



## Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## Independent Auditor's Report

To the Shareholders of ALX Resources Corp.,

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of ALX Resources Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC, Canada  
April 6, 2021

**ALX Resources Corp.**  
**Statements of Financial Position**  
**As at December 31,**  
**(Expressed in Canadian Dollars)**

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,095,464	\$ 1,689,778
Taxes receivable	7,861	35,485
Other receivables	41,092	12,196
Marketable securities (Note 4)	38,250	340,905
Prepaid expenses and deposits	85,065	79,592
<b>Total Current Assets</b>	<b>1,267,732</b>	<b>2,157,956</b>
<b>Marketable securities</b> (Note 4)	<b>-</b>	<b>22,500</b>
<b>Property and equipment</b> (Note 5)	<b>112,154</b>	<b>156,449</b>
<b>Exploration and evaluation assets</b> (Note 6)	<b>9,486,861</b>	<b>8,082,723</b>
<b>Total Assets</b>	<b>\$ 10,866,747</b>	<b>\$ 10,419,628</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 116,717	\$ 118,391
Current portion of lease liabilities (Note 10)	35,441	28,119
Liability for flow-through shares (Note 7)	27,268	102,796
<b>Total Current Liabilities</b>	<b>179,426</b>	<b>249,306</b>
<b>Lease liabilities</b> (Note 10)	<b>84,936</b>	<b>120,378</b>
<b>Equity</b>		
<b>Share capital</b> (Note 8)	<b>17,431,051</b>	<b>16,287,375</b>
<b>Reserves</b> (Note 9)	<b>2,226,834</b>	<b>2,032,902</b>
<b>Deficit</b>	<b>(9,055,500)</b>	<b>(8,270,333)</b>
<b>Total Equity</b>	<b>10,602,385</b>	<b>10,049,944</b>
<b>Total Liabilities and Equity</b>	<b>\$ 10,866,747</b>	<b>\$ 10,419,628</b>
Going concern of operations (Note 2)		
Commitments (Note 10)		
Events after the reporting period (Note 15)		

Approval on behalf of the Board of Directors:

**“Warren Stanyer”**  
 Director

**“Howard Haugom”**  
 Director

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

**ALX Resources Corp.**  
**Statements of Comprehensive Loss**  
**For the years ended December 31,**  
**(Expressed in Canadian Dollars)**

	<b>2020</b>	<b>2019</b>
<b>Expenses</b>		
Accounting and audit fees	\$ 21,225	\$ 22,422
Advertising and promotion	85,536	114,438
Depreciation	44,295	45,525
Consulting fees and salaries (Note 11)	436,414	570,218
Insurance	20,490	20,522
Investor relations	31,636	75,797
Legal fees	21,138	24,981
Office and general	101,579	97,381
Property investigation	23,981	23,223
Share-based compensation (Note 9)	149,639	118,818
Transfer agent and filing fees	25,113	33,283
Travel Expenses	21,171	38,620
<b>Operating Expenses</b>	<b>982,217</b>	<b>1,185,228</b>
<b>Other Expenses (Income)</b>		
Foreign exchange loss	8	314
Interest and recovery of office and general	(82,253)	(70,800)
Impairment of exploration and evaluation assets	-	2,146,630
Unrealized (gain) loss on marketable securities (Note 4)	(13,276)	125,438
Loss (Gain) on sale of marketable securities (Note 4)	23,656	(143,828)
<b>Loss before Income Taxes</b>	<b>910,352</b>	<b>3,242,982</b>
Deferred income tax recovery (Note 7 and 12)	(125,185)	(71,500)
<b>Net Loss and Comprehensive Loss for the Year</b>	<b>\$ 785,167</b>	<b>\$ 3,171,482</b>
<b>Basic and Diluted Loss Per Share</b>	<b>\$ 0.01</b>	<b>\$ 0.03</b>
<b>Weighted Average Number of Common Shares Outstanding - Basic and Diluted</b>	<b>137,084,884</b>	<b>105,558,092</b>

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

**ALX Resources Corp.**  
 Statements of Changes in Equity  
 (Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total
<b>Balance, January 1, 2019</b>	<b>86,491,422</b>	<b>\$ 14,135,304</b>	<b>\$ 1,871,765</b>	<b>\$ (5,098,851)</b>	<b>10,908,218</b>
Issuance of shares for cash (Note 8)	37,794,623	1,915,435	-	-	1,915,435
Issuance of shares for exploration and evaluation assets (Note 6 and 8)	8,250,000	385,500	-	-	385,500
Share issuance costs	-	(148,864)	42,319	-	(106,545)
Share-based compensation (Note 9)	-	-	118,818	-	118,818
Net loss for the year	-	-	-	(3,171,482)	(3,171,482)
<b>Balance, December 31, 2019</b>	<b>132,536,045</b>	<b>\$ 16,287,375</b>	<b>\$ 2,032,902</b>	<b>\$ (8,270,333)</b>	<b>10,049,944</b>
Issuance of shares for cash (Note 8)	19,404,733	1,263,597	-	-	1,263,597
Share issuance costs	-	(119,921)	44,293	-	(75,628)
Share-based compensation (Note 9)	-	-	149,639	-	149,639
Net loss for the year	-	-	-	(785,167)	(785,167)
<b>Balance, December 31, 2020</b>	<b>151,940,778</b>	<b>\$ 17,431,051</b>	<b>\$ 2,226,834</b>	<b>\$ (9,055,500)</b>	<b>10,602,385</b>

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

**ALX Resources Corp.**  
**Statements of Cash Flows**  
For the years ended December 31,  
(Expressed in Canadian Dollars)

	2020	2019
<b>CASH FLOWS USED IN OPERATING ACTIVITIES:</b>		
Net loss for the year	\$ (785,167)	\$ (3,171,482)
Items not involving cash:		
Deferred income tax recovery	(125,185)	(71,500)
Depreciation	44,295	45,525
Finance charges	16,306	17,737
Gain on sale of marketable securities	23,656	(143,828)
Impairment of exploration and evaluation assets	-	2,146,630
Share-based compensation	149,639	118,818
Unrealized loss on marketable securities	(13,276)	125,438
Changes in non-cash operating working capital:		
Accounts payable and accrued liabilities	(25,671)	3,790
Prepaid expenses	(5,473)	105,154
Taxes and other receivables	(1,272)	(32,972)
<b>Net cash flows used in operating activities</b>	<b>(722,148)</b>	<b>(856,690)</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Exploration and evaluation asset expenditures	(1,380,141)	(1,180,969)
Proceeds from sale of marketable securities	314,775	899,238
<b>Net cash flows used in investing activities</b>	<b>(1,065,366)</b>	<b>(281,731)</b>
<b>CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES:</b>		
Interest and finance charges paid	(16,306)	(17,737)
Issuance of shares for cash	1,313,254	2,089,731
Repayment of lease liabilities	(28,120)	(26,687)
Share issuance costs	(75,628)	(106,545)
<b>Net cash flows provided from financing activities</b>	<b>1,193,200</b>	<b>1,938,762</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(594,314)</b>	<b>800,341</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,689,778</b>	<b>889,437</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,095,464</b>	<b>\$ 1,689,778</b>

Supplemental disclosure with respect to cash flows (Note 13)

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

# **ALX Resources Corp.**

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## **1. NATURE OF OPERATIONS**

ALX Resources Corp. (“ALX” or the “Company”) is a publicly listed company incorporated in British Columbia with limited liability under the legislation of the Province of British Columbia. The shares of the Company are listed on the Toronto Venture Exchange (“TSX-V”) under the symbol ‘AL’, on the Frankfurt Stock Exchange (“FSE”) under the symbol “6LNN”. The Company is principally engaged in the acquisition, exploration, and development of mineral properties.

The head office, principal address and registered and records office of the Company are located at 408 – 1199 West Pender Street, Vancouver, BC, Canada, V6E 2R1.

## **2. BASIS OF PREPARATION**

### **Statement of compliance and basis of measurement**

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as fair value through profit or loss (“FVTPL”). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

### **Going concern of operations**

These financial statements were prepared on a going concern basis, under the historical cost convention. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof in the future. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its development projects.

### **COVID-19 pandemic**

The COVID-19 pandemic creates uncertainty in respect to global economic and market conditions; however, its specific, identifiable impact on the Company has not, to date, been material. Future developments in the course of the pandemic could negatively impact the Company’s operations, however such future outcomes cannot currently be predicted beyond those expected to affect society as a whole.

### **Approval of the financial statements**

The financial statements of ALX Resources Corp. for the year ended December 31, 2020 were approved and authorized for issue by the board of directors on April 6, 2021.

### **Significant accounting judgments, estimates and assumptions**

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.



# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## 2. BASIS OF PREPARATION - continued

### Significant accounting judgments, estimates and assumptions – continued

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The ability of the Company to continue as a going concern for the next fiscal year;
- assessment as to whether any impairment exists in the valuation of its assets;
- impairment of marketable securities;
- recovery of taxes and other receivables;
- the useful life and recoverability of property and equipment;
- rehabilitation provisions;
- fair value of share-based payments; and
- deferred income tax asset valuation allowances.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout the Company for purposes of these financial statements.

### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with the original term to maturity of twelve months or less, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value. At December 31, 2020 the Company had \$996,000 (2019 - \$1,581,00) in cash equivalents.

### *Short-term investments*

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months.

### *Exploration and evaluation expenditures*

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation expenditures incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures incurred are capitalized. All capitalized exploration and evaluation expenditures are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “Mines under construction”. There is no amortization during the exploration and evaluation phase.

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

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES - continued

### *Flow-through shares*

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or “premium” are recorded as a liability for flow-through shares on the statement of financial position. When expenditures are incurred, a deferred tax liability is recognized and the liability for flow-through shares in the statement of comprehensive loss is reversed. The net amount is recognized as deferred income tax recovery in the statement of comprehensive loss.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to Part XII.6 tax on flow-through proceeds renounced under the “Look-back” Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

### *Financial instruments*

The Company recognizes financial assets and liabilities on the statement of financial position when it becomes party to the contractual provisions of the instrument.

#### *i. Financial assets*

- Cash and cash equivalents (see above) is classified as subsequently measured at fair value through profit and loss.
- Amounts receivable, exclusive of GST, are non-interest bearing and are recognized at the face amount, except when fair value is materially different, and are subsequently measured at amortized cost. Amounts receivable recorded are net of lifetime expected credit losses. The Company applies the simplified approach to determining expected credit losses, which requires expected credit losses to be recognized upon initial recognition of the receivables.
- Reclamation deposits are classified as subsequently measured at amortized cost.
- Investments in marketable equity securities are classified, at the Company’s election, as subsequently measured at fair value through profit and loss. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the statement of financial position date (See Note 4).

#### *ii. Financial liabilities*

- Accounts payable are non-interest bearing if paid when due and are recognized at the face amount, except when fair value is materially different. Accounts payable are subsequently measured at amortized cost.

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES - continued

### *Share-based payment transactions*

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to ten years, which may include vesting provisions and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

### *Income taxes*

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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 regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries, and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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.

### *Share Capital*

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES - continued

### *Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted loss per share. Under this method the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of 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.

### *Impairment of non-current assets*

Non-current assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), 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, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

In calculating the recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

### *Related party transactions*

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### *Restoration and environmental obligations*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES - continued

### *Restoration and environmental obligations - continued*

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As at December 31, 2020 and 2019, the Company has no restoration and environmental obligations.

### *Leases*

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either: (a) the Company has the right to operate the asset; or (b) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

If the contract contains a lease, a right-of-use asset and a corresponding lease liability are set-up at the date at which the leased asset is available for use by the Company. The lease payments are discounted using either the interest rate implicit in the lease, if available, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and the finance cost so as to produce a constant rate of interest on the remaining lease liability balance. The Company accounts for the lease and non-lease components separately. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 4. MARKETABLE SECURITIES

The Company holds marketable securities in quoted public companies. The investments are measured at fair value using a level 1 input in the fair value hierarchy. The shares are publicly listed on a TSX Venture Stock Exchange or the Canadian Securities Exchange and published price quotes are widely available. The aggregate amount of the investments can be summarized as follows:

	December 31, 2020		December 31, 2019	
	Cost	Fair Market Value	Cost	Fair Market Value
	\$	\$	\$	\$
Aurelius Minerals Inc.	-	-	96,021	105,025
Denison Mines Corp.	-	-	172,380	182,520
Manitou Gold Inc.*	41,470	28,710	97,500	67,500
Uravan Minerals Inc.	44,520	9,540	58,520	8,360
	85,990	38,250	424,421	363,405
Less: shares subject to a hold period*	-	-	(32,500)	(22,500)
<b>Total</b>	<b>85,990</b>	<b>38,250</b>	<b>391,921</b>	<b>340,905</b>

\*The Manitou Gold shares are subject to a hold period (See Note 6(viii)).

## 5. EQUIPMENT

	Right-of-use asset (Note 10)	Computer equipment	Field equipment	Office equipment	Total
	\$	\$	\$	\$	\$
<b>Cost:</b>					
Balance, December 31, 2019	175,184	8,299	16,640	23,356	223,479
Additions	-	-	-	-	-
Balance, December 31, 2020	175,184	8,299	16,640	23,356	223,479
<b>Accumulated depreciation:</b>					
Balance, December 31, 2019	35,037	7,040	11,907	13,046	67,030
Additions	35,037	1,259	3,328	4,671	44,295
Balance, December 31, 2020	70,074	8,299	15,235	17,717	111,325
<b>Carrying amounts:</b>					
Balance, December 31, 2019	140,147	1,259	4,733	10,310	156,449
Balance, December 31, 2020	105,110	-	1,405	5,639	112,154

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral properties, and, to the best of its knowledge, except as described below, they are properly registered and in good standing.

	Energy Metals and Gold Properties	Uranium Properties	Total
<b>Balance, January 1, 2019</b>	\$ 186,743	\$ 8,422,032	\$ 8,608,775
Additions during the year--			
Property acquisition costs			
Cash	62,605	10,000	72,605
Staking	55,774	305	56,079
Shares	133,500	252,000	385,500
Property exploration costs			
Assays	18,886	8,809	27,695
Camp	1,512	78	1,590
Drilling	49,386	387,163	436,549
Field supplies and rentals	12,645	9,203	21,848
Geological and field personnel	221,691	169,837	391,528
Other	16,496	(4,894)	11,602
Surveying costs	17,479	152,795	170,274
Travel and accommodation	38,515	6,493	45,008
Total additions during the year	628,489	991,789	1,620,278
Impairment of exploration and evaluation assets	-	(2,146,330)	(2,146,330)
<b>Balance, December 31, 2019</b>	<b>\$ 815,232</b>	<b>\$ 7,267,491</b>	<b>\$ 8,082,723</b>
Additions during the year--			
Property acquisition costs			
Cash	3,000	10,000	13,000
Staking	25,252	22,711	47,963
Property exploration costs			
Assays	20,721	2,206	22,927
Camp	84,537	2,632	87,169
Drilling	479,045	13,372	492,417
Field supplies and rentals	81,463	4,967	86,430
Geological and field personnel	428,425	82,087	510,512
Surveying costs	397,443	-	397,443
Travel and accommodation	43,482	1,284	44,766
Total additions during the year	1,563,368	139,259	1,702,627
Proceeds received from earn-in of exploration and evaluation assets	(298,489)	-	(298,489)
<b>Balance, December 31, 2020</b>	<b>\$ 2,080,111</b>	<b>\$ 7,406,750</b>	<b>\$ 9,486,861</b>

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS – continued

### Energy Metals and Gold Properties

	-----Energy Metals Properties-----				-----Gold Properties-----			
	Firebird Nickel	Electra Nickel	Cannon		Other Staked	Vixen Gold	Other Gold	Total
Note	Project	Project	Copper	Tango	Energy Metals	Project	Properties	
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	
<b>Balance, January 1, 2019</b>	\$ -	\$ -	\$ 1	\$ 186,742	\$ -	\$ -	\$ -	\$ 186,743
Additions during the year --								
Property acquisition costs								
Cash	32,000	-	-	-	-	30,605	-	62,605
Staking	34,366	-	-	-	21,408	-	-	55,774
Common shares	133,500	-	-	-	-	-	-	133,500
Property exploration costs								
Assays	7,151	-	-	-	825	10,910	-	18,886
Camp	434	-	-	-	-	1,078	-	1,512
Drilling	-	-	-	-	-	-	-	-
Field supplies and rentals	5,774	-	-	384	3,006	3,481	-	12,645
Geological and field personnel	66,517	-	600	5,531	108,385	40,658	-	221,691
Other	11,296	-	5,200	-	-	-	-	16,496
Surveying costs	35,480	-	-	3,915	-	27,470	-	66,865
Travel and accommodation	9,410	-	-	-	11,381	17,724	-	38,515
Total additions during the year	335,928	-	5,800	9,830	145,005	131,926	-	628,489
<b>Balance, December 31 2019</b>	\$ 335,928	\$ -	\$ 5,801	\$ 196,572	\$ 145,005	\$ 131,926	\$ -	\$ 815,232
Additions during the period --								
Property acquisition costs								
Cash	-	3,000	-	-	-	-	-	3,000
Staking	2,248	3,350	2,090	-	383	-	17,181	25,252
Property exploration costs								
Assays	9,194	-	-	-	1,852	9,675	-	20,721
Camp	75,767	-	-	-	3,118	479	5,173	84,537
Drilling	399,744	-	-	-	13,299	32,813	33,189	479,045
Field supplies and rentals	70,970	-	-	384	1,783	5,921	2,405	81,463
Geological and field personnel	247,062	5,570	2,476	16,630	21,289	72,264	63,134	428,425
Surveying costs	327,850	-	-	-	-	69,593	-	397,443
Travel and accommodation	18,890	-	-	-	963	21,391	2,238	43,482
Total additions during the year	1,151,725	11,920	4,566	17,014	42,687	212,136	123,320	1,563,368
Proceeds received from earn-in of exploration and evaluation assets	(298,489)	-	-	-	-	-	-	(298,489)
<b>Balance, December 31, 2020</b>	\$ 1,189,164	\$ 11,920	\$ 10,367	\$ 213,586	\$ 187,692	\$ 344,062	\$ 123,320	\$ 2,080,111

#### i) Firebird Nickel

The Firebird Nickel Project (“Firebird”) is located approximately 14 kilometres northwest of Stony Rapids, Saskatchewan and ALX acquired a 100% interest by staking most of the claims in May of 2019. The project is prospective nickel, copper, and cobalt. Included within the Firebird Nickel Project are the Axis Lake, Currie Lake, and Rea Lake claims. ALX acquired a 100% interest in these claims from three separate vendors by paying a total of \$52,000 and issuing 3,950,000 common shares valued at \$133,500. The vendors retained a 2.0% net smelter returns royalty (“NSR”) and the Company has the right to purchase up to half of the NSR for a total of \$5.0 million.



# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS – continued

### Energy Metals and Gold Properties - continued

#### i) Firebird Nickel - continued

On August 21, 2020, ALX entered into an option agreement with Rio Tinto Exploration Canada Inc. (“Rio Tinto”) on the Company’s Firebird Nickel Project. Rio Tinto may acquire up to an 80% interest in Firebird by incurring a total of \$12.0 million in exploration expenditures over six years and by making cash payments to ALX totaling \$125,000, as outlined in the following summary:

- Rio Tinto may acquire a 51% interest in Firebird (the “First Option”) by funding \$3.0 million in exploration expenditures within three years of the agreement date;
- Carrying out an initial exploration program of not less than \$150,000, to be completed within six months of the Effective Date (completed); and
- Making a \$50,000 cash payment to ALX within 45 days of the Effective Date (received).

Upon Rio Tinto acquiring a 51% interest in Firebird, it may elect to form a joint venture on terms established by the parties in a separate joint venture agreement, or give notice to ALX that it wishes to pursue its right to acquire up to an 80% interest in the Project (the “Second Option”). To earn an additional 29% interest in Firebird Rio Tinto must:

- Fund an additional \$9.0 million in exploration over a second three year period for total expenditures by Rio Tinto of \$12.0 million over six years; and
- Make a second cash payment to ALX of \$75,000 for total cash consideration of \$125,000.

Rio Tinto will act as operator of exploration (the “Operator”) of the Project, but may in its sole discretion appoint ALX to act as Operator at any time during the First or Second Option periods. Either party while acting as Operator may charge a 10% administrative fee on exploration expenditures.

#### ii) Electra Nickel Project

On December 17, 2020, the Company executed an option agreement to acquire up to a 100% interest in the Electra Nickel Project located near Thunder Bay, Ontario. To earn its interest, the Company will pay a total of \$135,000 in cash, issue 1.1 million common shares, and incur \$500,000 in exploration expenditures according to the following schedule:

- A non-refundable \$3,000 cash payment paid by ALX as a pre-option payment for an exclusive 45-day period during which ALX conducted due diligence on the Project (completed);
- On the later of TSX Venture Exchange approval and signing of the Agreement (such date becoming the “Anniversary Date”): \$7,000 in cash (paid subsequent to year-end) and 300,000 common shares (issued January 11, 2021 – See Note 15) of ALX;
- On or before 1st Anniversary Date: \$15,000 in cash and 250,000 common shares of ALX, and \$100,000 in exploration expenditures;
- On or before 2nd Anniversary Date: \$20,000 in cash and 200,000 common shares of ALX, and an additional \$100,000 in exploration expenditures;
- On or before 3rd Anniversary Date: \$25,000 in cash and 150,000 common shares of ALX, and an additional \$100,000 in exploration expenditures;
- On or before 4th Anniversary Date: \$30,000 in cash and 100,000 common shares of ALX, and an additional \$100,000 in exploration expenditures;

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS – continued

### Energy Metals and Gold Properties - continued

#### ii) Electra Nickel Project - continued

- On or before 5th Anniversary Date: \$35,000 in cash and 100,000 common shares of ALX, and an additional \$100,000 in exploration expenditures.

The property is subject to a 2.5% net smelter returns royalty (“NSR”). At any time, ALX shall have the right to purchase up to 1.5% of the NSR in three increments for \$500,000 per increment. The agreement was approved by the TSX Venture Exchange on January 6, 2021.

#### iii) Cannon Copper (formerly the “Kamichisitit Claims”)

In June 2012, the Company acquired, by staking, claims located in Kamichisitit Township, situated approximately 40 kilometres north of Iron Bridge, Ontario. In June 2014, the Company staked additional claims in the surrounding area.

#### iv) Tango Property

On June 11, 2018, the Company entered into an agreement to acquire a 100% interest in the Tango Property, located in Northern Saskatchewan from DG Resource Management Ltd., a private company controlled by a director of ALX. In accordance with the purchase agreement, the Company paid \$40,000 and granted a net smelter royalty (“NSR”) of 2%. Within five years of closing, the Company may purchase up to half of the NSR for \$2,000,000. The agreement was approved by the TSX Venture Exchange on August 21, 2018.

#### v) Other Staked Energy Metals Properties

Flying Vee is located approximately 25 kilometres north of Stony Rapids, Saskatchewan and ALX acquired a 100% interest by staking in April 2019. This project is prospective nickel, copper, and cobalt.

The Draco VMS Project is located in Grong district of Norway and ALX acquired a 100% interest by staking in May 2019. This project is prospective copper-zinc-gold-silver.

#### vi) Vixen Gold Project

On September 24, 2019, the Company entered into an agreement to acquire a 100% interest in the Vixen Gold Project, located in Red Lake Mining District of Ontario from DG Resource Management Ltd. (“DG”), a private company controlled by a director of ALX. In accordance with the purchase agreement, the Company paid \$30,605 to reimburse staking costs and agreed to an exclusive three-year geological service agreement with DG. DG retained a net smelter royalty (“NSR”) of 2%. The Company may at any time acquire 1% of the NSR by paying \$1,500,000. The agreement was approved by the TSX Venture Exchange on October 22, 2019. Subsequent to year end, the Company acquired eight additional claims. See Note 15.

#### vii) Other Gold Properties

In July and November 2020, the Company acquired by staking, a 100% interest in several claim blocks prospective for gold located in Saskatchewan by staking the Scepter Gold Project and the Hummingbird Gold Project.

Subsequent to year end, the Company also entered into an option agreement to acquire up to an 80% interest in the Alligator Lake Gold Project located northeast of La Ronge, Saskatchewan. See Note 15.

# **ALX Resources Corp.**

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## **6. EXPLORATION AND EVALUATION ASSETS – continued**

### **Energy Metals and Gold Properties**- continued

#### viii) Midas Gold Property

On December 22, 2010, the Company entered into an option to purchase a 100% interest in and to the Midas Gold Property (“Midas”), located in Ontario, Canada. The Company paid the vendors total cash consideration of \$95,000 and issued 150,000 common shares. The agreement was accepted by the TSX-V on April 8, 2011. The Vendors will retain a 2% NSR on the Property; 1% of which can be purchased by the Company for \$1,000,000. The Company has satisfied the terms of the agreement and earned its interest in the property.

On October 19, 2018, the Company completed a sale agreement with Manitou Gold Inc. (“MG”) for the Midas property. The Company has received 2,250,000 shares of MG valued at \$146,250 plus cash of \$50,000 in exchange for the Midas property. The MG shares are subject to a staged hold period of up to 28 months from closing. As at December 31, 2020, 500,000 MG shares remained subject to a hold period until February 20, 2021.

In addition, MG has granted the Company an aggregate net smelter royalty (“NSR”) of 0.5% from the Midas property. MG shall have the right, at any time, to acquire the NSR from the Company in exchange for a cash payment of \$500,000.

*(This section intentionally left blank for formatting purposes.)*

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS - continued

### Uranium Properties

	Hook- Carter	Black Lake	Gibbons Creek	Newnham Lake	Kelic Lake	Lazy Edward	Carpenter Lake	South Pine/Perch	Cluff Lake	Close Lake	Other Uranium Properties	Total
Note	(ix)	(x)	(xi)	(xii)	(xiii)	(xiv)	(xv)	(xvi)	(xvii)	(xix)	(xx)	
<b>Balance, January 1, 2019</b>	\$ 1	\$ 1,483,646	\$ 1,570,237	\$ 2,197,743	\$ 1,703,822	\$ 616,477	\$ 299,943	\$ 399,691	\$ 1	\$ -	\$ 150,471	\$ 8,422,032
Additions during the year --												
Property acquisition costs												
Cash	-	-	-	-	-	-	-	10,000	-	-	-	10,000
Staking	-	-	-	-	-	-	-	-	-	-	305	305
Common shares	-	-	-	12,000	-	-	-	-	-	240,000	-	252,000
Property exploration costs												
Assays	-	-	-	-	-	-	-	-	-	8,000	809	8,809
Camp	-	-	-	-	-	-	-	-	-	-	78	78
Drilling	-	-	-	-	-	-	-	-	-	372,686	14,477	387,163
Field supplies	-	410	-	1,946	-	740	-	410	-	-	5,697	9,203
Geological and field personnel	-	21,800	1,050	37,184	-	3,224	-	137	-	78,669	27,773	169,837
Other expenses	-	-	-	-	-	-	-	9,094	-	5,200	(18,888)	(4,594)
Surveying costs	-	87,470	-	-	-	-	-	-	-	65,325	-	152,795
Travel and accommodation	-	-	-	-	-	-	-	-	-	-	6,493	6,493
Total additions during the year	-	109,680	1,050	51,130	-	3,964	-	19,641	-	769,880	36,744	992,089
Impairment	-	-	-	(984,872)	-	(293,593)	-	-	-	(769,880)	(98,285)	(2,146,630)
<b>Balance, December 31, 2019</b>	\$ 1	\$ 1,593,326	\$ 1,571,287	\$ 1,264,001	\$ 1,703,822	\$ 326,848	\$ 299,943	\$ 419,332	\$ 1	\$ -	\$ 88,930	\$ 7,267,491
Additions during the year --												
Property acquisition costs												
Cash	-	-	-	-	-	-	-	10,000	-	-	-	10,000
Staking	14,410	-	-	-	1,352	6,949	-	-	-	-	-	22,711
Property exploration costs												
Assays	-	-	2,206	-	-	-	-	-	-	-	-	2,206
Camp	-	-	2,557	75	-	-	-	-	-	-	-	2,632
Drilling	-	-	13,372	-	-	-	-	-	-	-	-	13,372
Field supplies	-	-	2,106	1,536	-	-	-	-	-	-	1,325	4,967
Geological and field personnel	-	30,181	15,988	9,479	-	2,000	-	8,423	-	-	16,016	82,087
Travel and accommodation	-	-	1,284	-	-	-	-	-	-	-	-	1,284
Total additions during the year	14,410	30,181	37,513	11,090	1,352	8,949	-	18,423	-	-	17,341	139,259
<b>Balance, December 31, 2020</b>	\$ 14,411	\$ 1,623,507	\$ 1,608,800	\$ 1,275,091	\$ 1,705,174	\$ 335,797	\$ 299,943	\$ 437,755	\$ 1	\$ -	\$ 106,271	\$ 7,406,750

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## 6. EXPLORATION AND EVALUATION ASSETS - continued

### Uranium Properties - continued

#### ix) Hook-Carter Property

Prior to the definitive agreement described below, the Hook-Carter Property was 100% owned by the Company, subject to various royalties. The property was acquired mostly by staking with certain claims being acquired in 2015 by paying \$40,000 and issuing 266,667 common shares valued at \$28,000. It is located in the Patterson Lake Corridor on the southwest side of the Athabasca Basin in Saskatchewan.

On November 4, 2016, the Company completed the sale of an 80% interest in the Hook-Carter Property to Denison Mines Corp. ("Denison"). Under the terms of the agreement, the Company received 7.5 million common shares of Denison with a value of \$3.825 million in exchange for an immediate 80% interest in the property. ALX retained a 20% interest in the property and Denison has agreed to fund ALX's share of the first \$12.0 million in expenditures.

On November 4, 2019, under the terms of the definitive agreement, Denison and ALX agreed to the formation of a deemed joint venture, and that the parties will make best efforts to execute a joint venture agreement prior to Denison's funding of the first \$12 million in expenditures.

In November 2016, Denison also purchased the Coppin Lake property from Orano Canada Inc. and UEX Corporation for cash payments of \$35,000 and a 1.5% net smelter royalty. Under the terms of the Hook-Carter Property agreement, Denison and ALX have elected to have these claims form part of the Hook-Carter Property and ALX's interest in these claims will be the same as its interest in the Hook-Carter Property.

#### x) Black Lake Project

On September 5, 2017, the Company entered into option agreement with UEX Corporation ("UEX") to earn up to a 75% interest in the Black Lake Project. ALX has earned a 40% participating interest in the project by issuing 5,000,000 common shares valued at \$400,000, and incurring certain exploration expenditures. ALX's option to acquire up to 75% interest in the project has expired but will retain 40% interest in the project.

#### xi) Gibbons Creek Property

In 2013, the Company acquired, by staking, claims known as the Gibbon's Creek Property. Additionally, on November 27, 2013, the Company announced that it signed a joint venture agreement (the "JV Agreement") with Star Minerals Group Ltd. ("Star Minerals") granting the Company an option to acquire a 100% interest in additional claims located in the Athabasca Basin, near the Gibbons Creek Property. Under the terms of the JV agreement, the Company earned a 100% interest in the additional claims by paying \$60,000 (paid) and issuing 200,000 common shares (issued). Star Minerals will retain the option of a 25% buyback for four times the exploration monies spent by the Company to the date that the buyback option is exercised. The buyback option will be exercisable at any time up to a 90-day period following the completion and publication of a NI 43-101 compliant resource estimate. The transaction was approved by the TSX-V on November 28, 2013.

#### xii) Newnham Lake Property

On July 21, 2014, the Company announced that it entered into a purchase agreement to acquire a 100% interest in the Newnham Lake Property. To earn its interest the Company paid \$100,000 and issued 833,333 common shares valued at \$275,000. The transaction was approved by the TSX-V on July 22, 2014.

On August 21, 2014, the Company entered into a purchase agreement with Kalt Industries Ltd. and DG Resource Management Ltd., for the acquisition of the 1333 Property, located near the Company's Newnham Lake Property. In accordance with the agreement the Company paid \$50,000 and issued 250,000 common shares valued at \$57,500. The

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## 6. EXPLORATION AND EVALUATION ASSETS – continued

### Uranium Properties – continued

#### xii) Newnham Lake Property - continued

transaction was approved by the TSX-V on August 28, 2014. During the year ended December 31, 2019, the Company terminated the 1333 Property agreement and recorded an impairment charge of \$984,872.

On August 21, 2014, the Company entered into an option agreement to acquire adjacent claims from Anstag Mining Inc., by paying \$50,000 and issuing 333,333 common shares valued at \$65,000. In addition, the Company committed to incurring \$1,500,000 in exploration expenditures before August 28, 2019. The transaction was approved by the TSX-V on August 28, 2014. On August 19, 2019, the Company amended the agreement to complete the exploration expenditures by August 28, 2022. As consideration for the extension, the Company issued 300,000 common shares valued at \$12,000. The property is subject to a 1% gross overriding royalty (“GORR”), to which the Company may purchase 0.5% of the GORR for \$1,000,000 at any time.

#### xiii) Kelic Lake Property

On August 29, 2014, the Company entered into an option agreement with Jody Dahrouge and 877384 Alberta Ltd. to acquire a 100% interest in the Kelic Lake property located in southern margin of the Athabasca Basin. To earn its interest, the Company paid \$80,000, issued 500,000 common shares valued at \$133,750, and incurred exploration expenditures of at least \$750,000. The optionors retained a 2.5% royalty on production from the property, which can be reduced to a 1.5% royalty by paying of \$1,500,000 at any time prior to commencement of commercial production.

#### xiv) Lazy Edward Bay Property

In 2013, the Company acquired, by staking, claims known as the Lazy Edward Bay Property.

On April 24, 2014, the Company announced that it entered into a purchase agreement to acquire a 100% interest in additional claims, formerly known as the Arbour Property, located adjacent to its previously staked Lazy Edward Bay Uranium Property in the southern Athabasca Basin, Saskatchewan. Under the terms of the agreement, the Company has earned a 100% interest in the claims by paying \$5,000 and issuing 83,333 common shares valued \$42,500. The transaction was approved by the TSX-V on April 28, 2014.

During 2019, the Company decided to dropped certain claims at the Lazy Edward Bay Property. On December 31, 2019, the Company recorded a partial impairment charge of \$293,593.

#### xv) Carpenter Lake Property

On January 13, 2014, the Company entered into an option agreement with Noka Resources Inc. (“Noka”) to acquire a 60% interest in the Carpenter Lake property located in Northern Saskatchewan. The Company has earned its interest by paying \$60,000, issuing 200,000 common shares valued at \$93,000, and incurring at least \$1,250,000 exploration expenditure.

As of November 10, 2014, a joint venture was formed between the Company (60%) and Noka (40%) for the further development of the property, with the Company serving as the operator. The property is subject to a royalty equal to 5% of gross revenues, which is owned by the original vendors (“Underlying Royalty”). The Underlying Royalty rate can be reduced from 5% to 2% by Noka through the issuance of shares. On October 28, 2014, the Company was notified that Noka exercised its right to reduce the Underlying Royalty rate from 5% to 2% by issuing 3,000,000 shares to the original property vendors.

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## 6. EXPLORATION AND EVALUATION ASSETS – continued

### Uranium Properties – continued

#### xvi) South Pine/Perch Properties

On June 4, 2013, the Company signed an agreement with Basin Minerals Ltd. (“Basin”) whereby the Company has the right to earn a 100% interest in the South Pine and Perch Lake Properties and has earned its interest by paying \$70,000 and issuing 500,000 common shares valued at \$103,167. Basin will retain a 2% Net Smelter Royalty (“NSR”) on the Properties, 1% of which can be purchased by the Company for \$1,000,000. Basin is entitled to annual advanced royalty payments of \$10,000. The transaction was accepted by the TSX-V on June 11, 2013.

#### xvii) Cluff Lake Project

##### Middle Lake Property (formerly Cluff Lake (ACME) Property)

The Middle Lake project is owned 80% by the Company and 20% by Acme Resources (“Acme”). The Middle Lake project is located adjacent to the east of the former Cluff Lake Mine area in the western portion of the Athabasca Basin in Northern Saskatchewan. The Company shall produce a bankable feasibility study, with Acme having a carried interest until the feasibility study is delivered, at which time Acme will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% gross over-riding royalty for all uranium mineral products and a 2% net smelter returns royalty for all other metals. The Company will return all of its interest in the claim to Acme upon a decision by the Company to terminate work thereon.

##### Bridle Lake Property (formerly Cluff Lake (Rio Tinto) Project)

This property is owned 50% by the Company and 50% by Rio Tinto Ltd. The Bridle Lake Property is located adjacent to the north of the former Cluff Lake Mine area in the western portion of the Athabasca Basin in Northern Saskatchewan.

#### xix) Close Lake Property

On April 17, 2019 the Company entered an option agreement with Orano Canada Inc. (“Orano”) to earn up to a 51% participating interest in the Close Lake Property. Close Lake is located in the eastern Athabasca Basin area of northern Saskatchewan.

On June 12, 2019, ALX issued 4,000,000 common shares valued at \$240,000 pursuant to the option agreement.

In January 2020, ALX terminated the option agreement by sending written notice to Orano. ALX has no further obligations to Orano for funding the project and has not earned a residual interest in the property. Accordingly, at December 31, 2019, the Company fully impaired these claims with a cost of \$769,880.

#### xx) Other Uranium Properties

##### Staked Properties

On November 15, 2017 the Company announced that it had staked various new claims in the Athabasca Basin area of Saskatchewan, Canada. The Company paid \$40,415 to acquire these new claims. During the year ended December 31, 2019, the Company impaired most of these claims with a cost of \$97,985. The Company continues to hold and explore a staked property known as “Argo”.

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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## 7. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

On May 31, 2019, the Company issued 13,500,000 units on a flow-through basis at \$0.06 per unit for gross proceeds of \$810,000 and recognized a liability for flow-through shares of \$67,500. As at December 31, 2019, the Company has spent the full balance of the flow-through funds and has reversed the \$67,500 flow-through liability.

On December 17 and 30, 2019, the Company issued a total of 11,294,623 units on a flow-through basis at \$0.05 per unit for gross proceeds of \$564,731 and recognized a liability for flow-through shares of \$106,796. As at December 31, 2020, the Company has spent \$564,731 (December 31, 2019 - \$21,150) of the flow-through funds and has reversed \$106,796 (December 31, 2019 - \$4,000) of the flow-through liability.

On October 2 and 20, 2020, the Company issued a total of 9,931,333 units on a flow-through basis at \$0.07 per unit for gross proceeds of \$744,850 and recognized a liability for flow-through shares of \$49,657. As at December 31, 2020, the Company has spent \$335,834 of the flow-through funds and has reversed \$22,389 of the flow-through liability.

At December 31, 2020, the amount of flow-through proceeds remaining to be expended is \$409,016 (December 31, 2019 - \$543,581) and the balance of the liability for flow-through shares is \$27,268 (December 31, 2019 - \$102,796).

## 8. SHARE CAPITAL

- a) Authorized: Unlimited number of common shares without nominal or par value.
- b) Issued: The total issued and outstanding shares of the Company at December 31, 2020 is 151,940,778 (December 31, 2019 – 132,536,045).

### During the year ended December 31, 2020:

- i) On October 2 and 20, 2020, the Company closed a non-brokered private placement consisting of 9,931,333 FT Units at \$0.075 each and 9,473,400 NFT Units at \$0.06 each for gross proceeds of \$1,313,254 (with \$49,657 being recognized as a liability for flow-through shares). Each FT Unit consist of one flow-through share and one non-flow-through common share purchase warrant in the capital of the Company. Each NFT Unit consist of one common share and one common share purchase warrant in the capital of the Company. Each warrant is exercisable into one common share of the Company for a period of two years from closing at an exercise price of \$0.10 per common share.

In conjunction with the private placement, the Company paid finders fees of \$65,638 and issued 958,133 finder fee warrants valued at \$44,296. Each warrant is exercisable into one common share of the Company for a period of two years from closing. The warrants were issued in two batches with 414,800 warrants exercisable at \$0.06 per common share and 543,333 warrants exercisable \$0.075 per common share.

### During the year ended December 31, 2019:

- ii) On May 31, 2019, the Company closed a non-brokered private placement consisting of 13,500,000 FT Units at \$0.06 each and 13,000,000 NFT Units at \$0.055 each for gross proceeds of \$1,525,000 (with \$67,500 being recognize as a liability for flow-through shares). Each FT Unit consist of one flow-through share and one non-flow-through common share purchase warrant in the capital of the Company. Each NFT Unit consist of one common share and one common share purchase warrant in the capital of the Company. Each warrant is exercisable into one common share of the Company for a period of two years from closing at an exercise price of \$0.10 per common share.



# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 8. SHARE CAPITAL – continued

### During the year ended December 31, 2019: - continued

In conjunction with the private placement, the Company paid finders fees of \$89,801 and issued 1,560,780 finder fee warrants valued at \$42,319. Each warrant is exercisable into one common share of the Company for a period of two years from closing at an exercise price of \$0.06 per common share.

- iii) On June 12, 2019, issued 4,000,000 common shares for Close Lake exploration and evaluation assets valued at \$240,000.
  - iv) On June 14, 2019, issued 200,000 common shares for Falcon Nickel Project (Rea Lake claims) exploration and evaluation assets valued at \$11,000.
  - v) On September 3, 2019, issued 300,000 common shares to extend the option agreement for Newnham Lake exploration and evaluation assets. The shares are valued at \$12,000.
  - vi) On October 1, 2019, issued 2,000,000 for Falcon Nickel exploration and evaluation assets valued at \$70,000.
  - vii) On October 18, 2019, issued 1,750,000 for Falcon Nickel exploration and evaluation assets valued at \$52,500.
  - viii) On December 17 and 30, 2019, the Company closed a non-brokered private placement consisting of 11,294,623 flow-through units at \$0.05 each for gross proceeds of \$564,731 (with \$106,796 being recognize as a liability for flow-through shares). Each flow-through unit consist of one flow-through share and one non-flow-through common share purchase warrant in the capital of the Company. Each warrant is exercisable into one common share of the Company for a period of three years from closing at an exercise price of \$0.08 per common share.
- c) Warrants:

Warrant transactions and the number of warrants outstanding are summarized as follows:

	December 31, 2020		December 31, 2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	55,685,403	0.11	16,330,000	0.15
Issued	20,362,866	0.10	39,355,403	0.09
Balance, end of year	76,048,269	0.11	55,685,403	0.11

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 8. SHARE CAPITAL – continued

### c) Warrants: - continued

The following warrants were outstanding as at December 31, 2020:

Expiry Date	Exercise Price	Number of Warrants	Remaining Contractual Life (Years)
May 16, 2021*	\$ 0.20	2,325,000	0.37
June 23, 2021*	\$ 0.20	765,000	0.48
December 30, 2021**	\$ 0.15	2,410,000	1.00
December 29, 2021***	\$ 0.15	2,180,000	0.99
July 21, 2022***	\$ 0.13	8,650,000	1.55
May 31, 2021	\$ 0.10	26,500,000	0.41
May 31, 2021	\$ 0.06	1,560,780	0.41
October 2, 2022	\$ 0.10	14,621,400	1.75
October 2, 2022	\$ 0.06	414,800	1.75
October 2, 2022	\$ 0.075	310,000	1.75
October 20, 2022	\$ 0.10	4,783,333	1.80
October 20, 2022	\$ 0.075	233,333	1.80
December 17, 2022	\$ 0.08	10,064,623	1.96
December 30, 2022	\$ 0.08	1,230,000	2.00
<b>Total</b>		<b>76,048,269</b>	

Weight average remaining life of warrants outstanding 1.17

\*The original expiry dates of these warrants were extended by 42 months

\*\* The original expiry dates of these warrants were extended by 36 months

\*\*\* The original expiry dates of these warrants were extended by 24 months

The Company applies the fair value method in accounting for its finder fee warrants using the Black-Scholes pricing model. During the year ended December 31, 2020, the Company issued a total of 958,133 (December 31, 2019 – 1,560,780) finder fee warrants. The finder fee warrants granted resulted in share issue costs of \$44,296 (December 31, 2019 - \$42,319). The following parameters were used to value finder fee warrants:

	December 31, 2020	December 31, 2019
Expected Life	2 years	2 years
Risk-free interest rate	0.2350%	1.43%
Annualized volatility	133.55%	97.05%
Dividend rate	N/A	N/A
Fair value of shares at grant date	\$0.045 - \$0.048	\$0.055

## 9. SHARE-BASED PAYMENTS

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the TSX Venture Exchange. The expiry date for each option should be for a maximum term of ten years.

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 9. SHARE-BASED PAYMENTS - continued

The following stock option grants were issued during the years ended December 31, 2020 and 2019:

- On January 16, 2020 the Company granted 2,900,000 stock options (2,150,000 were issued to Director and Officers) with an exercise price of \$0.07 per common share and expiring in 5 years. These options will vest as follows: one-third four months from the grant date, one-third eight months from the grant date, and one-third twelve months from the grant date.
- On June 6, 2019 the Company granted 3,450,000 stock options (3,025,000 were issued to Directors and Officers) with an exercise price of \$0.07 per common share and expiring in 5 years. These options will vest as follows: one-third four months from the grant date, one-third eight months from the grant date, and one-third twelve months from the grant date.

The following is a summary of option transactions under the Company's stock option plan for the years ended December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	8,550,000	\$ 0.09	5,525,000	\$ 0.11
Cancelled	(550,000)	0.11	(425,000)	0.10
Exercised	-	-	-	-
Granted	2,900,000	0.07	3,450,000	0.07
Balance, end of year	10,900,000	\$ 0.09	8,550,000	\$ 0.09

The following stock options were outstanding and exercisable as at December 31, 2020:

Expiry Date	Exercise Price	Number of Options	Remaining Contractual Life (Years)
July 22, 2021	\$ 0.10	525,000	0.56
November 8, 2021	\$ 0.10	150,000	0.85
January 16, 2022	\$ 0.135	900,000	1.04
May 12, 2022	\$ 0.10	400,000	1.36
June 19, 2022	\$ 0.10	400,000	1.47
August 17, 2022	\$ 0.10	1,000,000	1.63
June 6, 2024	\$ 0.07	3,400,000	3.43
January 16, 2025	\$ 0.70	1,933,333	4.05
September 25, 2025	\$ 0.10	1,075,000	4.74
March 15, 2026	\$ 0.10	150,000	5.21
Total		9,933,333	
Weighted average remaining life of stock options outstanding and exercisable			2.97

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 9. SHARE-BASED PAYMENTS – continued

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the year ended December 31, 2020, the Company issued a total of 2,900,00 (2019 – 3,450,000) incentive stock options to directors, officers and consultants of the Company. During the year ended December 31, 2020, the options issued and vested resulted in share-based payments of \$149,639 (2019 – \$118,818).

	December 31, 2020	December 31, 2019
Expected Life	5 years	5 years
Risk-free interest rate	1.57%	1.33%
Annualized volatility	111.52%	113.49%
Dividend rate	N/A	N/A
Fair value of shares at grant date	0.04	0.04

## 10. COMMITMENTS

The Company has entered into the following agreements:

### i) Office Lease

On January 1, 2019 the Company entered into a new five-year office lease. The Company is required to pay annual operating costs plus annual base rent of \$44,425 per year in the first two years and \$47,979 per year in the final three years of the lease. The Company rents out a portion of its office for one-half of the Company's monthly lease obligation. The sub-tenant is also responsible for one-half of the annual operating costs payable under the office lease. Sub-leases are included in other income on the statement of operations.

The underlying lease payments have been discounted using the Company's incremental borrowing rate on January 1, 2019 of 12%. On January 1, 2019, the present value of future lease payments and initial recognition of the right-of-use asset totaled \$175,184. (see Note 5)

### *Lease liabilities*

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	2020	2019
Undiscounted minimum lease payments:		
Less than one year	\$ 47,979	\$ 44,425
Two to five years	95,958	143,937
	143,937	188,362
Effect of discounting	(23,560)	(39,865)
Present value of minimum lease payments	120,377	148,497
Less current portion	(35,441)	(28,119)
Long-term portion	\$ 84,936	\$ 120,378

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 10. COMMITMENTS – continued

### i) Office Lease – continued

#### *Lease liability continuity*

The net change in the lease liability is as follows:

	2020	2019
Lease liability - Beginning of year	\$ 148,497	\$ 175,184
Cash flows:		
Principal payments	(28,120)	(26,687)
Lease liability - End of year	\$ 120,377	\$ 148,497

During the year ended December 31, 2020, interest of \$16,306 (2019 – \$17,737) is included in interest expense.

## 11. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers, vice-presidents and members of its Board of Directors.

The following compensation was awarded to key management personnel:

	2020	2019
Salaries and consulting fees	\$ 350,795	\$ 336,569
Share-based compensation	114,920	104,180
Key management personnel compensation	\$ 465,715	\$ 440,749

During the year ended December 31, 2020, the Company incurred consulting fees of \$10,541 (2019 - \$621) and exploration costs of \$364,052 (2019 - \$142,742) with Dahrouge Geological, a company controlled by Jody Dahrouge who is also a director of ALX.

Related party amounts are unsecured, non-interest bearing and due on demand. As at December 31, 2020, \$5,400 (2019 - \$6,944) is due to related parties of the Company and is included in accounts payable and accrued liabilities.

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 12. INCOME TAXES

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2020	2019
Income (loss) for the year before income taxes	\$ (910,352)	\$ (3,242,982)
Income tax expense (benefit) computed at statutory rates	(245,795)	(875,605)
Deductible and non-deductible amounts	24,854	606,206
Change in valuation allowance	220,941	269,399
Deferred income tax recovery	(125,185)	(71,500)
Deferred income tax recovery per financial statements	\$ (125,185)	\$ (71,500)

There are no deferred tax assets/(liabilities) presented in the statement of financial position.

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets/(liabilities) have been recognized are attributable to the following:

	2020	2019
Deferred income tax assets/(liabilities)		
Non-capital and net capital losses carried forward	\$ 8,817,000	\$ 7,933,000
Share issuance costs	131,000	104,000
Equipment	46,000	45,000
Mineral properties	(3,028,000)	(2,463,000)
	\$ 5,966,000	\$ 5,619,000

The potential future tax benefit has been offset entirely by a valuation allowance and has not been recognized in these financial statements. The non-capital loss carry-forwards expire according to the following schedule:

	2020
2027	\$ 16,000
2028	74,000
2029	40,000
2030	229,000
2031	233,000
2032	219,000
2033	631,000
2034	1,594,000
2035	1,655,000
2036	790,000
2037	744,000
2038	700,000
2039	927,000
2040	791,000
Balances as at December 31,	\$ 8,643,000

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	<b>December 31,</b>		December 31,
	<b>2020</b>		2019
Exploration and evaluation costs in accounts payable	\$ 101,060	\$	77,063
Shares issued for property option payment	\$ -	\$	385,500

## 14. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to receivables is remote.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

(c) Foreign exchange risk

The Company is not exposed to foreign currency risk on fluctuations considering that its assets and liabilities are stated in Canadian dollars.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With respect to financial assets, the Company's practice is to invest cash in cash equivalents in order to maintain liquidity. Fluctuations in interest rates affect the fair value of cash equivalents.

# ALX Resources Corp.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## 14. FINANCIAL RISK MANAGEMENT – continued

### (e) Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents.

There were no changes in the Company's approach to capital management during the year ended December 31, 2020 or the year ended December 31, 2019. The Company is not subject to any externally imposed capital requirements.

### (f) Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at December 31, 2020 and 2019:

	As at December 31, 2020		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,095,464	\$ -	\$ -
Marketable securities	\$ 38,250	\$ -	\$ -
	\$ 1,133,714	\$ -	\$ -

  

	As at December 31, 2019		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,689,778	\$ -	\$ -
Marketable securities	\$ 363,405	\$ -	\$ -
	\$ 2,053,183	\$ -	\$ -

## 15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, the Company:

- Granted 3,450,000 stock options exercisable at \$0.075 per option for five years.
- Received \$90,749 from the exercise of 1,512,480 share purchase warrants.
- Issued 300,000 common shares for Electra Nickel Project (See Note 6(ii)) in accordance with the option earn-in agreement.



## **ALX Resources Corp.**

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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### **15. EVENTS AFTER THE REPORTING PERIOD – continued**

- On February 18, 2021, ALX entered into an option agreement with Alligator Resources Ltd. (“Optionor”), whereby the Company may acquire up to an 80% interest in the Optionor’s Alligator property by incurring a total of \$1.25 million in exploration expenditures over four years, issuing 1,500,000 common shares of the Company and by making cash payments to the Optionor totaling \$150,000, as outlined in the following summary:
  - The Company may acquire a 51% interest in the Alligator property (the “First Option”) by funding \$500,000 in exploration expenditures by December 31, 2022;
  - Within 5 days of the Optionor’s acceptance of the letter agreement, the Company shall make a non-refundable \$3,000 cash payment (paid);
  - Within 5 days of the acceptance from the TSX Venture the Company shall make a \$12,000 cash payment (paid) and issue 250,000 common shares (issued) to the Optionor;
  - On or before December 31, 2021, the Company shall make a cash payment of \$25,000 and issue an additional 250,000 common shares of the Company; and
  - On or before December 31, 2022, the Company shall make a cash payment of \$30,000 and issue an additional 250,000 common shares of the Company.

Upon the Company acquiring a 51% interest in the Alligator property, it may elect to pursue its right to acquire up to an 80% interest in the project (the “Second Option”). To earn an additional 29% interest in the Alligator property the Company must:

- On or before December 31, 2023, the Company shall make a cash payment of \$35,000 and issue an additional 250,000 common shares of the Company;
- On or before December 31, 2024, the Company shall make a cash payment of \$45,000 and issue an additional 500,000 common shares of the Company; and
- The Company shall incur additional expenditures of at least \$750,000 at the property.

Upon the Company earning an 80% interest in the property the Company and the Optionor shall form a joint venture with the terms to be negotiated under a joint venture agreement.

The property is subject to an underlying 2.5% net smelter returns royalty (“NSR”) on the sale of valuable minerals from the project.

- On March 24, 2021, ALX entered into a purchase agreement to acquire a 100% interest in eight claims contiguous to Company’s Vixen Gold Project in exchange for \$2,500 and issuing 200,000 common shares of the Company. The agreement is subject to the approval of the TSX Venture Exchange.