



## Condensed Interim Financial Statements

Nine Months Ended September 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)

	September 30, 2020	December 31, 2019
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 378,173	\$ 1,689,778
Taxes receivable	31,421	35,485
Other receivables	282,192	12,196
Marketable securities (Note 3)	48,760	340,905
Prepaid expenses and deposits	91,016	79,592
<b>Total Current Assets</b>	<b>831,562</b>	<b>2,157,956</b>
<b>Marketable securities</b> (Note 3)	<b>-</b>	<b>22,500</b>
<b>Property and equipment</b> (Note 4)	<b>122,913</b>	<b>156,449</b>
<b>Exploration and evaluation assets</b> (Note 5)	<b>9,298,791</b>	<b>8,082,723</b>
<b>Total Assets</b>	<b>\$ 10,253,266</b>	<b>\$ 10,419,628</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 271,884	\$ 118,391
Current portion of lease liabilities (Note 9)	33,528	28,119
Liability for flow-through shares (Note 6)	-	102,796
<b>Total Current Liabilities</b>	<b>305,412</b>	<b>249,306</b>
<b>Lease liabilities</b> (Note 9)	<b>94,197</b>	<b>120,378</b>
<b>Equity</b>		
<b>Share capital</b> (Note 7)	<b>16,287,375</b>	<b>16,287,375</b>
<b>Obligation to issue shares</b> (Note 13)	<b>260,850</b>	<b>-</b>
<b>Reserves</b> (Note 8)	<b>2,172,253</b>	<b>2,032,902</b>
<b>Deficit</b>	<b>(8,866,821)</b>	<b>(8,270,333)</b>
<b>Total Equity</b>	<b>9,853,657</b>	<b>10,049,944</b>
<b>Total Liabilities and Equity</b>	<b>\$ 10,253,266</b>	<b>\$ 10,419,628</b>
Going concern of operations (Note 2)		
Commitments (Note 9)		
Events 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 Nine Months ended September 30, 2020 and 2019  
(Expressed in Canadian Dollars)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Expenses</b>				
Accounting and audit fees	\$ 1,225	\$ 1,225	\$ 21,225	\$ 22,422
Advertising and promotion	11,922	31,435	68,437	85,534
Consulting fees and salaries (Note 10)	92,010	123,632	312,461	399,297
Depreciation	10,773	11,381	33,536	34,143
Insurance	5,164	5,081	15,326	15,121
Investor relations	5,858	30,872	27,086	44,374
Legal fees	11,350	4,570	16,842	12,917
Office and general	19,744	29,501	75,613	72,105
Property investigation	2,854	119	5,115	19,642
Share-based payments (Note 8)	23,372	67,880	139,351	85,588
Transfer agent and filing fees	3,205	9,306	17,961	27,949
Travel Expenses	766	7,835	20,472	30,831
<b>Operating Expenses</b>	<b>188,243</b>	<b>322,837</b>	<b>753,425</b>	<b>849,923</b>
<b>Other Income (Expense)</b>				
Foreign exchange loss	(1)	(103)	(6)	(135)
Impairment of exploration and evaluation assets	-	(1,083,157)	-	(1,083,157)
Interest and recovery of office and general	31,935	22,443	64,102	51,882
Gain(loss) on sale of marketable securities (Note 3)	29,179	33,642	(20,091)	96,338
Unrealized gain(loss) on marketable securities (Note 3)	(9,171)	(145,363)	10,136	(93,223)
<b>Loss before Income Taxes</b>	<b>(136,301)</b>	<b>(1,495,375)</b>	<b>(699,284)</b>	<b>(1,878,218)</b>
Deferred income tax recovery (Note 6)	-	9,923	102,796	17,061
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>\$ (136,301)</b>	<b>\$ (1,485,452)</b>	<b>\$ (596,488)</b>	<b>\$ (1,861,157)</b>
<b>Basic and Diluted Loss Per Share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted Average Number of Common Shares Outstanding - Basic and Diluted</b>	<b>132,536,045</b>	<b>117,213,614</b>	<b>132,536,045</b>	<b>96,635,805</b>

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

	Number of Shares	Share Capital	Reserves	Obligation to Issue Shares	Deficit	Total
<b>Balance, January 1, 2019</b>	<b>86,491,422</b>	<b>\$ 14,135,304</b>	<b>\$ 1,871,765</b>	<b>\$ -</b>	<b>\$ (5,098,851)</b>	<b>\$ 10,908,218</b>
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)	4,500,000	263,000	-	-	-	263,000
Share-based compensation (Note 8)	-	-	85,587	-	-	85,587
Net loss for the period	-	-	-	-	(1,861,157)	(1,861,157)
<b>Balance, September 30, 2019</b>	<b>117,491,422</b>	<b>\$ 15,711,214</b>	<b>\$ 1,999,671</b>	<b>-</b>	<b>\$ (6,960,008)</b>	<b>\$ 10,750,877</b>

	Number of Shares	Share Capital	Reserves	Obligation to Issue Shares	Deficit	Total
<b>Balance, January 1, 2020</b>	<b>132,536,045</b>	<b>\$ 16,287,375</b>	<b>\$ 2,032,902</b>	<b>\$ -</b>	<b>\$ (8,270,333)</b>	<b>10,049,944</b>
Share subscriptions received (Note 13)	-	-	-	260,850	-	260,850
Share-based compensation (Note 8)	-	-	139,351	-	-	139,351
Net loss for the period	-	-	-	-	(596,488)	(596,488)
<b>Balance, September 30, 2020</b>	<b>132,536,045</b>	<b>\$ 16,287,375</b>	<b>\$ 2,172,253</b>	<b>\$ 260,850</b>	<b>\$ (8,866,821)</b>	<b>\$ 9,853,657</b>

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 Nine Months ended September 30,  
(Expressed in Canadian Dollars)

	2020	2019
<b>CASH FLOWS USED IN OPERATING ACTIVITIES:</b>		
Net loss for the period	\$ (596,488)	\$ (1,861,157)
Items not involving cash:		
Deferred income tax recovery	(102,796)	(17,061)
Depreciation	33,536	34,143
Finance charges	12,548	13,151
Loss(gain) on sale of marketable securities	20,091	(96,338)
Impairment of exploration and evaluation assets	-	1,083,157
Share-based payments	139,351	85,587
Unrealized gain(loss) on marketable securities	(10,136)	93,223
Changes in non-cash operating working capital:		
Amounts receivable	(265,932)	(29,024)
Prepaid expenses	(11,424)	96,829
Accounts payable and accrued liabilities	20,372	4,607
<b>Net cash flows (used in) operating activities</b>	<b>(760,878)</b>	<b>(592,883)</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>		
Exploration and evaluation asset expenditures	(1,082,947)	(415,837)
Proceeds from sale of marketable securities	304,690	511,123
<b>Net cash flows (used in) provided from investing activities</b>	<b>(778,257)</b>	<b>95,286</b>
<b>CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES:</b>		
Interest and finance charges paid	(12,548)	(13,151)
Issuance of shares for cash	-	1,525,000
Repayment of lease liabilities	(20,772)	(20,168)
Share issuance costs	-	(102,271)
Share subscriptions received	260,850	-
<b>Net cash flows (used in) provided from financing activities</b>	<b>227,530</b>	<b>1,389,410</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,311,605)</b>	<b>891,813</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,689,778</b>	<b>889,437</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 378,173</b>	<b>\$ 1,781,250</b>

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 Nine Months ended September 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 nine months ended September 30, 2020 were approved and authorized for issue by the board of directors on November 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 Nine Months ended September 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:

	September 30, 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.*	55,120	42,400	97,500	67,500
Uravan Minerals Inc.	44,520	6,360	58,520	8,360
	99,640	48,760	424,421	363,405
Less: shares subject to a hold period*	-	-	(32,500)	(22,500)
Total	99,640	48,760	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 Nine Months ended September 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, September 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	26,278	1,259	2,496	3,503	33,536
Balance, September 30, 2020	61,315	8,299	14,403	16,549	100,566
Carrying amounts:					
Balance, December 31, 2019	140,147	1,259	4,733	10,310	156,449
Balance, September 30, 2020	113,869	-	2,237	6,807	122,913

## 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
<b>Balance, January 1, 2019</b>	\$ 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)
<b>Balance, December 31, 2019</b>	\$ 7,267,491	\$ 815,232	\$ 8,082,723

- continued -

**ALX Resources Corp.** (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

**5. EXPLORATION AND EVALUATION ASSETS - continued**

	<b>Uranium Properties</b>	<b>Other Properties</b>	<b>Total</b>
<b>Balance, December 31, 2019</b>	<b>\$ 7,267,491</b>	<b>\$ 815,232</b>	<b>\$ 8,082,723</b>
Additions during the period--			
Property acquisition costs			
Cash	10,000	-	10,000
Staking	22,711	8,776	31,487
Property exploration costs			
Assays	2,206	16,037	18,243
Camp	2,632	75,258	77,890
Drilling	13,372	441,915	455,287
Field supplies and rentals	4,583	75,695	80,278
Geological and field personnel	76,779	351,022	427,801
Surveying costs	-	331,135	331,135
Travel and accommodation	1,284	30,781	32,065
Total additions during the period	133,567	1,330,619	1,464,186
Proceeds received from earn-in of exploration and evaluation assets	-	(248,118)	(248,118)
<b>Balance, September 30, 2020</b>	<b>\$ 7,401,058</b>	<b>\$ 1,897,733</b>	<b>\$ 9,298,791</b>

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

# ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 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)	
<b>Balance, January 1, 2019</b>	\$ 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)
<b>Balance, December 31, 2019</b>	\$ 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	-	-	6,949	-	-	1,352	-	-	-	-	22,711
Property exploration costs												
Assays	-	-	-	-	-	-	-	2,206	-	-	-	2,206
Camp	-	75	-	-	-	-	-	2,557	-	-	-	2,632
Drilling	-	-	-	-	-	-	-	13,372	-	-	-	13,372
Field supplies	-	1,152	-	-	-	-	-	2,106	-	-	1,325	4,583
Geological and field personnel	-	9,279	25,192	2,000	8,304	-	-	15,988	-	-	16,016	76,779
Travel and accommodation	-	-	-	-	-	-	-	1,284	-	-	-	1,284
Total additions during the period	14,410	10,506	25,192	8,949	18,304	-	1,352	37,513	-	-	17,341	133,567
<b>Balance, September 30, 2020</b>	\$ 14,411	\$ 1,274,507	\$ 1,618,518	\$ 335,797	\$ 437,636	\$ 299,943	\$ 1,705,174	\$ 1,608,800	\$ 1	\$ -	\$ 106,271	\$ 7,401,058

## **ALX Resources Corp. (formerly ALX Uranium Corp.)**

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 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 Nine Months ended September 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 Nine Months ended September 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

## **ALX Resources Corp.** (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

---

### **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".

# ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS – continued

### Other Properties

Other Properties							
	Tango	Firebird Nickel and Flying Vee Claims	Draco Claims	Kamichisitit Claims	Vixen Gold Project	Other Staked Gold Properties	Total
Note	(xii)	(xiii)	(xiv)	(xv)	(xvi)	(xvii)	
<b>Balance, January 1, 2019</b>	\$ 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
<b>Balance, December 31 2019</b>	\$ 196,572	\$ 352,282	\$ 128,651	\$ 5,801	\$ 131,926	\$ -	\$ 815,232
Additions during the period --							
Property acquisition costs							
Staking	-	690	-	-	-	8,086	8,776
Property exploration costs							
Assays	-	11,046	-	-	4,991	-	16,037
Camp	-	75,258	-	-	-	-	75,258
Drilling	-	404,720	-	-	13,721	23,474	441,915
Field supplies and rentals	288	72,556	-	-	1,406	1,445	75,695
Geological and field personnel	16,630	246,289	2,363	1,500	33,881	50,359	351,022
Surveying costs	-	291,244	-	-	39,891	-	331,135
Travel and accommodation	-	19,854	-	-	10,341	586	30,781
Total additions during the period	16,918	1,121,657	2,363	1,500	104,231	83,950	1,330,619
Proceeds received from earn-in of exploration and evaluation assets	-	(248,118)	-	-	-	-	(248,118)
<b>Balance, September 30, 2020</b>	\$ 213,490	\$ 1,225,821	\$ 131,014	\$ 7,301	\$ 236,157	\$ 83,950	\$ 1,897,733

#### 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.



## **ALX Resources Corp.** (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

---

### **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.

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;
- Make 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”);
- If Rio Tinto does not elect to form a joint venture after satisfying the obligations of the First Option, it may choose to maintain its 51% interest or it may elect to acquire an additional 29% interest in Firebird to earn an 80% interest in the Project by funding 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 by making a second cash payment to ALX of \$75,000.

Rio Tinto will act as operator of exploration (the “Operator”) at 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.

## **ALX Resources Corp.** (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

---

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

#### **Other Properties** - continued

##### 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) Staked Gold Properties

In July 2020, the Company acquired a 100% interest in various claims prospective for gold located in Saskatchewan by staking.

##### 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-eight months and one day (February 20, 2021)	<u>500,000</u>
---	----------------

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.

## **ALX Resources Corp.** (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

---

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

At September 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 September 30, 2020 and December 31, 2019 is 132,536,045

#### **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.

**ALX Resources Corp.** (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

**7. SHARE CAPITAL - continued**

## b) Issued: - continued

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 recognized as a liability for flow-through shares). Each flow-through unit consists 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:

	September 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

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

Expiry Date	Exercise Price	Number of Warrants	Remaining Contractual Life (Years)
May 16, 2021*	\$ 0.20	2,325,000	0.20
June 23, 2021*	\$ 0.20	765,000	0.73
December 30, 2020**	\$ 0.15	2,410,000	0.25
May 31, 2021	\$ 0.10	26,500,000	0.67
May 31, 2021	\$ 0.06	1,560,780	0.67
December 29, 2021**	\$ 0.15	2,180,000	1.25
July 21, 2022**	\$ 0.125	8,650,000	1.81
December 17, 2022	\$ 0.08	10,064,623	2.21
December 30, 2022	\$ 0.08	1,230,000	2.25
Total		55,685,403	

Weight average remaining life of warrants outstanding 1.16

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

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

# ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

## 7. SHARE CAPITAL – continued

### c) Warrants -continued

The Company applies the fair value method in accounting for its finder fee warrants using the Black-Scholes pricing model. During the period ended September 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:

	September 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 nine month period ended September 30, 2020 and the year ended December 31, 2019:

- 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 September 30, 2020 and the year ended December 31, 2019:

	September 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

**ALX Resources Corp.** (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

**8. SHARE-BASED PAYMENTS** - continued

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

Expiry Date	Exercise Price	Number of Options	Remaining Contractual Life (Years)
July 22, 2021	\$ 0.10	625,000	0.81
November 8, 2021	\$ 0.10	150,000	1.11
January 16, 2022	\$ 0.135	1,050,000	1.30
May 12, 2022	\$ 0.10	400,000	1.61
June 19, 2022	\$ 0.10	400,000	1.72
August 17, 2022	\$ 0.10	1,050,000	1.88
June 6, 2024	\$ 0.07	3,400,000	3.68
January 16, 2025	\$ 0.07	1,933,333	4.30
September 25, 2025	\$ 0.10	1,325,000	4.99
March 15, 2026	\$ 0.10	150,000	5.46
<b>Total</b>		<b>10,483,333</b>	
Weight average remaining life of stock options outstanding and exercisable			3.21

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the nine months ended September 30, 2020, the Company issued a total of 2,900,000 (September 30, 2019 – 3,450,000) incentive stock options to directors, officers and consultants of the Company. During the nine months ended September 30, 2020, the options issued and vested resulted in share-based payments of \$139,351 (September 30, 2019 – \$85,588).

	September 30, 2020	September 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:

## ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

### 9. COMMITMENTS - continued

	September 30, 2020	December 31, 2019
Undiscounted minimum lease payments:		
Less than one year	\$ 47,090	\$ 44,425
Two to five years	107,953	143,937
	155,043	188,362
Effect of discounting	(27,318)	(39,865)
Present value of minimum lease payments	127,725	148,497
Less current portion	(33,528)	(28,119)
Long-term portion	\$ 94,197	\$ 120,378

#### *Lease liability continuity*

The net change in the lease liability is as follows:

	September 30, 2020	December 31, 2019
Lease liability - beginning of year	\$ 148,497	\$ 175,184
Cash flows:		
Principal payments	(20,772)	(26,687)
Lease liability - end of period	\$ 127,725	\$ 148,497

During the nine months ended September 30, 2020, interest of \$12,548 (September 30, 2019 – \$13,151) 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		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Salaries and consulting fees	\$ 91,239	\$ 79,422	\$ 248,825	\$ 250,211
Share-based compensation	17,328	59,517	107,293	75,043
Key management personnel compensation	\$ 108,567	\$ 138,939	\$ 356,118	\$ 325,254

During the nine months ended September 30, 2020, the Company incurred consulting fees of \$2,997 (September 30, 2019 - \$nil) and exploration costs of \$295,020 (September 30, 2019 - \$40,529) 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 September 30, 2020, \$74,289 (December 31, 2019 - \$6,944) is due to related parties of the Company and is included in accounts payable and accrued liabilities.

# ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

## 11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	September 30, 2020	September 30, 2019
Exploration and evaluation expenditures in accounts payable	\$ 210,184	\$ 116,019
Warrants granted for finder's fees	\$ -	\$ 42,319
Shares issued for property option payment	\$ -	\$ 263,000

## 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.

(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.



## ALX Resources Corp. (formerly ALX Uranium Corp.)

Notes to the Condensed Interim Financial Statements

For the Nine Months ended September 30, 2020

(Expressed in Canadian Dollars)

### 12. FINANCIAL RISK MANAGEMENT – continued

(e) Capital management - continued

There were no changes in the Company's approach to capital management during the period ended September 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 September 30, 2020 and December 31, 2019:

	As at September 30, 2020					
	Level 1		Level 2		Level 3	
Cash	\$	378,173	\$	-	\$	-
Marketable securities	\$	48,760	\$	-	\$	-
	\$	426,933	\$	-	\$	-

  

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

### 13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the quarter ended September 30, 2020:

- a) On October 2 and 20, 2020, the Company closed a non-brokered private placement in two tranches 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. 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.
- b) On November 23, 2020, the Company announced that it has executed a binding letter agreement for an option to purchase a 100% interest in the Electra Nickel Project located in the Thunder Bay South Mining District of Ontario, Canada. Over a five year period, ALX has agreed to pay \$135,000, issue 1.1 million common shares, and incur \$500,000 in exploration expenditures to complete the purchase.

(end of document)