

**CASCADERO COPPER CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MAY 31, 2020 and 2019**  
**(Unaudited – Expressed in Canadian dollars)**

**Index**

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**NOTICE – No Auditor Review of the Interim Financial Statements.**

The accompanying unaudited condensed interim consolidated financial statements of Cascadero Copper Corporation (the “Company”), for the three and six months ended May 31, 2020, have been prepared by management and have not been the subject of a review by the Company’s external independent auditor.

# CASCADERO COPPER CORPORATION

(An exploration stage company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise stated)

	Notes	May 31, 2020	November 30, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 16,898	\$ 266
Marketable securities	4	23,543	178,422
Taxes receivable		23,596	17,900
Prepaid expenses		2,252	2,252
		<b>66,289</b>	<b>198,840</b>
<b>Due from a related party</b>	10(a)	<b>168,848</b>	<b>168,848</b>
<b>Equipment</b>		<b>756</b>	<b>756</b>
		<b>\$ 235,893</b>	<b>\$ 368,444</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 176,227	\$ 181,732
Accrued Liabilities		54,231	10,219
Due to related parties	10(a)	888,311	1,016,217
Loans payable	10(b)	225,000	225,000
Share of net liabilities in joint venture	5	43,834	50,136
		<b>1,387,603</b>	<b>1,483,304</b>
<b>EQUITY</b>			
Share capital	9	22,382,188	22,382,188
Contributed surplus		4,914,805	4,852,653
Other comprehensive income		(440,843)	(430,137)
Accumulated deficit		(28,007,860)	(27,919,564)
		<b>(1,151,710)</b>	<b>(1,114,860)</b>
		<b>\$ 235,893</b>	<b>\$ 368,444</b>

## CASCADERO COPPER CORPORATION

(An exploration stage company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise stated)

	Notes	For the three months ended May 31, 2020	For the three months ended May 31, 2019	For the six months ended May 31, 2020	For the six months ended May 31, 2019
<b>Expenses</b>					
Advertising and promotion		\$ —	\$ —	\$ —	\$ 1,025
Bank charges and interest expense		158	115	437	157
Depreciation		—	122	—	243
General and administrative		9,173	13,359	20,166	21,861
Interest and penalties (Part VII.6 tax)		37,455	—	48,960	—
Management fees	10(c)	30,500	58,000	46,000	110,000
Professional fees		31,215	43,691	49,565	90,323
Rent	10(c)	1,793	4,500	2,895	9,000
Share-based compensation	9(c)	—	—	62,152	—
		<b>110,294</b>	<b>119,787</b>	<b>230,175</b>	<b>232,609</b>
<b>Loss before the other items</b>		<b>(110,294)</b>	<b>(119,787)</b>	<b>(230,175)</b>	<b>(232,609)</b>
<b>Other items</b>					
(Loss) gain on disposition of marketable securities		(10,818)	—	4,182	—
Share of income (loss) of investment in joint venture	5	(30,263)	(262,348)	137,697	(542,376)
		<b>(41,081)</b>	<b>(262,348)</b>	<b>141,879</b>	<b>(542,376)</b>
<b>Loss and comprehensive loss for the period</b>		<b>\$ (151,375)</b>	<b>\$ (382,135)</b>	<b>\$ (88,296)</b>	<b>\$ (774,985)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.001)</b>	<b>\$ (0.002)</b>	<b>\$ (0.000)</b>	<b>\$ (0.004)</b>
<b>Weighted average number of shares outstanding, basic and diluted</b>		<b>177,800,866</b>	<b>177,177,472</b>	<b>177,800,866</b>	<b>177,177,472</b>

# CASCADERO COPPER CORPORATION

(An exploration stage company)

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise stated)

	Notes	Number of shares issued	Number of treasury shares	Number of Shares outstanding	Share capital	Contributed surplus	Deficit	Accumulated other compre- hensive income (loss)	Total
Balance, November 30, 2018		194,298,892	16,498,026	177,800,866	\$ 22,382,188	\$ 4,810,812	\$ (27,482,985)	\$ (328,240)	\$ (618,225)
Shares issued pursuant to private placements		—	—	—	250,000	—	—	—	250,000
Partial withdrawal on shares issued pursuant to PP		—	—	—	(125,000)	—	—	—	(125,000)
Foreign currency translation difference		—	—	—	—	—	—	134,055	134,055
Net loss for the period		—	—	—	—	—	(774,985)	—	(774,985)
<b>Balance, May 31, 2019</b>		<b>194,298,892</b>	<b>16,498,026</b>	<b>177,800,866</b>	<b>\$ 22,507,188</b>	<b>\$ 4,810,812</b>	<b>\$ (28,257,970)</b>	<b>\$ (194,185)</b>	<b>\$ (1,134,155)</b>
Balance, November 30, 2019		194,298,892	16,498,026	177,800,866	\$ 22,382,188	\$ 4,852,653	\$ (27,919,564)	\$ (430,137)	\$ (1,114,860)
Share-based compensation	9(c)	—	—	—	—	62,152	—	—	62,152
Foreign currency translation difference		—	—	—	—	—	—	(10,706)	(10,706)
Net loss for the period		—	—	—	—	—	(88,296)	—	(88,296)
<b>Balance, May 31, 2020</b>		<b>194,298,892</b>	<b>16,498,026</b>	<b>177,800,866</b>	<b>\$ 22,382,188</b>	<b>\$ 4,914,805</b>	<b>\$ (28,007,860)</b>	<b>\$ (440,843)</b>	<b>\$ (1,151,710)</b>

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

# CASCADERO COPPER CORPORATION

(An exploration stage company)

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars unless otherwise stated)

	For the three months ended May 31, 2020	For the three months ended May 31, 2019	For the six months ended May 31, 2020	For the six months ended May 31, 2019
<b>Operating Activities</b>				
Net loss of the period	\$ (151,375)	\$ (382,135)	\$ (88,296)	\$ (774,985)
Adjustments for items not involving cash:				
Depreciation	—	122	—	243
Share-based compensation	—	—	62,152	—
Loss (gain) on disposal of marketable securities	10,818	—	(4,182)	—
Share of (income) loss of investment in joint venture	30,263	—	(137,697)	—
	<b>(110,294)</b>	<b>(382,013)</b>	<b>(168,023)</b>	<b>(774,742)</b>
Net changes in non-cash working capital items				
Taxes receivable	(3,457)	(5,762)	(5,696)	(11,629)
Prepaid expenses	—	—	—	2,500
Foreign exchange adjustment	—	194,521	—	134,055
Accounts payable and accrued liabilities	69,585	(19,380)	38,507	(12,956)
<b>Cash (used in) operating activities</b>	<b>(44,166)</b>	<b>(212,634)</b>	<b>(135,212)</b>	<b>(662,772)</b>
<b>Investing activities</b>				
Investment in joint venture	(34,789)	198,313	120,689	478,340
Proceeds from disposition of marketable securities	39,287	—	159,061	—
<b>Cash provided by investing activities</b>	<b>4,498</b>	<b>198,313</b>	<b>279,750</b>	<b>478,340</b>
<b>Financing Activities</b>				
Due to related parties	(1,135)	24,547	(127,906)	61,481
Private Placement	—	(125,000)	—	125,000
<b>Cash (used in) provided by financing activities</b>	<b>(1,135)</b>	<b>(100,453)</b>	<b>(127,906)</b>	<b>186,481</b>
<b>(Decreased) increase in cash during the period</b>	<b>(40,803)</b>	<b>(114,774)</b>	<b>16,632</b>	<b>2,049</b>
<b>Cash , beginning of the period</b>	<b>57,701</b>	<b>280,383</b>	<b>266</b>	<b>163,560</b>
<b>Cash , end of period</b>	<b>\$ 16,898</b>	<b>\$ 165,609</b>	<b>\$ 16,898</b>	<b>\$ 165,609</b>

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Cascadero Copper Corporation ("Cascadero" or the "Company") was incorporated pursuant to the Alberta Business Corporations Act on October 30, 2003 and continued into the Province of British Columbia on June 3, 2004. The Company is engaged in the business of acquiring, exploring and developing mineral properties located primarily in Argentina. The Company is considered to be in the exploration stage. The Company's head office and principal address is located at #395, 901 West Third Street, North Vancouver, B.C. V7P3P9

The Company is in the process of exploring and developing mineral properties and has not yet determined whether these properties contain precious mineral reserves that are economically recoverable.

These condensed interim consolidated financial statements (the "interim financial statements") have been prepared on the basis of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. These interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. Such adjustments could be material.

The Company has a history of losses with no operating revenue other than interest income. As at May 31, 2020, the Company has incurred cumulative losses of \$28,007,860 (November 30, 2019 - \$27,919,564) and had a negative working capital of \$1,321,314 (November 30, 2019 - \$1,284,464). The ability of the Company to continue operations and carry out its planned business objectives is dependent on its ability to raise adequate financing from shareholders and other investors, the continued support from its directors and creditors, and the successful development of mineral properties or alternatively upon the Company's ability to dispose of its interest in mineral properties on an advantageous basis in the future. The outcome of these matters cannot be predicted at this time. 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. The above factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and liabilities in the normal course of business.

Since February 2020, the coronavirus ("COVID-19") has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financial position, results of operations and cash flows in future periods.

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

The interim financial statements have been prepared in accordance with International Financial Reporting standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC" and "SIC") adopted by the International Accounting Standards Board ("IASB").

The interim financial statements of the Company for the three and six months ended May 31, 2020 were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on September 10, 2020.

## 2. BASIS OF PREPARATION (CONTINUATION)

### b) Basis of measurement

The interim financial statements have been prepared under the historical cost basis except for those as explained in the accounting policies below. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

### c) Use of estimates

The preparation of these interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### d) For reclassification of the prior year numbers:

Certain of the 2019 comparative figures have been reclassified to conform with the current year's financial statement presentation.

## 3. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared using accounting policies consistent with those used in the Company's audited consolidated financial statements for the year ended November 30, 2019.

### a) Principles of consolidation

These interim financial statements include the accounts of Cascadero and the accounts and operations of the following entities:

<b>Entities</b>	<b>Jurisdiction of Incorporation</b>	<b>Ownership</b>
SESA Holdings, LLC ("SHL")	United States	Control
Cascadero Minerals Corporation ("CMC")	Canada	Note 5 below
Salta Exploraciones S.A. ("Salta")	Argentina	Note 5 below
Cascadero Minerals S.A. ("CMSA")	Argentina	Note 5 below
Salta Geothermal S.A. ("SGSA")	Argentina	Note 5 below
Trumetals S.A. ("TSA")	Argentina	Note 5 below

Subsidiaries are entities controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investees);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.



### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)**

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains controls over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated statements of income (loss) and comprehensive income (loss) from the date the Company gains control until the date the Company ceases to control the subsidiary.

Up until November 29, 2016, Cascadero is the legal and beneficial holder of all of the issued and outstanding shares of CMSA, SGSA and TSA. These entities were duly formed under the laws of Argentina which holds certain mineral properties in Argentina. On November 30, 2016, the Company underwent a reorganization by transferring and assigning all legal and beneficial interests in CMSA, SGSA and TSA to CMC (the "Reorganization") and CMC became a vehicle indirectly holding all Argentina mineral properties. After the Reorganization, CMC, CMSA, SGSA and TSA are collectively referred to as the Argentina Entities. The Company lost control in the Argentina Entities effective November 30, 2016, and retained a joint control (see Note 5). The Argentina Entities' operating results are accounted for using the equity method effective November 30, 2016. Other than the Golden Minerals Earn-In Agreement dated December 2, 2019 (Note 6), CMC had no other material transactions for the three and six months ended May 31, 2020 and for the year ended November 30, 2019.

#### **b) Critical accounting estimates and judgements**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

Information about critical accounting estimates and judgements in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

#### **i) Judgements**

##### *Valuation of exploration and evaluation expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Significant judgement is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

##### *Joint Arrangement*

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over the other companies. Management has used its judgement to determine which companies are controlled and require consolidation, and those which are significantly influenced or jointly controlled and require equity accounting. Determination of the date that the Company's interest in the Argentina Entities changed from control to joint control also required significant judgement. The Company has determined that effective November 30, 2016, the Company lost control in the Argentina Entities and retained joint control in these entities as the participating parties have joint control and a right to the net assets of the arrangement.

Significant judgements and estimates are also required to determine the fair value of the investments retained in the Argentina Entities that were former subsidiaries of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

At each reporting date, the Company determines whether there is objective evidence that the investment in associate or joint venture is impaired. Significant judgement is required when determining whether facts and circumstances suggest that the carrying amount of the investment in associate or joint venture may exceed its recoverable amount.

*Business versus asset*

Identifying a transaction as being a business or asset requires judgement regarding whether the set of assets and liabilities acquired or disposed constitutes a business based on the particular circumstances.

*Provision*

Management assesses the probability of a liability being payable as either remote, more than remote or probable. If the liability is considered to be less than probable, then the liability is not recorded, and it is only disclosed as a contingent liability.

ii) Estimates

*Share-based payment transactions*

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option and warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payments are disclosed in Note 9 (c).

c) Adoptions of new accounting pronouncements

The accounting policies applied in preparation of these interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended November 30, 2019. The Company adopted the following new accounting standards for the three and six months ended May 31, 2020, which had no important impact on the Company's interim financial statements.

(i) IFRS 16 Leases

In January 2016, the IASB published a new standard, IFRS 16. The new standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 18 and the distinction between operating and finance leases is retained. The standard is effective for annual period beginning on or after January 1, 2019. The Company did not have significant operating leases obligations as at May 31, 2020 and November 30, 2019.

### 4. MARKETABLE SECURITIES

Marketable securities consist of common shares of Amarc Resources Ltd. ("Amarc"), a publicly traded company and are recorded at fair value based on quoted market prices, with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. The continuity of the marketable securities is presented below:

	Number of Shares	Carrying Value	Fair Value
		\$	\$
Balance, November 30, 2018	5,097,778	614,178	280,378
Additions	—	—	—
Balance, November 30, 2019	5,097,778	614,178	178,422
Disposals	4,313,000	519,628	—
<b>Balance, May 31, 2020</b>	<b>784,778</b>	<b>94,550</b>	<b>23,543</b>

## **5. INVESTMENT IN JOINT VENTURE**

On December 21, 2015, the Company and Regberg Ltd. (“Regberg”) signed an Amendment #2 Operating Agreement of SESA Holdings, LLC (the “Amendment #2 Agreement”) in connection with the acquisition by Regberg of 25% of SHL for US\$850,000. Regberg had an option to acquire a further 5% interest in SHL by paying US\$175,000 before May 18, 2018 (collectively referred as the “Regberg Transaction”). In April 2016, Regberg exercised the option to acquire additional 5% interest. In connection with the Regberg Transaction, the Company also issued 5,824,600 treasury shares held by CMC to Regberg in November 2016, and the Company and Regberg entered into an Amendment #3 Operating Agreement of SESA Holdings, LLC. The treasury shares were issued to Regberg at a deemed issue price of \$0.095 per share, being the Company’s stock trading price at date of issuance.

SHL held certain mineral properties in Argentina through its wholly owned Argentina subsidiary, Salta. Immediately prior to disposition of Salta (Note 3 (a)), the Company transferred all of its Argentina mineral properties to CMSA, SGSA and TSA. On November 30, 2016, the Company underwent a reorganization whereby the Company transferred and assigned all of its beneficial interests in CMSA, SGSA and TSA to CMC and has agreed that Regberg has 30% of direct interest in CMC under the Regberg Transaction. The Company, Regberg and CMC subsequently entered into a shareholders’ agreement dated May 10, 2017 (the “CMC Shareholders Agreement”) which provides that, among other things, for so long as Regberg owns at least 25% of CMC’s outstanding common shares, CMC’s board of directors shall consist of an even number of directors, and Regberg shall have the right to appoint one-half of CMC’s directors. Further, the Company is given a right of first refusal that would apply if Regberg wishes to sell its CMC shares. The CMC Shareholders Agreement also provides for certain pre-emptive rights to each of the Company and Regberg that would apply if CMC proposes to allot any shares, “drag-along” rights (which would apply if the Company receives a bona fide offer from an arm’s length third party to purchase all of the issued and outstanding shares of CMC that is approved by the Company’s board of directors), and “tag-along” rights (which limits the Company’s ability to effect any transaction or series of transactions which would result in a change of control of CMC, without first providing Regberg with an opportunity to sell to the purchaser(s) all of the CMC shares owned by Regberg at the same price per share being received by the Company).

In accordance with the SHL Operating Agreement, as amended, for so long as each of the Company and Regberg maintain at least a 25% interest in SHL, SHL shall have two managers, and each of the Company and Regberg shall be entitled to appoint one of the managers. If either party’s interest in SHL is reduced below 25%, there shall be three managers, and the party holding an interest greater than 75% shall be entitled to appoint two managers and the party holding an interest less than 25% shall be entitled to appoint one manager. The operating agreement does not give each party the right to the assets and obligations for the liabilities relating to the arrangement, rather they split the net value. Pursuant to the same agreement, each party is responsible for funding its respective share of exploration cost. Failing to provide its pro rata share of the funds required would cause an adjustment to its interests in the Argentina Entities based on the formula defined in the SHL Operating Agreement, as amended. No profits can be distributed without consent by the majority of the managers.

Regberg has, with the consent of the Company, transferred all of its shares in CMC to NB Projects Asia Pte. Ltd. (“NB Projects Asia”) with effect from March 13, 2020. CMC, the Company, Regberg and NB Projects Asia entered into an Assignment and Assumption Agreement dated March 13, 2020 pursuant to which NB Projects Asia has agreed to assume, be bound by, and discharge the obligations of Regberg under the CMC Shareholders’ Agreement.

The Company has concluded that the Argentina Entities is a joint venture, and it lost the control in Argentina Entities effective November 30, 2016, and the retained joint control in these entities on the same date. The Company has accounted for it using the equity method effective November 30, 2016.

**Cascadero Copper Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended May 31, 2020 and 2019**  
**(Expressed in Canadian dollars - unaudited)**

**5. INVESTMENT IN JOINT VENTURE (CONTINUATION)**

Summarized financial information of the Argentina Entities and reconciliation with the carrying amount of the investment in the interim financial statements are set out below:

	May 31, 2020	November 30, 2019
	\$	\$
Current assets	4,691	136
Current liabilities	(66,718)	(71,107)
Non-current liabilities	(593)	(652)
Net (liabilities) assets	(62,620)	(71,623)
Ownership interest	70%	70%
Proportion of the Company's ownership interest	(43,834)	(50,136)
	2020	2019
	\$	\$
Revenue	—	—
Expense	48,352	280,027
Net loss and total comprehensive loss	(48,352)	(280,027)

The Argentina Entities had no material contingent liabilities, except as presented in Note 8 or no capital commitments as at May 31, 2020 and November 30, 2019.

**6. EXPLORATION AND EVALUATION ASSETS**

*Toodoggone Property*

The Company had 49% interest in the Toodoggone property located in BC. The Company has written off all of the capitalized exploration expenditures relating to the Toodoggone property in prior years leaving the property with a carrying value of \$nil because no significant expenditures were planned or budgeted, and the Company lacks the capital to continue spending on the property.

On June 7, 2017, the Company signed an option agreement (the "Option Agreement") with Amarc that enables Amarc to acquire a 100% interest in the Company's 49% interest in the Toodoggone property. In order to exercise the option, Amarc is required to make staged cash payments to the Company in the aggregate amount of \$1 million and issuance of common shares of Amarc with the aggregated value of \$950,000 before October 31, 2018. During the year ended November 30, 2017, the Company received \$400,000 cash and 1,944,444 common shares of Amarc with the fair value of \$281,044 based on the Amarc's common shares' trading price at the date of issuance, and recorded a gain on disposal in the amount of \$681,944. During the year ended November 30, 2018, the Company received remaining proceeds consisting of \$600,000 cash and 3,333,334 common shares of Amarc with the fair value of \$358,333 based on the Amarc's common shares' trading price at the date of issuance (Note 4), and recorded a gain on disposal in the amount of \$958,333.

*Argentina Mineral Properties*

The Company, through CMSA, SGSA and TSA holds certain mineral properties in Argentina (also see Note 5). The exploration costs incurred have been written off as at May 31, 2020 and November 30, 2019. There was no expenditure incurred for the six months ended May 31, 2020 and 2019.

On December 2, 2019, the Company through its subsidiary CMC and SGSA entered into an Exploration and Development Earn-In Agreement (the "Earn-In Agreement") with Golden Minerals Company ("Golden"). Pursuant to the Earn-In Agreement, SGSA has granted Golden the exclusive right to acquire a 51% of ownership in the Sarita Este Concession, subject to payment a non-refundable amount of \$197,881 (USD\$150,000) cash (received) and incurring a total US\$2.5 million of minimum work requirements for exploration and development expenditures on the concession. Golden may make cash payments in lieu of annual work commitment as follows: (i) US\$300,000 in the second year, plus a 2,000 meters core drilling program on the concession; (ii) US\$500,000 in the third year; and (iii) the balance of US\$2.5 million by the end of fourth year.

**Cascadero Copper Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended May 31, 2020 and 2019**  
**(Expressed in Canadian dollars - unaudited)**

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**7. LOAN PAYABLE**

As of November 30, 2019, the Company had a loan advance of \$101,500 from a former director and CEO of the Company (resigned in October 2019). This loan is non-interest bearing and is secured by 3,000,000 Amarc shares owned by the Company (Note 4). This loan was repaid in full in January 2020.

**8. CONTINGENT LIABILITY**

The Company entered an agreement dated September 3, 2015 with an Argentine drilling contractor, pursuant to which the Company agreed to pay up to a maximum amount of US\$1 million (one million United States Dollars) in the event of the sale of part, or whole, of any of the mining concessions in the Company's Taca Taca Group. The Taca Taca Group, for the purposes of this agreement, consists primarily of (a) Sarita Sur, (b) Sarita Este, (c) La Sarita I, (d) La Sarita II, (e) the 50% interest over Francisco 1, (f) the 50% interest over Francisco 2, (g) the 33.3% interest over Desierto I, and (h) the 33.3% interest over Desierto II. Management assessed and determined that no event has incurred that would trigger such payable or payment as at May 31, 2020. See Note 5 and Note 13(d)

**9. SHARE CAPITAL**

a) Authorized

Unlimited number of common shares with no par value.

b) Issued and outstanding

At May 31, 2020 and November 30, 2019, total 194,298,892 common shares were issued and of which 16,498,026 common shares are treasury shares. Therefore, total common shares outstanding as at May 31, 2020 and November 30, 2019 were 177,800,866. There were no new common shares issued during the six months ended May 31, 2020.

c) Stock Option Plan

The Company has a stock option plan for the benefit of directors, management and certain consultants of the Company. An updated stock option plan was approved in January 2020 (the "2019 Stock Option Plan"). Under the 2019 Stock Option Plan, the maximum aggregate number reserved for optioned shares at any point in time is 21,173,922 shares. The exercise price of each option may be discounted up to the discounted market price as defined by policy 1.1 of the TSX Venture Policies. Each option's vesting period shall be at the discretion of the board of directors and its maximum term is ten years.

In January 2020, the Company granted 2,000,000 stock options to a director who is also an officer of the Company at an exercise price of \$0.05 per share. These options vest immediately and will expire in January 2025.

For the six months ended May 31, 2020, a total of \$62,152 (2019 - \$nil) was recorded as share-based compensation expense relating to management and general consulting services.

The fair value of the options granted in 2020 were estimated using the Black-Scholes options pricing model with the following assumptions:

	2020 Grants
Weighted average fair value	\$0.05
Risk-free interest rate	2.09%
Dividend yield	\$0.00
Expected volatility	75.43%
Weighted average expected life of options	5 years

**Cascadero Copper Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended May 31, 2020 and 2019**  
**(Expressed in Canadian dollars - unaudited)**

**9. SHARE CAPITAL (CONTINUATION)**

Option pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the company's stock options. The Company's expected volatility is based on the historical volatility of the Company's share price.

The continuity schedule of stock options as at May 31, 2020 and November 30, 2019 is as follows:

	<b>Outstanding</b>
Balance - November 30, 2018	<b>18,100,000</b>
Increase (decrease):	
Stock options expired	(300,000)
Balance - November 30, 2019	17,800,000
Stock options expired	(15,300,000)
Stock options granted	2,000,000
Balance - May 31, 2020	<b>4,500,000</b>
Stock options exercisable, end of period	<b>4,500,000</b>

The following table summarizes information about stock options outstanding as at May 31, 2020:

Number of Options Outstanding	Expiration Date	Number of Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life Years
2,500,000	16-Jul-21	2,500,000	\$0.05	1.13
2,000,000	10-Jan-25	2,000,000	\$0.05	4.67
4,500,000		4,500,000		

d) Share Purchase Warrants

During the six months ended May 31, 2020 and 2019, the Company did not issue any new share purchase warrants. The following summarizes the share purchase warrants' activities:

	<b>May 31, 2020</b>		November 30, 2019	
	<b>Outstanding</b>	<b>Weighted Average Exercise Price</b>	Outstanding	Weighted Average Exercise Price
Balance, beginning of the period	<b>3,750,000</b>	<b>\$0.08</b>	14,097,700	\$0.13
Warrants expired	—	—	(10,347,700)	0
Balance, end of the period	<b>3,750,000</b>	<b>\$0.08</b>	3,750,000	\$0.08

All of 3,750,000 share purchase warrants will expire on October 3, 2022.

**10. RELATED PARTY TRANSACTIONS**

The related party balances and transactions not disclosed elsewhere in these consolidated financial statements are listed below. Related party transactions in normal course of operations are measured at the exchange amount. Due from and to the related parties are unsecured, and non-interest bearing.

a) The Company has the following balances owed to and from related entities as at May 31, 2020:

## **10. RELATED PARTY TRANSACTIONS (CONTINUATION)**

- (i) \$428,916 (November 30, 2019 - \$457,916) due to the estate of Bill McWilliam (“Mr. McWilliam”), the director of the Company until March 2020 when he passed away;
  - (ii) \$310,888 (November 30, 2019 - \$310,888) due to the estate of Judith Harder (“Ms. Harder”), the director and CEO of the Company until December 2018 when she passed away;
  - (iii) \$127,276 (November 30, 2019 - \$124,682) due to Argentine Frontier Resources Inc. (“AFRI”), an entity controlled by the estate of Mr. McWilliam and estate of Ms. Harder;
  - (iv) \$ 6,105 (November 30, 2019 - \$6,105) due to the Company’s Chief Financial Officer until June 2020 (the “Former CFO”);
  - (v) \$15,126 (November 30, 2019 - \$15,126) due to Cosmos Minerals SA Inc., an entity controlled by the estate of Mr. McWilliam and the estate of Ms. Harder;
  - (vi) \$Nil (November 30, 2019 - \$101,500) due to a former director and officer (resigned in October 2019) (see Note 7), non-interest bearing and secured by 3,000,000 Amarc shares owned by the Company. The entire amount was paid in January 2020; and
  - (vii) \$168,848 (November 30, 2019 - \$168,848) due from Cosmos Minerals S.A. an entity controlled by the estate of Mr. McWilliam and the estate of Ms. Harder.
- b)** Effective October 3, 2017, the Company enter into a loan agreement with Ms. Harder and Mr. McWilliam (the “Lenders”) whereby the Lenders agreed to advance up to \$300,000 in readily available funds to the Company. The loan bears an interest rate of 6% per annum. The loan has a minimum term of one year and can be repaid by the Company at any time after the one-year period. The Company has agreed to issue as a loan bonus share purchase warrants that enables each of the Lenders to purchase 1,875,000 shares in the Company at \$0.08 per share exercisable over a term of five years.

During the year ended November 30, 2017, the Company received \$200,000 from the Lenders and issued 3,750,000 Loan Bonus Warrants with a fair value of \$0.06 per warrant. The Company allocated \$160,654 to the loan and \$139,346 to the Loan Bonus Warrants using the relative fair value method. Two-Third of the allocated Loan Bonus Warrants valued in the amount of \$92,898 was treated as financing charges to the loan proceeds of \$200,000 received and the remaining one-third in the amount of \$46,448 was treated as the deferred financing charge. During the year ended November 30, 2018, the remaining \$100,000 loan proceeds was not received, the deferred financing charge was expensed. The loan has an effective interest rate of 67% and the accretion expense for the year ended November 30, 2018 was \$132,080 including the deferred financing charge in the amount of \$46,448.

- c)** During the six months ended May 31, 2020, the Company had the following transactions with related parties:

- (i) Incurred \$ Nil (2019 - \$9,000) in office rent to AFRI;
- (ii) Incurred \$ 900 (2019 - \$ Nil) in office rent to the former President of the Company;
- (iii) Incurred \$ nil (2019 - \$80,000) in management consulting fees to Mr. McWilliam;
- (iv) Incurred \$46,000 (2019 - \$30,000) in management consulting fees to the former President of the Company;

- d)** Key management compensation

Key management includes the Chairman of the Company, CEO and CFO. The compensation paid or payable to key management for services during the six months ended May 31, 2020 and 2019 is identical to the disclosure above other than share-based payments. During the six months ended May 31, 2020, key management received share-based payment of \$62,152 (2019 - \$nil). Key management personnel were not paid post-employment benefit, termination fees or other long-term benefits during the six months ended May 31, 2020 and 2019; and

- e)** Subsequent to the period end, the Company obtained a loan of \$200,000 (the “Loan”) from a related party (see Note 13).

## 11. FINANCIAL INSTRUMENTS

### a) Management of capital risk

The Company has defined its capital as common shares, contributed surplus and retained earnings. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments. The Company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed since last year. These objectives and strategies are reviewed on a continuous basis.

### b) Fair value of financial instruments

The Company classified its fair value measure with a fair value hierarchy, which reflects the significance of inputs used in making the measurements as defined in IFRS 7 *Financial Instruments: Disclosures*.

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in market that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity. As at May 31, 2020, cash and available-for-sale securities were measured at fair value using level 1 input under the fair value hierarchy. As at May 31, 2020, the Company did not have financial instruments measured at fair value on a recurring basis. The fair value of the Company's due from a joint venture partner, accounts payable and accrued liabilities, and loans payable are estimated to approximate their carrying values as at May 31, 2020 and November 30, 2019.

### c) Management of industry and financial risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

#### *Credit risk*

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is primarily associated with cash and cash equivalents. Risk associated with cash is managed through the use of a reputable financial institution. The carrying amount of financial assets presented on the Company's consolidated statements of financial position represents the maximum credit exposure.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.



## 11. FINANCIAL INSTRUMENTS (CONTINUATION)

### *Currency risk*

The Company undertakes transactions denominated in foreign currencies and as such is exposed to risks due to fluctuations in foreign exchange rates. The Company does not hedge its foreign currency risk, and exposure of the Company's financial assets and liabilities to foreign exchange risk is summarized as follows:

	31-May-20	30-Nov-19
	\$	\$
U.S. cash	—	212
U.S. liabilities	<b>(54,967)</b>	<b>(66,349)</b>
Net	<b>(54,967)</b>	<b>(66,137)</b>

As at May 31, 2020, with other variables unchanged, a 10% strengthening (weakening) of the U.S. dollar against the Canadian dollar would have increase (decrease) net loss by approximately \$5,497.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

### *Price risk*

Price risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The stock market fluctuation risk is the risk of loss resulting from unfavourable changes in the stock market. Share issues are the primary and often the sole source of financing open to junior corporations in the mining sector. Fluctuations in the trading price have an impact on the valuation of available-for-sale securities.

The Company is exposed to market price risk for its available-for-sale securities consist of shares in publicly traded company which is subject to the fluctuations in share price on the stock exchange. The Company monitors its investments to limit the exposure to price risk.

The effect of a 10% increase in the value of available-for-sale securities held at the reporting date would result in an increase of \$3,441 in the value of the investments and a corresponding increase in other comprehensive income, excluding tax impact. A 10% decrease would have decreased the available-for-sale securities and other comprehensive income by the same amount.

## 12. SEGMENTED INFORMATION

The Company operates in one segment, being the operation of acquisition and exploration of mineral properties. Substantial all of the Company's carrying value of long-term assets as at May 31, 2020 and for the year ended November 30, 2019 are located in Argentina.

## 13. SUBSEQUENT EVENTS

- a) On June 25, 2020, the Company accepted the resignation of Brian Causey as officer and director and has appointed Mr. Lorne Harder and Mr. Christopher Ecclestone to the board. The new board will be comprised of Dr. George Gale, Mr. Lorne Harder, and Mr. Christopher Ecclestone.
- b) On July 2, 2020, the Company announced the appointment of Mr. Greg Andrews to the Board of Directors. In addition, the Board has appointed Mr. Lorne Harder, Mr. George Gale, and Mr. Greg Andrews to both the Audit and Compensation Committees.
- c) On July 7, 2020, the Company has obtained a loan of \$200,000 (the "Loan") from Mr. Lorne Harder, Chief Financial Officer, Corporate Secretary and a Director of Cascadero, through his wholly-owned company,

### 13. SUBSEQUENT EVENTS (CONTINUATION)

Springhill Investments Ltd. ("Springhill"). The Loan is non-interest bearing, is payable at the end of one year, may be repaid at any time without penalty and is unsecured. Cascadero expects to use the Loan proceeds to primarily pay its arm's length creditors and for general working capital.

As a condition of the Loan, Cascadero will, subject to TSX Venture Exchange acceptance, issue to Springhill 8,000,000 warrants, each warrant is exercisable for one common share of Cascadero at an exercise price of \$0.025 per common share (the "Bonus Warrants"). The Bonus Warrants will expire one year from issuance. The Bonus Warrants will be subject to a hold period of four months and a day from the date of issuance. The issuance of the Bonus Warrants will be exempt from prospectus requirements based on the exemption set out under Section 2.5 of National Instrument 45-106 – *Prospectus Exemptions* as Mr. Harder is a director and executive officer of Cascadero. TSX Venture Exchange approval was granted on July 17, 2020.

Due to Mr. Harder's relationship with Cascadero, the Loan transaction is deemed a related party transaction.

- d) On July 30, 2020, the Company announced that in the process of conducting due diligence by the new management team at the Company, it has become apparent that an agreement dated September 3, 2015 with an Argentine drilling contractor potentially creates a contingent liability as defined by IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). The maximum amount of this liability is estimated to be US\$1 million (one million United States Dollars).

The liability is crystallised in the event of the sale of part, or whole, of any of the mining concessions in the Company's Taca Taca Group.

The Taca Taca Group, for the purposes of this agreement, consists primarily of (a) Sarita Sur, (b) Sarita Este, (c) La Sarita I, (d) La Sarita II, (e) the 50% interest over Francisco 1, (f) the 50% interest over Francisco 2, (g) the 33.3% interest over Desierto I, and (h) the 33.3% interest over Desierto II.

The Company is in the process of reviewing this agreement for its validity and potential financial obligation of the Company, but at this time, without further information, the Company expects to incorporate this information as a contingent liability in its future financial statement filings.

- e) On July 31, 2020 – the Company announced that, due to delays caused by Covid-19, it will be relying on BC Instrument 51-517 – *Temporary Exemption from Certain Corporate Finance Requirements with Deadlines during the Period from June 2 to August 31, 2020* (and similar exemptions provided by other relevant Canadian securities regulators) to delay the filing of its interim financial statements for the quarter ended May 31, 2020 and the related management's discussion and analysis and certifications (collectively the "Q2 2020 documents") as required under National Instrument 51-102 – *Continuous Disclosure Obligations*. The exemption provides Cascadero with an additional 45 days from the usual 60-day deadline of July 30, 2020 to complete its second quarter statutory filings.
- f) On August 6, 2020 – the Company announced that Dr. George Gale has been appointed as Non-Executive Chairman of the Board.
- g) On August 19, 2020 – the Company announced that Christopher Ecclestone has tendered his resignation as the Chief Executive Officer of the Company, effective immediately. Mr. Ecclestone will continue in his role as a non-executive director of the Company. The Board of Directors will oversee day-to-day management of the Company until such time that a new Chief Executive Officer is appointed.
- h) On August 24, 2020 – the Company announced that its annual general and special meeting will be held at 2:00 p.m. (Pacific Time) on Wednesday, November 18, 2020 at 1500 – 1055 West Georgia Street, Vancouver, British Columbia.

### **13. SUBSEQUENT EVENTS (CONTINUATION)**

- i) On August 25, 2020 the Company received a notice from Mr. Nelson Borch purportedly provided pursuant to section 167 of the Business Corporations Act (British Columbia). The notice seeks to requisition a general meeting of shareholders for the purposes of considering and, if thought fit, passing: (a) an ordinary resolution increasing the number of directors to five; (b) a special resolution removing all of the existing directors of the Company except for Christopher Ecclestone and Lorne Harder; and (c) electing additional directors nominated by Mr. Borch. Mr. Borch is the principal of NB Projects Asia Pte. Ltd. which, through its ownership of 30% of the common shares of the Company's subsidiary, Cascadero Minerals Corporation, is the minority joint venture participant in the Company's mineral exploration projects in Argentina. The Company retains ownership of 70% of Cascadero Minerals Corporation's outstanding shares. The Company's Board of Directors has appointed a special committee to review the notice.
- j) On August 31, 2020 – the Company clarified that Mr. Ecclestone had sent notice to the Board on August 19, 2020, indicating that he was "... resigning as CEO of Cascadero Copper, with immediate effect, whilst retaining my Directorship in a Non-Executive capacity." It is the Board's position that Mr. Ecclestone had resigned as both CEO and President with such notice, as one cannot serve as a "non-executive" director whilst occupying either of those offices. In any event, at a meeting of the Board held on August 24, 2020 in which Mr. Ecclestone participated, in order to remove any ambiguity in this regard, the Board resolved that the offices of CEO and President were vacant and that the Board would continue to oversee day-to-day management of the Company until such time that a successor CEO and President is appointed.
- k) On August 31, 2020 – the Company announced that it has adopted an advance notice policy establishing a framework for advance notice of nominations of directors by shareholders of the Company. The Advance Notice Policy is effective immediately. At the Meeting, the Company is seeking shareholder approval and ratification of the Advance Notice Policy.
- l) On August 31, 2020 – the Company provides an update on the Company's July 30, 2020 announcement that due to delays caused by Covid-19, it will be relying on BC Instrument 51-517 – Temporary Exemption from Certain Corporate Finance Requirements with Deadlines during the Period from June 2 to August 31, 2020 (and similar exemptions provided by other relevant Canadian securities regulators) to delay the filing of its interim financial statements for the quarter ended May 31, 2020 and the related management's discussion and analysis and certifications (collectively the "Q2 2020 documents") as required under National Instrument 51-102 – Continuous Disclosure Obligations. The exemption provides Cascadero with an additional 45 days from the usual 60-day deadline of July 30, 2020 to complete its second quarter statutory filings.