



Condensed Interim Financial Statements

Six Months Ended June 30, 2020

(Unaudited - Expressed in Canadian Dollars)

**Notice of No Auditor Review of
Condensed Interim Financial Statements**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

ALX Resources Corp. (formerly ALX Uranium Corp.)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	June 30, 2020	December 31, 2019
Assets		
Current		
Cash	\$ 622,800	\$ 1,689,778
Taxes receivable	8,904	35,485
Other receivables	16,093	12,196
Marketable securities (Note 3)	94,622	340,905
Prepaid expenses and deposits	50,500	79,592
Total Current Assets	792,919	2,157,956
Marketable securities (Note 3)	-	22,500
Property and equipment (Note 4)	133,686	156,449
Exploration and evaluation assets (Note 5)	9,039,623	8,082,723
Reclamation bond	-	-
Total Assets	\$ 9,966,228	\$ 10,419,628
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 125,635	\$ 118,391
Current portion of lease liabilities (Note 9)	31,671	28,119
Liability for flow-through shares (Note 6)	-	102,796
Total Current Liabilities	157,306	249,306
Lease liabilities (Note 9)	103,186	120,378
Equity		
Share capital (Note 7)	16,287,375	16,287,375
Reserves (Note 8)	2,148,881	2,032,902
Deficit	(8,730,520)	(8,270,333)
Total Equity	9,705,736	10,049,944
Total Liabilities and Equity	\$ 9,966,228	\$ 10,419,628
Going concern of operations (Note 2)		
Commitments (Note 9)		
Event after the reporting period (Note 13)		

ALX Resources Corp. (formerly ALX Uranium Corp.)
Condensed Interim Statements of Net (Loss) Income and Comprehensive (Loss) Income
For the Three and Six Months ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Expenses				
Accounting and audit fees (recovery)	\$ (1,000)	\$ 197	\$ 20,000	\$ 21,197
Advertising and promotion	11,987	24,809	56,515	54,099
Consulting fees and salaries (Note 10)	90,991	136,415	220,452	275,666
Depreciation	11,382	11,381	22,763	22,762
Insurance	5,081	4,881	10,162	10,040
Investor relations	5,456	7,842	21,228	13,503
Legal fees	2,779	1,198	5,492	8,347
Office and general	23,714	25,557	55,868	42,604
Property investigation	2,136	192	2,260	19,522
Share-based payments (Note 8)	49,998	17,708	115,979	17,708
Transfer agent and filing fees	5,376	12,168	14,757	18,642
Travel Expenses	-	2,427	19,706	22,996
Operating Expenses	207,900	244,775	565,182	527,086
Other Income (Expense)				
Foreign exchange loss	(1)	(20)	(5)	(31)
Interest and recovery of office and general	15,397	14,994	32,166	29,439
Gain(loss) on sale of marketable securities (Note 3)	4,820	62,696	(49,270)	62,696
Unrealized gain(loss) on marketable securities (Note 3)	44,020	(44,386)	19,308	52,139
Loss before Income Taxes	(143,664)	(211,491)	(562,983)	(382,843)
Deferred income tax recovery (Note 6)	-	7,138	102,796	7,138
Net Loss and Comprehensive Loss for the Period	\$ (143,664)	\$ (204,353)	\$ (460,187)	\$ (375,705)
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	132,536,045	88,875,531	132,536,045	88,875,531

ALX Resources Corp.(formerly ALX Uranium Corp.)
Condensed Interim Statements of Changes in Equity
For the Six Months ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance, January 1, 2019	86,491,422	\$ 14,135,304	\$ 1,871,765	\$ (5,098,851)	\$ 10,908,218
Issuance of shares for cash (Note 7)	26,500,000	1,457,500	-	-	1,457,500
Share issuance costs (Note 7)	-	(144,590)	42,319	-	(102,271)
Issuance of shares for exploration and evaluation assets (Note 5 and 7)	4,200,000	251,000	-	-	251,000
Share-based compensation (Note 8)	-	-	17,708	-	17,708
Net loss for the period	-	-	-	(375,705)	(375,705)
Balance, June 30, 2019	117,191,422	\$ 15,699,214	\$ 1,931,792	\$ (5,474,556)	\$ 12,156,450
	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance, January 1, 2020	132,536,045	\$ 16,287,375	\$ 2,032,902	\$ (8,270,333)	10,049,944
Share-based compensation (Note 8)	-	-	115,979	-	115,979
Net loss for the period	-	-	-	(460,187)	(460,187)
Balance, June 30, 2020	132,536,045	\$ 16,287,375	\$ 2,148,881	\$ (8,730,520)	\$ 9,705,736

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

ALX Resources Corp.(formerly ALX Uranium Corp.)
Condensed Interim Statements of Cash Flows
For the Six Months ended June 30,
(Expressed in Canadian Dollars)

	2020	2019
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Net loss for the period	\$ (460,187)	\$ (375,705)
Items not involving cash:		
Deferred income tax recovery	(102,796)	(7,138)
Depreciation	22,763	22,762
Finance charges	8,573	8,373
Loss(gain) on sale of marketable securities	49,270	(62,696)
Share-based payments	115,979	17,708
Unrealized gain on marketable securities	(19,308)	(52,139)
Changes in non-cash operating working capital:		
Amounts receivable	22,684	(9,530)
Prepaid expenses	29,092	120,001
Accounts payable and accrued liabilities	(13,311)	17,236
Net cash flows (used in) operating activities	(347,241)	(321,128)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Exploration and evaluation asset expenditures	(936,345)	(235,692)
Proceeds from sale of marketable securities	238,821	303,146
Net cash flows (used in) provided from investing activities	(697,524)	67,454
CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES:		
Interest and finance charges paid	(8,573)	(8,373)
Issuance of shares for cash	-	1,525,000
Repayment of lease liabilities	(13,640)	(13,839)
Share issuance costs	-	(102,271)
Net cash flows (used in) provided from financing activities	(22,213)	1,400,517
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,066,978)	1,146,843
Cash and cash equivalents, beginning of period	1,689,778	889,437
Cash and cash equivalents, end of period	\$ 622,800	\$ 2,036,280

Supplemental disclosure with respect to cash flows (Note 11)

ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

(Expressed in Canadian Dollars)

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 TSX Venture Exchange (“TSX-V”) under the symbol ‘AL’, on the Frankfurt Stock Exchange (“FSE”) under the symbol “6LNN” and in the United States OTC market under the symbol ‘ALXEF’. 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”), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

These financial statements have been prepared under the historical cost basis, except for the classification of certain financial instruments measured at 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 exploration projects.

Approval of the financial statements

The financial statements of ALX Resources Corp. for the six months ended June 30, 2020 were approved and authorized for issue by the board of directors on August 24, 2020.

Significant accounting judgments, estimates and assumptions

The preparation of these condensed interim 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. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

(Expressed in Canadian Dollars)

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; and
- assessment as to whether any impairment exists in the valuation of its assets;
- impairment of marketable securities;
- recovery of amounts receivable;
- the useful life and recoverability of property and equipment;
- rehabilitation provisions;
- fair value of share-based payments; and
- deferred income tax asset valuation allowances.

Significant accounting policies

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 3 of the financial statements for the year ended December 31, 2019. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2019.

3. 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. These shares are publicly listed on various Canadian stock exchanges and published price quotes are widely available. The aggregate amount of the investments can be summarized as follows:

	June 30, 2020		December 31, 2019	
	Cost \$	Fair Market Value \$	Cost \$	Fair Market Value \$
Aurelius Minerals Inc.	26,811	49,853	96,021	105,025
Denison Mines Corp.	-	-	172,380	182,520
Manitou Gold Inc.*	65,000	40,000	97,500	67,500
Uravan Minerals Inc.	44,520	4,769	58,520	8,360
	136,331	94,622	424,421	363,405
Less: shares subject to a hold period*	-	-	(32,500)	(22,500)
Total	136,331	94,622	391,921	340,905

*The Manitou Gold shares are subject to a hold period (See Note 5).

ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Right-of- use assets	Computer equipment	Field equipment	Office equipment	Total
	\$	\$	\$	\$	\$
Cost:					
Balance, December 31, 2019	175,184	8,299	16,640	23,356	223,479
Additions	-	-	-	-	-
Balance, June 30, 2020	175,184	8,299	16,640	23,356	223,479
Accumulated depreciation:					
Balance, December 31, 2019	35,037	7,040	11,907	13,046	67,030
Additions	17,518	1,245	1,664	2,336	22,763
Balance, June 30, 2020	52,555	8,285	13,571	15,382	89,793
Carrying amounts:					
Balance, December 31, 2019	140,147	1,259	4,733	10,310	156,449
Balance, June 30, 2020	122,629	14	3,069	7,974	133,686

5. 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.

	Uranium Properties	Other Properties	Total
Balance, January 1, 2019	\$ 8,422,032	\$ 186,743	\$ 8,608,775
Additions during the year--			
Property acquisition costs			
Cash	10,000	62,605	72,605
Staking	305	55,774	56,079
Shares	252,000	133,500	385,500
Property exploration costs			
Assays	8,809	18,886	27,695
Camp	78	1,512	1,590
Drilling	387,163	-	387,163
Field supplies and rentals	9,203	12,645	21,848
Geological and field personnel	169,837	221,691	391,528
Other	(4,594)	16,496	11,902
Surveying costs	152,795	66,865	219,660
Travel and accommodation	6,493	38,515	45,008
Total additions during the year	992,089	628,489	1,620,578
Impairment of exploration and evaluation assets	(2,146,630)	-	(2,146,630)
Balance, December 31, 2019	\$ 7,267,491	\$ 815,232	\$ 8,082,723

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ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS - continued

	Uranium Properties	Other Properties	Total
Balance, December 31, 2019	\$ 7,267,491	\$ 815,232	\$ 8,082,723
Additions during the period--			
Property acquisition costs			
Cash	10,000	-	10,000
Staking	24,294	681	24,975
Property exploration costs			
Assays	-	7,422	7,422
Camp	2,632	75,258	77,890
Drilling	-	364,055	364,055
Field supplies and rentals	1,606	70,687	72,293
Geological and field personnel	65,740	222,779	288,519
Surveying costs	-	93,126	93,126
Travel and accommodation	277	18,343	18,620
Total additions during the period	104,549	852,351	956,900
Balance, June 30, 2020	\$ 7,372,040	\$ 1,667,583	\$ 9,039,623

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ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS - continued

Uranium Properties

	Hook- Carter	Newnham Lake	Black Lake	Lazy Edward	South Pine/Perch	Carpenter Lake	Kelic Lake	Gibbons Creek	Cluff Lake	Close Lake	Other Uranium Properties	Total
Note	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	
Balance, January 1, 2019	\$ 1	\$ 2,197,743	\$ 1,483,646	\$ 616,477	\$ 399,691	\$ 299,943	\$ 1,703,822	\$ 1,570,237	\$ 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	-	1,946	410	740	410	-	-	-	-	-	5,697	9,203
Geological and field personnel	-	37,184	21,800	3,224	137	-	-	1,050	-	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	-	51,130	109,680	3,964	19,641	-	-	1,050	-	769,880	36,744	992,089
Impairment	-	(984,872)	-	(293,593)	-	-	-	-	-	(769,880)	(98,285)	(2,146,630)
Balance, December 31, 2019	\$ 1	\$ 1,264,001	\$ 1,593,326	\$ 326,848	\$ 419,332	\$ 299,943	\$ 1,703,822	\$ 1,571,287	\$ 1	\$ -	\$ 88,930	\$ 7,267,491
Additions during the period --												
Property acquisition costs												
Cash	-	-	-	-	10,000	-	-	-	-	-	-	10,000
Staking	14,410	-	-	7,249	-	-	1,352	-	-	-	1,283	24,294
Property exploration costs												
Camp	-	75	-	-	-	-	-	2,557	-	-	-	2,632
Field supplies	-	768	-	-	-	-	-	838	-	-	-	1,606
Geological and field personnel	-	8,906	21,662	2,000	5,980	-	-	9,578	-	-	17,614	65,740
Travel and accommodation	-	-	-	-	-	-	-	277	-	-	-	277
Total additions during the period	14,410	9,749	21,662	9,249	15,980	-	1,352	13,250	-	-	18,897	104,549
Balance, June 30, 2020	\$ 14,411	\$ 1,273,750	\$ 1,614,988	\$ 336,097	\$ 435,312	\$ 299,943	\$ 1,705,174	\$ 1,584,537	\$ 1	\$ -	\$ 107,827	\$ 7,372,040

ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

Uranium Properties - continued

i) Hook-Carter Property

The Hook Lake property is 100% owned by the Company, subject to a 2.5% gross overriding royalty. The Company has the right to purchase 1% of the royalty for \$1,000,000 prior to the commencement of commercial production.

On May 27, 2015, the Company entered into an option agreement to acquire the Carter Lake mineral claims from Eagle Plains Resources Limited (“EPL”). The Company has earned a 100% interest by paying \$40,000 and issuing 266,667 common shares valued at \$28,000. The Company acquired, by staking, additional mineral claims near Carter Lake. The acquired and staked claims are subject to a 2% Net Smelter Royalty (“NSR”) payable to EPL. The Company may, at any time, purchase 1% of the NSR for \$1,000,000. The transaction was approved by the TSX-V on June 8, 2015.

On February 5, 2016, the Company entered into a purchase and sale agreement with Cameco Corporation (“Cameco”). The sale includes certain mineral claims peripheral to, and along the margins of, the Company’s Hook-Carter Property in the southwestern Athabasca Basin. The Company received a cash payment of \$170,000 for the claims. Some of the claims are subject to a 1% net refining returns royalty (“NRR”), subject to a reduction of 0.25% at any time upon payment of \$750,000 and a 2% NRR subject to a reduction to 1% at any time upon payment of \$500,000 to the Company.

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 7,500,000 common shares with a value of \$3,825,000 in exchange for an immediate 80% interest in the property. ALX will retain a 20% interest in the property and Denison has agreed to fund ALX’s share of the first \$12,000,000 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 Areva Resources Canada 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.

ii) 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. The Company has earned its interest by paying \$100,000 and issuing 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, for total consideration of \$50,000 cash (paid) and 250,000 common shares (issued) of the Company valued at \$57,500. The Company commits to expend not less than \$1,000,000 in exploration expenditures on or before August 28, 2019, of which \$50,000 must be spent in year one. The property is subject to a 3% GORR, to which the Company may purchase up to a 1% for \$1,000,000 up to August 28, 2019. The 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.

ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS - continued

Uranium Properties - continued

ii) Newnham Lake Property - continued

On August 21, 2014, the Company entered into an option agreement to acquire adjacent claims from Anstag Mining Inc., for total consideration of \$50,000 cash (paid) and 333,333 common shares (issued) valued at \$65,000. In addition, the Company commits to incur \$1,500,000 in exploration expenditures before August 28, 2019. 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. The transaction was approved by the TSX-V on August 28, 2014. On August 19, 2019, the Company completed a three-year extension agreement to complete the exploration expenditures by August 28, 2022. In consideration for the extension the Company issued 300,000 common shares valued at \$12,000.

iii) Black Lake Properties

On July 31, 2017, the Company signed a binding interim letter agreement with UEX Corporation (“UEX”) which was replaced with a definitive option agreement on September 5, 2017, the “Effective Date”. The Company can earn up to a 75% participating interest in the property from UEX in the Black Lake Property by making payments to UEX of 12 million common shares and a total of \$6.0 million of exploration expenditures over the next 4 years, as follows:

- ALX has earned a 40% participating interest in the property by issuing to UEX 5,000,000 common shares, valued at \$400,000, and incurring \$1,000,000 in exploration expenditures within 12 months of the Effective Date, including ALX’s exploration expenditures starting from the letter agreement date;
- ALX can earn an additional 11% interest for a total of 51% participating interest in the property by issuing to UEX 4,000,000 common shares after incurring an additional \$2,000,000 in exploration expenditures within 30 months of the Effective Date;
- ALX can earn an additional 24% interest for a total of 75% interest in the property by issuing to UEX 3,000,000 common shares after incurring an additional \$3,000,000 in exploration expenditures within 48 months of the Effective Date.

The Company paid \$25,000 to UEX as consideration for entering into the binding interim letter agreement.

ALX may accelerate any of the share payments or exploration expenditures listed above and upon making such payments or expenditures, will earn the interest as set out above.

At any time, ALX may provide UEX with notice that it does not wish to incur additional exploration expenses or to earn a further ownership interest in the property. Upon such occurrence, ALX will lose any rights it had with respect to earning any additional ownership interest in the property and shall have no further obligations, other than as set out in the definitive agreement.

Black Lake is currently the subject of a joint venture, in which UEX Corporation holds a 90.92% interest in the property, with Orano Canada Inc. (formerly AREVA Resources Canada Inc.) holding the remaining 9.08% interest.

The Company has not met the second milestone of the agreement to incur an additional \$2,000,000 of exploration expenditures by the deadline of March 5, 2020. ALX has met the initial requirements of the agreement earning a 40% interest in the Black Lake Properties.

ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS – continued

Uranium Properties – continued

iv) 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.

v) 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.

vi) 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, 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.

vii) 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, 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.

viii) 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

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Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

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5. EXPLORATION AND EVALUATION ASSETS – continued

Uranium Properties – continued

viii) Gibbon's Creek Property - continued

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.

ix) 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 claim is about 630 kilometres north-northwest from Prince Albert, 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 (Rio Tinto) is located adjacent to the north of the former Cluff Lake Mine area in the western portion of the Athabasca Basin in Northern Saskatchewan. The Bridle Lake Property (Rio Tinto) comprises two mineral dispositions.

x) 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.

In order for ALX to earn an option to acquire a 51% interest in Close Lake, ALX would be required to issue to Orano a total of 10,000,000 common shares of ALX and fund a total of \$12.0 million towards exploration expenditures. 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. In accordance with the option agreement, 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.

xi) 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".

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Notes to the Condensed Interim Financial Statements

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5. EXPLORATION AND EVALUATION ASSETS – continued

Other Properties

Note	Other Properties					Total
	Tango	Firebird Nickel and Flying Vee Claims	Draco Claims	Kamichisitit Claims	Vixen Gold Project	
	(xii)	(xiii)	(xiv)	(xv)	(xvi)	
Balance, January 1, 2019	\$ 186,742	\$ -	\$ -	\$ 1	\$ -	\$ 186,743
Additions during the year --						
Property acquisition costs						
Cash	-	32,000	-	-	30,605	62,605
Staking	-	45,177	10,597	-	-	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	384	8,780	-	-	3,481	12,645
Geological and field personnel	5,531	69,054	105,848	600	40,658	221,691
Other	-	11,296	-	5,200	-	16,496
Surveying costs	3,915	35,480	-	-	27,470	66,865
Travel and accommodation	-	9,410	11,381	-	17,724	38,515
Total additions during the year	9,830	352,282	128,651	5,800	131,926	628,489
Balance, December 31 2019	\$ 196,572	\$ 352,282	\$ 128,651	\$ 5,801	\$ 131,926	\$ 815,232
Additions during the period --						
Property acquisition costs						
Staking	-	681	-	-	-	681
Property exploration costs						
Assays	-	7,422	-	-	-	7,422
Camp	-	75,258	-	-	-	75,258
Drilling	-	364,055	-	-	-	364,055
Field supplies and rentals	192	70,495	-	-	-	70,687
Geological and field personnel	14,748	202,924	2,363	1,500	1,244	222,779
Surveying costs	-	93,126	-	-	-	93,126
Travel and accommodation	-	18,343	-	-	-	18,343
Total additions during the period	14,940	832,304	2,363	1,500	1,244	852,351
Balance, June 30, 2020	\$ 211,512	\$ 1,184,586	\$ 131,014	\$ 7,301	\$ 133,170	\$ 1,667,583

xii) Tango Property, Northern Saskatchewan

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 and closed seven days later.

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Notes to the Condensed Interim Financial Statements

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5. EXPLORATION AND EVALUATION ASSETS – continued

Other Properties - continued

xiii) Firebird Nickel and Flying Vee Claims

The Firebird Nickel Project 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 claims, Currie Lake claims, and Rea Lake claims.

To acquire a 100% interest the Rea Lake Claims, the Company paid \$12,000 and issued 200,000 common shares valued at \$11,000. The vendor retains a 2.0% net smelter returns royalty (“NSR”) and the Company has the right to purchase half of the NSR for \$1.0 million.

On October 1, 2019, the Company added to Firebird Nickel Project by acquiring additional claims, known as the Axis Lake claims, from Eagle Plains Resources Ltd. To acquire a 100% interest in these claims, the Company paid \$20,000 and issued 2,000,000 common shares valued at \$70,000. The vendor retains a 2.0% net smelter returns royalty (“NSR”) and the Company has the right to purchase half of the NSR for \$2.0 million.

On October 18, 2019, the Firebird Nickel Project was further expanded by acquiring adjacent claims known as the Currie Lake claims. To acquire a 100% interest in these claims, the Company paid \$20,000 and issued 1,750,000 common shares valued at \$52,500. The vendor retains a 2.0% net smelter returns royalty (“NSR”) and the Company has the right to purchase half of the NSR for \$2.0 million.

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 also prospective nickel, copper, and cobalt.

xiv) Draco Claims

In May 2019, the Company acquired a 100% interest by staking the Draco Claims located in Norway.

xv) 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. During the year ended December 31, 2018, the Company temporarily ceased exploration on this property and recorded an impairment charge of \$4,500. A review of the claims is currently underway with plans for a 2021 exploration program.

xvi) 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.

xvii) Sceptre Gold Project

In July 2020, the Company acquired a 100% interest in the Sceptre Gold Project located in east-central Saskatchewan by staking.

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Notes to the Condensed Interim Financial Statements

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5. EXPLORATION AND EVALUATION ASSETS – continued

Other Properties - continued

xviii) 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 its 100% interest in the Midas property. The MG shares are subject to a staged hold period of up to 28 months from closing. The remaining MG shares are subject to a hold period as follows:

Twenty-two months and one day (August 20, 2020)	500,000
Twenty-eight months and one day (February 20, 2021)	<u>500,000</u>
	1,000,000

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.

6. 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 have 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 June 30, 2020, the Company has spent the full balance of the flow-through funds and have reversed the \$106,796 flow-through liability.

At June 30, 2020 and December 31, 2019, the amount of flow-through proceeds remaining to be expended is \$nil (December 31, 2019 - \$543,581) and the balance of the liability for flow-through shares is \$nil (December 31, 2019 - \$102,796).

7. 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 June 30, 2020 and December 31, 2019 is 132,536,045

ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

(Expressed in Canadian Dollars)

7. SHARE CAPITAL - continued

b) Issued: - continued

During the year ended December 31, 2019:

i) 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.

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.

ii) On June 12, 2019, issued 4,000,000 common shares for Close Lake exploration and evaluation assets valued at \$240,000.

iii) On June 14, 2019, issued 200,000 common shares for Firebird Nickel Project (Rea Lake claims) exploration and evaluation assets valued at \$11,000.

iv) 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.

v) On October 1, 2019, issued 2,000,000 for Firebird Nickel exploration and evaluation assets valued at \$70,000.

vi) On October 18, 2019, issued 1,750,000 for Firebird Nickel exploration and evaluation assets valued at \$52,500.

vii) 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:

	June 30, 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
Expired	-	-	-	-
Exercised	-	-	-	-
Issued	-	-	39,355,403	0.09
Balance, end of period	55,685,403	0.11	55,685,403	0.11

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Notes to the Condensed Interim Financial Statements

For the Six Months ended June 30, 2020

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7. SHARE CAPITAL – continued

c) Warrants -continued

The following warrants were outstanding as at June 30, 2020:

Expiry Date	Exercise Price	Number of Warrants	Remaining Contractual Life (Years)
November 16, 2020*	\$ 0.20	2,325,000	0.38
December 23, 2020*	\$ 0.20	765,000	0.48
December 30, 2020**	\$ 0.15	2,410,000	0.50
May 31, 2021	\$ 0.10	26,500,000	0.92
May 31, 2021	\$ 0.06	1,560,780	0.92
December 29, 2021**	\$ 0.15	2,180,000	1.50
July 21, 2022**	\$ 0.125	8,650,000	2.06
December 17, 2022	\$ 0.08	10,064,623	2.47
December 30, 2022	\$ 0.08	1,230,000	2.50
Total		55,685,403	

Weight average remaining life of warrants outstanding 1.39

*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 period ended June 30, 2020 and the year ended December 31, 2019, the Company issued a total of nil (2019 – 1,560,780) finder fee warrants. The finder fee warrants granted resulted in share issue costs of \$nil (2019 - \$42,319). The following parameters were used to value finder fee warrants:

	June 30, 2020	December 31, 2019
Expected Life	N/A	2 years
Risk-free interest rate	N/A	1.43%
Annualized volatility	N/A	97.05%
Dividend rate	N/A	N/A
Fair value of shares at grant date	N/A	\$0.055

8. 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.

The following stock option grants were issued during the six month period ended June 30, 2020 and the year ended December 31, 2019:

ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

8. SHARE-BASED PAYMENTS - continued

- On January 16, 2020, the Company granted 2,900,000 stock options (2,150,000 were issued to Directors and Officers) with an exercise price of \$0.07 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 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 period ended June 30, 2020 and the year ended December 31, 2019:

	June 30, 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	-	-	(425,000)	0.10
Exercised	-	-	-	-
Granted	2,900,000	0.07	3,450,000	0.07
Balance, end of period	11,450,000	\$ 0.09	8,550,000	\$ 0.09

The following stock options were outstanding and exercisable as at June 30, 2020:

Expiry Date	Exercise Price	Number of Options	Remaining Contractual Life (Years)
July 22, 2021	\$ 0.10	625,000	1.06
November 8, 2021	\$ 0.10	150,000	1.36
January 16, 2022	\$ 0.135	1,050,000	1.55
May 12, 2022	\$ 0.10	400,000	1.87
June 19, 2022	\$ 0.10	400,000	1.97
August 17, 2022	\$ 0.10	1,050,000	2.13
June 6, 2024	\$ 0.07	3,400,000	3.94
January 16, 2025	\$ 0.07	966,667	4.55
September 25, 2025	\$ 0.10	1,325,000	5.24
March 15, 2026	\$ 0.10	150,000	5.71
Total		9,516,667	
Weight average remaining life of stock options outstanding and exercisable			3.35

ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

8. 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 six months ended June 30, 2020, the Company issued a total of 2,900,000 (June 30, 2019 – 3,025,000) incentive stock options to directors, officers and consultants of the Company. During the six months ended June 30, 2020, the options issued and vested resulted in share-based payments of \$115,979 (June 30, 2019 – \$17,708).

	June 30, 2020	June 30, 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	0.055

9. COMMITMENTS

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 4)

Lease liabilities

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

	June 30, 2020	December 31, 2019
Undiscounted minimum lease payments:		
Less than one year	\$ 46,202	\$ 44,425
Two to five years	119,947	143,937
	166,149	188,362
Effect of discounting	(31,292)	(39,865)
Present value of minimum lease payments	134,857	148,497
Less current portion	(31,671)	(28,119)
Long-term portion	\$ 103,186	\$ 120,378

Lease liability continuity

The net change in the lease liability is as follows:

	June 30, 2020	December 31, 2019
Lease liability - beginning of year	\$ 148,497	\$ 175,184
Cash flows:		
Principal payments	(13,640)	(26,687)
Lease liability - end of period	\$ 134,857	\$ 148,497

ALX Resources Corp. (formerly ALX Uranium Corp.)

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9. COMMITMENTS - continued

During the six months ended June 30, 2020, interest of \$8,573 (June 30, 2019 – \$8,373) is included in interest expense.

10. 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:

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Salaries and consulting fees	\$ 74,657	\$ 89,177	\$ 157,586	\$ 170,789
Share-based compensation	38,387	15,526	89,965	15,526
Key management personnel compensation	\$ 113,044	\$ 104,703	\$ 247,551	\$ 186,315

During the six months ended June 30, 2020, the Company incurred consulting fees of \$2,514 (June 30, 2019 - \$nil) and exploration costs of \$209,886 (June 30, 2019 - \$12,968) 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 June 30, 2020, \$24,254 (December 31, 2019 - \$6,944) is due to related parties of the Company and is included in accounts payable and accrued liabilities.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	June 30, 2020	June 30, 2019
Exploration and evaluation expenditures in accounts payable	\$ 97,618	\$ 86,874
Warrants granted for finder's fees	\$ -	\$ 42,319
Shares issued for property option payment	\$ -	\$ 251,000

12. 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.

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12. FINANCIAL RISK MANAGEMENT – continued

(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.

(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 period ended June 30, 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 June 30, 2020 and December 31, 2019:

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12. FINANCIAL RISK MANAGEMENT – continued

	As at June 30, 2020		
	Level 1	Level 2	Level 3
Cash	\$ 622,800	\$ -	\$ -
Marketable securities	\$ 94,622	\$ -	\$ -
	\$ 717,422	\$ -	\$ -

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

13. EVENT AFTER THE REPORTING PERIOD

Subsequent to the period ended June 30, 2020, the Company entered into an option agreement with Rio Tinto Exploration Canada Inc. (“Rio Tinto”) on the Company’s Firebird Nickel Project (formerly known as the Falcon Nickel Project). Rio Tinto may acquire up to an 80% interest in the project by incurring a total of \$12.0 million in exploration expenditures over six years and by making cash payments to ALX totaling \$125,000.

(end of document)