

STARR PEAK

Exploration Ltd.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

FOR THE SIX MONTHS ENDED JANUARY 31, 2020

NOTICE TO READER

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these unaudited interim condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

STARR PEAK EXPLORATION LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	January 31, 2020	July 31, 2019
ASSETS		
Current		
Cash	\$ 895	\$ 253
Receivables and prepaids	4,324	6,000
Investments (Note 4)	3,724	5,045
	\$ 8,943	\$ 11,298
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 100,800	\$ 93,192
Due to related parties (Note 9)	21,345	22,453
Loan (Note 6)	-	21,537
	122,145	137,182
Shareholders' deficiency		
Share capital (Note 7)	11,278,351	11,278,351
Reserve (Note 7)	1,693,882	1,693,882
Deficit	(13,085,435)	(13,098,117)
	(113,202)	(125,884)
	\$ 8,943	\$ 11,298

Nature and continuance of operations (Note 1)
Subsequent event (Note 12)

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

STARR PEAK EXPLORATION LTD.**CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019	Six Months Ended January 31, 2020	Six Months Ended January 31, 2019
Bank charges, interest and penalties	\$ 18	\$ 43	\$ 52	\$ 492
BC mining tax credit	-	-	(44,006)	-
Consulting (Note 9)	-	1,500	-	3,000
Exploration (Note 5)	-	7,411	-	14,828
Office and administration	1,472	205	1,532	397
Professional fees (Note 9)	18,630	4,827	22,630	4,827
Promotion and shareholder communications	1,380	2,376	2,495	2,431
Transfer agent and filing fees	3,952	2,864	4,706	3,445
Unrealized gain (loss) on investments (Note 4)	2,548	(204)	1,321	(1)
Write-off of interest expense (Note 6)	-	-	(1,412)	-
Net and comprehensive income (loss) for the period	\$ (28,000)	\$ (19,022)	\$ 12,682	\$ (29,419)
Basic and diluted gain (loss) per common share	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.00)
Weighted average number of common shares	19,704,015	19,704,015	19,704,015	19,704,015

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

STARR PEAK EXPLORATION LTD.**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY**

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	<u>Share Capital</u>			Reserves	Accumulated Other Comprehensive Income	Shareholders' Equity (Deficiency)
	Common Shares	Amount	Deficit			
Balance, July 31, 2018	19,704,015	\$ 11,278,351	\$ (12,477,899)	\$ 1,389,882	\$ 2,193	\$ 192,527
Adjustment to other comprehensive income	-	-	-	-	(1)	(1)
Net loss for the period	-	-	(29,420)	-	-	(29,420)
Balance, January 31, 2019	19,704,015	\$ 11,278,351	\$ (12,507,319)	\$ 1,389,882	\$ 2,192	\$ 163,106
Balance, July 31, 2019	19,704,015	\$ 11,278,351	\$ (13,098,117)	\$ 1,693,882	\$ -	\$ (125,884)
Net income for the period	-	-	12,682	-	-	12,682
Balance, January 31, 2020	19,704,015	\$ 11,278,351	\$ (13,085,435)	\$ 1,693,882	\$ -	\$ (113,202)

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

STARR PEAK EXPLORATION LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JANUARY 31,
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	\$ 12,682	\$ (29,420)
Items not affecting cash:		
Write-off of interest expense	(1,412)	-
Unrealized loss on investments	1,321	-
Changes in non-cash working capital items:		
Receivables and prepaids	1,676	21,144
Accounts payable and accrued liabilities	7,608	15,575
Due to related parties	(1,108)	-
Net cash provided by operating activities	<u>20,767</u>	<u>7,299</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	<u>(20,125)</u>	<u>(5,361)</u>
Net cash used in financing activities	<u>(20,125)</u>	<u>(5,361)</u>
Change in cash during the period	642	1,938
Cash, beginning of period	<u>253</u>	<u>835</u>
Cash, end of period	<u>\$ 895</u>	<u>\$ 2,773</u>

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

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Canada Business Corporations Act on February 4, 1981 and has continued as a company under the Business Corporations Act of British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties. The Company's head office, principal address and registered records office is 804 – 750 West Pender Street, Vancouver, BC, V6C 2T7.

The Company's condensed interim financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The Company has incurred ongoing losses and has an accumulated deficit. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments would be material.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition and exploration of exploration and evaluation assets, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and acquire mineral properties. The outcome of these matters cannot be predicted at this time. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of its mineral properties and upon future profitable production.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended July 31, 2019.

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

2. BASIS OF PRESENTATION (continued)

Approval of the financial statements

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates and judgments

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.
- iii) The recorded value of provision. This amount represents a best estimate of the probable amount payable taking into account available evidence including past history of payments and uncertainty of outflow of future resources.

Exploration and evaluation assets

All costs related to the acquisition of exploration and evaluation assets are capitalized on a property by property basis, net of recoveries. Exploration costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are expensed to operations as incurred. If economically recoverable ore reserves are developed, capitalized costs of the related property are classified as mining assets and amortized using the unit-of-production method. When a property is abandoned, all related costs are written off to operations.

The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values. These costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

From time to time, the Company may acquire or dispose of an exploration and evaluation asset pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale of an option of the Company's property are recorded as a reduction of the mineral property cost. The Company recognizes amounts received in excess of the carrying amount in profit or loss.

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Evaluation and exploration assets are assessed for impairment by management when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

Impairment of tangible assets

The Company's tangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss.

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets (continued)

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Income (loss) per share

Basic income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The Company computes the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Share-based payments

The Company grants options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in the reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in the reserve is transferred to share capital.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in profit or loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss the period that substantive enactment occurs.

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Flow-through shares

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a flow-through premium liability and included as a liability. Upon related expenditures being incurred, the Company proportionately derecognizes the liability and recognizes the offsetting amount in profit or loss.

The Company indemnifies the subscribers of flow-through shares against certain tax related amounts that become due related to their flow-through subscriptions.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income (loss) and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of income (loss) and comprehensive income (loss) in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of income (loss) and comprehensive income (loss). Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Financial liabilities at amortized cost - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

Impairment of financial assets

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets.

IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Accounting standards and interpretations adopted

The Company has adopted the following accounting standards effective August 1, 2018:

The Company adopted, retrospectively without restatement, all of the requirements of IFRS 9: Financial Instruments (“IFRS 9”) as of August 1, 2018. This standard replaces the guidance in IAS 39: Financial Instruments: Recognition and Measurements (“IAS 39”). The adoption of IFRS 9 did not impact the carrying value of any of the Company’s financial assets or financial liabilities on the transition date. The impact on the classification and measurement of its financial instruments is set out below.

The Company completed an assessment of its financial assets and liabilities as at August 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets and Liabilities	Original classification (measurement) IAS 39	New classification and measurement IFRS 9
Cash	FVTPL	FVTPL
Investments	Available-for-sale (FVTOCI)	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Loans payable	Other financial liabilities (amortized cost)	Amortized cost

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards and interpretations adopted (continued)

The company chose to adopt IFRS 9 on August 1, 2018 using the modified retrospective approach. Under this approach, the Company did not restate comparative historical periods, but rather recognized a cumulative adjustment to accumulated deficit of \$2,193 and a cumulative adjustment to accumulated other comprehensive income of \$2,193, as a result of reclassifying investment as available-for-sale under IAS 39 to FVTPL under IFRS 9.

Future accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and the eventual application of these standards is not expected to have a significant impact on the Company's existing accounting policies or financial statement presentation.

IFRS 16 Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The standard is applicable to annual periods beginning on or after January 1, 2019.

Adoption of this standard is not expected to have a material impact on the Company's financial statement presentation.

4. INVESTMENTS

Investments consist of common shares of Osisko Gold Royalties ("Osisko") (formerly "Barkerville Gold Mines Ltd.")

	January 31, 2020		July 31, 2019	
	Number of shares	Quoted market price	Number of shares	Quoted market price
Osisko	487	\$3,724	13,633	\$5,045

During the period ended January 31, 2020, Barkerville Gold Mines Ltd. ("Barkerville") was acquired by Osisko Gold Royalties and resulted in an exchange of 0.0357 of a common share of Osisko for each common share of Barkerville. As a result, the Company exchanged 13,146 common shares of Barkerville for 487 common shares of Osisko and recognized a net unrealized loss of \$1,321 (2019 – gain of \$1 through other comprehensive loss).

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

5. EXPLORATION AND EVALUATION ASSETS

El Toro Property

The Company holds a 100% interest in the El Toro property located in the Omineca Mining Division of British Columbia with historical acquisition costs of \$243,649.

The Company incurred and expensed current exploration as follows:

	January 31, 2020	January 31, 2019
Admin	\$ -	\$ 302
Consulting fees	-	4,115
Permit & filing fees	-	3,000
	\$ -	\$ 7,417

During the year ended July 31, 2019, the Company abandoned the property and wrote-off the exploration and evaluation assets of \$243,649.

6. LOAN

At January 31, 2020, a loan is outstanding for \$Nil (July 31, 2019 - \$21,537). Principal of \$20,125 was received on February 5, 2018, originally for a private placement that did not complete. The loan had no fixed repayment date and simple interest at 5.00% has been applied. During the period ended January 31, 2020, the loan was repaid in full and \$1,412 in interest expense was written off.

7. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Issued: During the period ended January 31, 2020 and the year ended July 31, 2019, no shares were issued.

Stock options - The Company has a rolling stock option plan (the “Plan”) that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company’s shares at the date of grant, subject to a minimum exercise price of \$0.05 per share. Options granted under the Plan will have a term not to exceed ten years and be subject to vesting provisions as determined by the board of directors of the Company.

On April 18, 2019 the Company granted 1,900,000 incentive stock options exercisable for a period of five years at a price of \$0.16. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of \$304,000 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.16; ii) expected share price volatility of 183%; iii) risk free interest rate of 1.61%; iv) no dividend yield, v) expected life of 5 years and vi) fully vested on grant.

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

7. SHARE CAPITAL (continued)

The following is a summary of the changes in stock options:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding and exercisable at July 31, 2018 and 2019	1,900,000	\$ 0.16
Options granted	-	-
Outstanding and exercisable at January 31, 2020	1,900,000	\$ 0.16

As at January 31, 2020 the following stock options were outstanding and exercisable:

NUMBER OF OPTIONS OUTSTANDING	EXERCISE PRICES	EXPIRY DATES
1,900,000	\$ 0.16	April 17, 2024

As at January 31, 2020 the weighted average remaining contractual life of the stock options was 4.21 years (July 31, 2019 – 4.72 years) and the weighted average exercise price was \$0.16 (July 31, 2019 – \$0.16).

Reserve - The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Warrants - As at January 31, 2020 and July 31, 2019, the Company did not have any warrants outstanding.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities, loan and amounts due to related party. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments. Cash and investments which are valued at a level 1 fair value measurement.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the year.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution. There is nominal risk associated with receivables as this is due primarily from a government agency.

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of January 31, 2020. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms. The Company is exposed to liquidity risk.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

d) Market risk

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. Some of these investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.

STARR PEAK EXPLORATION LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

9. RELATED PARTY TRANSACTIONS

Due to related parties balances consisted of the following:

	January 31, 2020	January 31, 2019
Consulting fees	\$ -	\$ 5,000
Professional fees	\$ 8,000	\$ -
Advances	\$ -	\$ 28,203

Amounts due to related parties have no specific terms of repayment, are unsecured and non-interest-bearing.

The Company entered into the following transactions with related parties. All related party transactions were measured at the amount of consideration established and agreed to by the related parties.

- a) The Company was charged \$Nil (2019 - \$3,000) in consulting fees by the former CFO of the Company.
- b) The Company was charged \$8,000 (2019 - \$Nil) in professional fees by a company controlled by the CFO of the Company.

10. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity (deficiency). Capital requirements are driven by the Company's exploration activities on its exploration and evaluation assets. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget all exploration projects and overhead to manage costs, commitments and exploration activities.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period.

11. SEGMENTED INFORMATION

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expense, whose operating results are reviewed regularly by the Company's chief operating decision maker, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition and exploration of mineral properties, all of which occurs within Canada.

12. SUBSEQUENT EVENT

Subsequent to January 31, 2020, the Company closed a non-brokered private placement of 1,496,701 units at a price of \$0.30 per unit for gross proceeds of \$449,010. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to acquire one additional common share of the Company at a price of \$0.75 per share until March 17, 2022.