1,206	3,455	4,661
Proceeds from the sale of a 0.5% NSR	(10,000)	-	(10,000)	-	(10,000)
<b>Total E&amp;E assets</b>	<b>976,862</b>	<b>123,438</b>	<b>1,100,300</b>	<b>3,494</b>	<b>1,103,794</b>

## 6 Share capital

### Authorized

Unlimited number of voting common shares without par value.

### Transaction on share capital

On April 8, 2020, the Company issued 1,500,000 units in connection with the acquisition of the Sprague and Odie prospects. Each unit comprises one common share in the capital of the Company and one-half of one purchase common share warrant. The fair value of the units was evaluated at \$116,383.

# Cleghorn Minerals Ltd.

## Notes to Interim Condensed Financial Statements

December 31, 2020 and 2019 and March 31, 2020

(Unaudited - in Canadian dollars)

On September 29, 2020, a total of 1,000,000 stock options were exercised at an exercise price of \$0.06 per share for total proceeds of \$60,000. The Company incurred legal fees of \$4,661 as part of this transaction. These fees were recorded under the deficit in the statement of changes in equity.

### Warrants

The following table shows the changes in warrants:

	December 31, 2020		March 31, 2020	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
<b>Outstanding – Beginning of period</b>	11,881,674	0.11	6,181,674	0.13
Issued	750,000	0.10	5,700,000	0.10
<b>Outstanding and exercisable – End of period</b>	<b>12,631,674</b>	<b>0.11</b>	<b>11,881,674</b>	<b>0.11</b>
<b>To be issued</b>	<b>-</b>	<b>-</b>	<b>750,000</b>	<b>0.10</b>

The fair value of the warrants to be issued was determined using the Black & Scholes valuation model based on the following assumptions:

	March 31, 2020
Price at issuance	\$0.06
Exercise price	\$0.10
Expected dividend	-
Expected volatility	138.4%
Risk-free interest rate	0.55%
Expected life	2 years
Fair value per warrant	\$0.035

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected life of the warrants. No special feature inherent to the warrants to be issued were incorporated into measurement of fair value.

An amount of \$26,383 was recognized in units to be issued as at March 31, 2020 in the statement of changes in equity and capitalized to the exploration and evaluation assets.

# Cleghorn Minerals Ltd.

## Notes to Interim Condensed Financial Statements

December 31, 2020 and 2019 and March 31, 2020

(Unaudited - in Canadian dollars)

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

Expiration date	December 31, 2020		March 31, 2020	
	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
April 8, 2022	0.10	750,000	-	-
March 5, 2023	0.10	5,700,000	0.10	5,700,000
		<u>12,631,674</u>		<u>11 881,674</u>

## 7 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.

The following table shows the changes in stock options:

	December 31, 2020		March 31, 2020	
	Number of stock options	Weighted average exercise price \$	Number of stock options	Weighted average exercise price \$
<b>Outstanding – Beginning of period</b>	1,620,861	0.08	250,000	0.20
Granted	1,220,000	0.10	1,370,861	0.06
Exercised	(1,000,000)	0.06	-	-
Expired	(250,000)	0.20	-	-
<b>Outstanding and exercisable – End of period</b>	<u>1,590,861</u>	<u>0.09</u>	<u>1,620,861</u>	<u>0.08</u>

# Cleghorn Minerals Ltd.

## Notes to Interim Condensed Financial Statements

December 31, 2020 and 2019 and March 31, 2020

(Unaudited - in Canadian dollars)

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

	December 31, 2020	March 31, 2020
Price at the grant date	\$0.10	\$0.06
Exercise price	\$0.10	\$0.06
Expected dividend	-	-
Expected volatility	132.8%	114%
Risk-free interest rate	0.38%	1.36%
Expected life	5 years	5 years
Fair value per stock option	\$0.09	\$0.05

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected life of the options. No special feature inherent to the options granted were incorporated into measurement of fair value

During the nine-month period ended December 31, 2020, the Company recorded a stock-based compensation of \$105,377 (\$66,148 for the nine-month period ended December 31, 2019). An amount of \$101,922 (\$64,942 for the nine-month period ended December 31, 2019) was recorded in the statement of loss and comprehensive loss and \$3,455 (\$1,206 for the nine-month period ended December 31, 2019) was capitalized to the exploration and evaluation assets.

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

		December 31, 2020		March 31, 2020	
Expiry date	Exercise price \$	Number outstanding	Number exercisable	Number outstanding	Number exercisable
November 16, 2020	0.20	-	-	250,000	250,000
September 6, 2024	0.06	370,861	370,861	1,370,861	1,370,861
September 4, 2025	0.10	1,220,000	1,220,000	-	-
		1,590,861	1,590,861	1,620,861	1,620,861

## 8 Related parties

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

### Transactions with key management personnel

During the nine-month period ended December 31, 2020, the Company incurred fees of \$22,500 (\$22,500 for the nine-month period ended December 31, 2019) with the Chief Financial Officer. These fees are recorded under accounting fees in the statement of loss and comprehensive loss.

# **Cleghorn Minerals Ltd.**

Notes to Interim Condensed Financial Statements

**December 31, 2020 and 2019 and March 31, 2020**

(Unaudited - in Canadian dollars)

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## **9 Commitment**

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