



CASSIAR GOLD CORP.
(FORMERLY MARGAUX RESOURCES LTD.)

INTERIM CONDENSED FINANCIAL STATEMENTS

AS AT AND FOR THE
THREE-MONTH PERIODS ENDED DECEMBER 31, 2020 AND 2019

EXPRESSED IN CANADIAN DOLLARS

(UNAUDITED)

Under National Instrument 51-102, Part 4, subsection 4.3(3)9(a), if an auditor has not performed a review of the interim condensed financial statements, they must be accompanied by a notice indicating that the interim condensed financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of Cassiar Gold Corp. as of December 31, 2020, have been compiled by management and approved by the Audit Committee and the Board of Directors of the Corporation.

The Corporation's independent auditors have not performed a review of these interim condensed financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim condensed financial statements by an entity's auditors.

CASSIAR GOLD CORP.
Interim Condensed Statements of Financial Position

As at	December 31, 2020	September 30, 2020
	\$	\$
ASSETS		
CURRENT		
Cash	5,875,331	1,962,338
GST receivable	81,065	105,004
Prepays	167,649	110,548
TOTAL CURRENT ASSETS	6,124,045	2,177,890
NON-CURRENT		
PROPERTY AND EQUIPMENT (Note 4)	92,677	98,475
EXPLORATION AND EVALUATION ASSETS (Note 5)	10,920,145	6,685,382
DEPOSITS	45,000	45,000
TOTAL NON-CURRENT ASSETS	11,057,922	6,828,857
TOTAL ASSETS	17,181,867	9,006,747
LIABILITIES		
CURRENT		
Trade and other payables	402,264	762,432
Flow-through share premium liability (Note 6)	726,259	5,059
TOTAL CURRENT LIABILITIES	1,128,523	767,491
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	30,543,444	22,341,107
CONTRIBUTED SURPLUS	9,969,324	9,698,737
DEFICIT	(24,459,424)	(23,800,588)
TOTAL SHAREHOLDERS' EQUITY	16,053,344	8,239,256
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17,181,867	9,006,747
GOING CONCERN (Note 2)		
SUBSEQUENT EVENTS (Note 9)		

Approved by the Board of Directors:

“Marco Roque

Marco Roque, Director

“James Letwin”

James Letwin, Director

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

CASSIAR GOLD CORP.

Interim Condensed Statements of Net Loss and Comprehensive Loss

For the three-month periods ended December 31,	2020	2019
	\$	\$
Expenses		
Operating	20,210	14,120
General and administrative (Note 7)	758,222	212,731
Share-based payments (Note 6)	82,507	39,853
Depreciation (Note 4)	5,798	7,648
Total expenses	866,737	274,352
Interest on note payable	-	3,930
Impairment of exploration and evaluation assets (Note 5)	-	555,226
Flow-through share premium (Note 6)	(208,205)	(31,630)
Other income	304	-
Net loss and comprehensive loss	658,836	801,878
Weighted average number of shares	51,185,963	20,531,238
Basic and diluted loss per share	\$ 0.01	\$ 0.04

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

CASSIAR GOLD CORP.

Interim Condensed Statements Changes in Shareholders' Equity

	Note	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance as at, September 30, 2020		22,341,107	9,698,737	(23,800,588)	8,239,256
Net loss and comprehensive loss		-	-	(658,836)	(658,836)
Common shares issued, net costs	6	2,995,684	-	-	2,995,684
Warrants issued	6	2,132,260	-	-	2,132,260
Warrants expired	6	(184,807)	184,807	-	-
Stock options forfeited	6	-	(1,713)	-	(1,713)
Property option payments	6	3,259,200	-	-	3,259,200
Share-based payments	6	-	84,220	-	84,220
Capitalized share-based payments	6	-	3,273	-	3,273
Balance as at, December 31, 2020		30,543,444	9,969,324	(24,459,425)	16,053,344
Balance as at, September 30, 2019		15,299,752	8,832,033	(21,351,039)	2,780,746
Net loss and comprehensive loss		-	-	(801,878)	(801,878)
Common shares issued, net costs	6	130,984	-	-	130,984
Warrants issued	6	247,911	-	-	247,911
Warrants expired	6	(495,418)	495,418	-	-
Property option payments	6	1,396,800	-	-	1,396,800
Share-based payments	6	-	39,853	-	39,853
Capitalized share-based payments	6	-	551	-	551
Balance as at, December 31, 2019		16,580,029	9,367,855	(22,152,917)	3,794,967

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

CASSIAR GOLD CORP.
Statements of Cash Flows

For the three-month periods ended December 31,	2020	2019
	\$	\$
CASH FLOWS RELATING TO OPERATING ACTIVITIES		
Net loss and comprehensive loss	(658,836)	(801,878)
Items not affecting cash:		
Share-based payments (Note 6)	82,507	39,853
Depreciation (Note 4)	5,798	7,648
Impairment of assets	-	555,228
Interest on note payable	-	3,930
Flow-through share premium (Note 6)	(208,205)	(31,630)
Change in non-cash working capital:		
GST receivables	23,939	6,457
Prepays	(57,101)	(5,250)
Deposits	-	25,700
Trade and other payables	(360,168)	(21,481)
Net cash used in operating activities	(1,172,066)	(221,423)
CASH FLOWS RELATING TO FINANCING ACTIVITIES		
Proceeds from share and warrant issuance, net of costs (Note 6)	6,057,349	568,245
Proceeds from note payable	-	90,000
Net cash generated from financing activities	6,057,349	658,245
CASH FLOWS RELATING TO INVESTING ACTIVITIES		
Purchase of exploration and evaluation (Note 5)	(972,290)	(142,869)
Net cash used in investing activities	(972,290)	(142,869)
INCREASE IN CASH FOR THE PERIOD	3,912,993	293,953
CASH – BEGINNING OF PERIOD	1,962,338	134,130
CASH – END OF PERIOD	5,875,331	428,083

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

1. CORPORATE INFORMATION

Margaux Resources Ltd. was incorporated under the Alberta Business Corporations Act on August 5, 2009 and changed its name to Cassiar Gold Corp. (the “Corporation” or “Cassiar”) on September 23, 2020. The Corporation currently trades on the TSX-V and the OTCQB Venture Market under the trading symbols “GLDC” and “CGLCF” respectively. The registered address of the Corporation is 15th Floor, Bankers Court, 850 – 2nd St. SW, Calgary, Alberta, T2P 0R8.

The Corporation is a mineral acquisition and exploration company focused on gold exploration within British Columbia.

On September 23, 2020, the Corporation’s common shares were consolidated on a basis of one post-consolidated common share for every 5 pre-consolidated common share. The number of shares, options and warrants presented have been adjusted to reflect the impact of this share consolidation.

2. GOING CONCERN

These interim condensed financial statements (“Financial Statements”) have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Corporation incurred a net loss of \$658,836 (2019 - \$801,878) and had negative cash flows relating to operating activities of \$1,172,066 (2019 - \$221,423) for the period ended December 31, 2020. These conditions indicate the existence of a material uncertainty which may cast significant doubt related to the Corporation’s ability to continue as a going concern. The continuation of the Corporation as a going concern is dependent on the ability of the Corporation to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue exploration on its exploration and evaluation assets. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, reported expenses, and balance sheet classifications that would be necessary should the Corporation be unable to continue as a going concern, and these adjustments could be material. The Corporation intends to raise the required funds through the issuance of equity, by securing strategic partners or issuing debt.

The application of the going concern concept is dependent upon the Corporation’s ability to generate future profitable operations and receive continued financial support from its shareholders. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Corporation has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Corporation to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets.

3. BASIS OF PREPARATION

These Financial Statements are unaudited and have been prepared in accordance with IAS 34, *Interim Financial Reporting*. These Financial Statements are presented in Canadian dollars which is the Company’s functional currency. In preparing these Financial Statements, the accounting policies, methods of computation and significant judgements made by management in applying the Company’s accounting policies and key sources of estimation of uncertainty were the same as those that applied to the audited financial statements as at and for the year ended September 30, 2020.

The disclosures herein are incremental to those included with the audited annual financial statements as at and for the year ended September 30, 2020 and should be read in conjunction with the annual financial statements as at and for the year ended September 30, 2020. These Financial Statements were authorized for issue by the board of directors on February 24, 2021.

4. PROPERTY AND EQUIPMENT

	Computers, Equipment & Vehicles
Cost	\$
Balance as at September 30, 2020 and December 31, 2020	260,286
Accumulated Depreciation	
Balance as at September 30, 2020	161,811
Charge for the period	5,798
Balance as at December 31, 2020	167,609
Net book value	
September 30, 2020	98,475
December 31, 2020	92,677

5. EXPLORATION AND EVALUATION ASSETS

	Cassiar Gold Project	Sheep Creek Gold District Project	Total
Balance at September 30, 2020	\$ 4,846,166	\$ 1,839,216	\$ 6,685,382
Share option payments	3,259,200	-	3,259,200
Exploration costs	975,563	-	975,563
Balance at December 31, 2020	\$ 9,080,929	\$ 1,839,216	\$ 10,920,145

Exploration and Evaluation (“E&E”) assets consist of costs expended on the Corporation’s projects which are pending determination of technical feasibility and commercial viability.

Cassiar Gold Project

On March 25, 2019, the Corporation entered into an Option Agreement with Wildsky Resources Inc. (“Wildsky”) for an option to acquire a 100% interest in the Cassiar Gold Project (“Cassiar Gold Option Agreement”) by way of an all-share agreement. In order to exercise the option, the Corporation must issue 11,640,000 common shares over 18 months. Pursuant to the Cassiar Gold option Agreements the Corporation must also undertake exploration on the Cassiar Gold property and must satisfy certain other conditions as follows:

- (a) Cassiar will expend at least \$400,000 on the planning, development and execution of the Cassiar 2019 work program, based on a mutually approved budget;
- (b) Six months after the transfer of the Corporation’s common shares, Wildsky will have the right to appoint one member to the board of directors of Cassiar;
- (c) Twelve months after the transfer of the Corporation’s common shares, Wildsky will have the right to appoint an additional person (for a total of two board members) to the board of directors of Cassiar;
- (d) Twelve months after the transfer of the Corporation’s common shares, Wildsky will have the right to appoint one person to the senior management team of Cassiar, on terms and conditions to be agreed upon by Cassiar and Wildsky, acting reasonably; and,
- (e) Wildsky being granted a 30% net profit interest on all minerals processed from Cassiar's tailings pond located on the Cassiar property, after capital payout of up to \$500,000.

During the three-months period ended December 31, 2020, the Corporation satisfied all the requirements outstanding to Wildsky and the 100% interest in the Cassiar Gold Project was fully acquired by the Corporation.

Sheep Creek Gold District Project

The Sheep Creek Project consists of the Bayonne and Sheep Creek Properties (collectively the “Sheep Creek Project”).

On December 23, 2016, the Corporation entered into an option agreement with Yellowstone Resources Ltd. for the acquisition of 100% of the Bayonne and Sheep Creek properties, located in Salmo, British Columbia (the “Bayonne and Sheep Creek Option Agreement”).

Under the terms of the Bayonne and Sheep Creek Option Agreement, the Corporation has the exclusive option to acquire:

- the Bayonne Property, by making payments to Yellowstone Resources Ltd. of an aggregate \$194,000 cash and aggregate issuance of 110,000 shares, paid in several installments over three years.
- the Sheep Creek property by making payments to Yellowstone Resources Ltd. of an aggregate \$500,000 cash and aggregate issuance of 210,000 shares, paid in several installments over five years.

6. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS

Authorized

Unlimited number of common shares

The common shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

Common shares

	Number of common shares	Share capital
Balance at September 30, 2020	40,153,520	\$16,525,261
Shares issued (b)	9,536,915	6,651,554
Share option payments (a)	4,656,000	3,259,200
Share issue costs		(594,205)
Warrant Allocation		(2,132,260)
Flow-through share discount		(929,405)
Balance at December 31, 2019	54,346,435	\$22,780,145

Warrants

	Number of warrants	Share capital
Balance at September 30, 2020	19,468,149	\$5,815,846
Warrants issued (b)	4,768,458	2,132,260
Warrants expired	(2,116,620)	(184,807)
Balance at December 31, 2019	32,301,144	\$7,763,299

Total share capital at September 30, 2020	\$22,241,107
Total share capital at December 31, 2020	\$30,543,444

- (a) On October 1, 2020, the Corporation issued an aggregate of 4,656,000 common shares Corporation valued at a market close price of \$0.70 per share of the Corporation satisfying the fourth and last tranche issuable under the Cassiar Option Agreement.
- (b) On October 30, 2020, the Corporation closed on a non-brokered private placement of 3,252,867 units of the Corporation at a purchase price of \$0.60 per unit, 3,775,715 flow-through units at a purchase price of \$0.70 per unit, and 2,508,333 charitable flow-through units a purchase price of \$0.82 per unit, for total proceeds of \$6,650,000. Each unit consists of one common share of the Corporation and one-half of one common share purchase warrant of the Corporation. Each flow-through unit and charitable flow-through unit consists of one Common Share issued on a "CEE flow-through" basis and one-half of one flow-through purchase warrant. Each

whole warrant will entitle the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of \$0.90 per Warrant Share for a period of two years from October 30, 2020

Risk-free rate	0.24%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	168%
Weighted-average fair value	\$0.45
Expected Life	2 years

Flow-through shares

As at October 1, 2020, the Corporation still needed to incur an additional \$64,185 related to the \$1,541,000 raised on a CEE flow-through basis during the year ended September 30, 2020. During the three-month period ended December 31, 2020, the Corporation incurred the remaining amounts. The remaining \$5,059 flow-through share premium liability was amortized during the period.

During the three-month period ended December 31, 2020, the Corporation raised \$4,699,834 on a CEE flow-through share basis and was required to incur a net total of \$4,699,834 of qualifying expenditures to renounce the tax deductions to investors. As at December 31, 2020, \$988,186 of qualifying expenditures were incurred. The Corporation still needs to incur an additional \$3,711,648 to meet its flow through share commitment. A flow-through share liability of \$726,259 was recognized as the Corporation has not met its flow-through share commitment by incurring sufficient qualifying expenditures as at December 31, 2019. The accumulated flow-through share premium of \$203,146 was amortized during the period.

Stock option plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

All options expire in five years and vest one-third immediately and one-third on the first and second anniversaries on the grant date respectively.

A summary of the Corporation's stock option plan activity is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at September 30, 2020	2,402,001	\$0.82
Exercisable as at December 31, 2020	1,393,657	\$0.91
Outstanding at December 31, 2020	2,402,001	\$0.82

No options were issued during the three-month period ended December 31, 2020. At December 31, 2020, the weighted-average life of the options outstanding was 2.2 years (2019 – 2.6 years).

Share-based payments expense of \$84,220 for the three-month period ended December 31, 2020 (2019 – \$39,853) was recognized based on the estimated fair value of the options on the grant date in accordance with the fair value method of accounting for share-based payments and recorded over the vesting period of the options. Share-based payments of \$3,273 (2019 - \$511) were capitalized to E&E. The Corporation also recognized a recovery of \$1,713 (2019 - \$nil) in share-based payments expense due to forfeited options during the year.

7. GENERAL AND ADMINISTRATIVE

General and administrative details for the three-month periods ended December 31:

	2020	2019
Consulting	\$ 370,000	\$ 122,640
Travel & Meals	7,409	26,582
Office & Administrative	14,250	6,954
Marketing	321,464	23,919
Professional Fees	45,099	32,636
Total	\$ 758,222	\$ 212,731

8. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, all related party transactions are in the normal course of operations.

As at December 31, 2020, the Corporation had an amount of \$nil (2019 - \$nil) due to directors and officers included in trade and other payables.

During the three-month period ended December 31, 2020 the Corporation paid \$45,000 (2019 - \$15,750) to an officer for compensation as Vice President Exploration of the Corporation. Costs associated with exploration costs of \$9,044 (2019 - \$nil) was paid to an officer of the Corporation and was capitalized as exploration costs.

An aggregate of \$22,500 (2019 - \$22,500) in consulting fees was paid to a company owned by an officer of the Corporation for compensation as CFO.

An aggregate of \$45,000 (2019 - \$55,000) in consulting fees were paid to a company owned by an officer of the Corporation for compensation as President of the Corporation. Costs associated with various administrative support costs of \$nil (2019 - \$2,401) was also reimbursed to an officer of the Corporation and was recorded in general and administrative expenses on the net loss and comprehensive loss.

An aggregate of \$54,000 (2019 - \$nil) in consulting fees was paid to a company owned by a director and officer of the Corporation for compensation as CEO.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the period were as follows:

	December 31, 2020	December 31, 2019
	\$	\$
Short-term compensation	166,500	93,250
Share-based payments	82,507	39,853
Capitalized share-based payments	3,273	551
Total	252,280	133,654

9. SUBSEQUENT EVENTS

On January 1, 2021, Tyler Rice resigned as President of the Corporation and Marco Roque took over as CEO and President.

On February 15, 2021, The Corporation entered into a Third Amending Agreement with Yellowstone for the purpose of amending the fourth anniversary payment as contained in the option agreement dated December 23, 2016, as amended February 10, 2020 and July 10, 2020.

Pursuant to the Third Amending Agreement, the parties agreed that the fourth anniversary payment would be paid as follows:

- With respect to the Sheep Creek Property, in addition to the \$100,000 cash payment, the 60,000 shares payable will be settled via cash payment at a deemed share price of \$0.60 per share for a total payment of \$36,000. The total aggregate payment will be \$136,000.