

Satori Resources Inc.

Condensed Interim Financial Statements

Three and Nine Months Ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

Responsibility for Financial Statements:

The accompanying unaudited interim condensed financial statements of Satori Resources Inc. (the "Company") for the three and nine months ended September 30, 2020 and 2019 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial statements (see note 3 to the unaudited interim condensed financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited financial statements, management is satisfied that these unaudited interim condensed financial statements have been fairly presented.

Auditors Involvement:

The external auditors of Satori Resources Inc. have not audited or performed a review of the unaudited interim condensed financial statements for the three and nine months ended September 30, 2020 and 2019.

Satori Resources Inc.

MANAGEMENT'S RESPONSIBILITY FOR QUARTERLY FINANCIAL REPORTING

The accompanying unaudited interim condensed financial statements of Satori Resources Inc. are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim condensed financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited interim condensed financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Peter Shippen"
Chairman

"Julio DiGirolamo"
Chief Financial Officer

Satori Resources Inc.

Interim Condensed Statements of Financial Position (unaudited)

(Expressed in Canadian dollars)

	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash	\$ 740,102	\$ 519,590
Other receivables	30,272	23,663
Prepaid expenses and advances (note 11)	68,780	60,847
	839,154	604,100
Non-Current Assets		
Mineral properties and deferred exploration and development expenditures (note 5)	2,259,225	2,165,660
	3,098,379	2,769,760
TOTAL ASSETS	\$ 3,098,379	\$ 2,769,760
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 107,930	\$ 94,325
Flow-through premium	23,040	
	130,970	
Non-Current Liabilities		
Site restoration provision (note 6)	1,080,310	1,064,187
	1,211,280	1,158,512
TOTAL LIABILITIES	1,211,280	1,158,512
Equity		
Share capital (note 7)	4,266,418	3,662,999
Shares to be issued (note 7)	---	---
Contributed surplus (note 7)	5,956,099	5,834,496
Warrant reserve (note 7)	343,143	441,343
Deficit	(8,678,561)	(8,327,590)
	1,887,099	1,611,248
TOTAL LIABILITIES AND EQUITY	\$ 3,098,379	\$ 2,769,760

Going Concern (note 2)

Approved by the Board

Signed:

"Jennifer Boyle"

Director

"Peter Shippen"

Director

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

Satori Resources Inc.

Interim Condensed Statements of Operations and Comprehensive Loss (unaudited)

For the three and nine-month periods ended September 30,

(Expressed in Canadian dollars)

	Three Months		Nine Months	
	2020	2019	2020	2019
Stock-based compensation (note 8)	\$ 49,570	\$ ---	\$ 105,070	\$ 74,835
Management fees	51,000	21,000	93,000	63,000
Directors fees	22,974	---	54,974	
Salaries, wages and benefits	2,391	1,566	5,523	4,772
Accretion (note 6)	5,375	12,154	16,123	36,464
Consulting fees	6,638	---	18,638	174
Professional fees	---	5,212	18,765	18,862
Filing and transfer agent fees	3,513	986	13,311	12,138
Investor relations, advertising and promotion	10,318	1,744	12,847	2,229
Insurance	2,835	2,565	8,235	7,695
Legal and paralegal	4,890	3,939	4,890	4,965
Rent	---	8,094	---	23,907
Office and miscellaneous	10,343	6,832	11,398	7,621
Travel	3,105	---	3,105	11,209
Net loss before taxes and flow-through	(172,952)	(61,092)	(365,879)	(267,871)
Tax recovery	14,908		14,908	
Net loss and comprehensive loss for the period	\$ (158,044)	\$ (61,092)	\$(350,971)	\$(267,871)
Net loss per share (note 9)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

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

Satori Resources Inc.

Interim Condensed Statements of Changes in Equity (unaudited)

For the nine-month periods ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Warrant Reserve	Deficit	Total
Balance, December 31, 2018	43,631,507	\$3,662,999	\$ 5,318,159	\$ 882,846	\$ (7,914,107)	\$ 1,949,897
Net loss for the period	---	---	---	---	(267,871)	(267,871)
Vesting of stock-based compensation	---	---	74,835	---	---	74,835
Warrant expiry	---	---	441,415	(441,415)	---	---
Balance, September 30, 2019	43,631,507	\$ 3,662,999	\$ 5,834,496	\$ 441,344	\$ (8,181,978)	\$ 1,756,861
Balance, December 31, 2019	43,631,507	\$3,662,999	\$ 5,834,496	\$ 441,343	\$(8,327,590)	\$ 1,611,248
Net loss for the period	---	---	---	---	(350,971)	(350,971)
Shares issued – private placement	6,048,461	377,252	---	---	---	377,252
Shares issued – warrant exercise, cash	2,200,000	124,500	---	---	---	124,500
Shares issued – warrant exercise, book value	---	66,700	---	---	---	66,700
Shares issued – stock option exercise, cash	400,000	20,000	---	---	---	20,000
Shares issued – stock option exercise, book value	---	14,967	(14,967)	---	---	---
Expiry of warrants	---	---	31,500	(31,500)	---	---
Vesting of stock-based compensation	---	---	105,070	---	---	105,070
Balance, September 30, 2020	52,279,968	\$4,266,418	\$ 5,956,099	\$ 343,143	\$(8,678,561)	\$ 1,887,099

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

Satori Resources Inc.

Interim Condensed Statements of Cash Flows (unaudited) For the nine-month periods ended September 30, (Expressed in Canadian dollars)

	2020	2019
Cash flows from operating activities		
Net loss for the period	\$ (350,971)	\$ (267,871)
Items not affecting cash		
Accretion	16,123	36,464
Stock-based compensation	105,070	74,835
Tax recovery	(14,908)	---
	(244,686)	(156,572)
Changes in non-cash items relating to operating activities		
Other receivables	(6,609)	2,330
Prepaid expenses	(7,933)	(41,573)
Accounts payable and accrued liabilities	116,605	28,614
	(245,623)	(167,201)
Cash flows from investing activities		
Mineral properties expenditures	(93,565)	(13,072)
	(93,565)	(13,072)
Cash flows from financing activities		
Shares issued – private placement (note 7)	420,000	---
Share issue costs	(4,800)	---
Shares issued – option exercises	20,000	---
Shares issued – warrant exercises	124,500	---
	559,700	---
Increase (decrease) in cash	220,512	(180,273)
Cash, beginning of the period	519,590	816,934
Cash, end of the period	\$ 740,102	\$ 636,661

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

Satori Resources Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

September 30, 2020 and 2019

Expressed in Canadian dollars unless otherwise indicated

1. Incorporation and Basis of Presentation

Satori Resources Inc. (“Satori” or the “Company”) was incorporated on October 24, 2011 as 0923423 B.C. Ltd. under the Business Corporations Act (British Columbia) and subsequently changed its name to Satori Resources Inc. on December 5, 2011. Satori is involved in mineral exploration and development near Tartan Lake in the Province of Manitoba (the “Tartan Lake Gold Mine Project” or “Tartan Lake”).

The Company’s head office is located at 401 Bay Street, Suite 2702, Toronto, Ontario. Satori’s shares are listed on the TSX Venture Exchange and trade under the symbol “BUD”.

These financial statements were approved by the Board of Directors on November 26, 2020.

2. Nature of Operations and Going concern

Satori is in the process of exploring its mineral property interests and has not yet determined whether the mineral properties contain mineral reserves that are economically recoverable. Satori’s continuing operations and the underlying value and recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of Satori to obtain the necessary financing to complete the exploration and development of its mineral property interests and on future profitable production or proceeds from the disposition of the mineral property interests.

At September 30, 2020, Satori had \$740,102 in cash (December 31, 2019 - \$519,590). Satori has raised and expects to raise additional equity financing to support future investing and operating activities at Tartan Lake, or for such other new projects or assets that Satori may acquire. There can be no assurance as to the availability or terms upon which such financing might be available.

These unaudited interim condensed financial statements have been prepared on a going concern basis, which assumes that Satori will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. As at September 30, 2020, Satori has no source of recurring operating cash flows, has an accumulated deficit of \$8,678,561 (December 31, 2019 – \$8,327,590 and working capital of \$708,184 (December 31, 2019 - \$509,775). In the absence of additional financing or strategic alternatives, these factors cast significant doubt regarding the Company’s ability to continue as a going concern.

The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and was required to realize its assets or discharge its obligations in anything other than the ordinary course of operations.

3. Significant Accounting Policies

Statement of Compliance

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

Basis of presentation

These unaudited interim condensed financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value.

Satori Resources Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

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3. Significant Accounting Policies (continued)

Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments and estimates 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. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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

Estimates:

- the recoverability of the deferred exploration and development expenditures recorded in the statements of financial position; and
- inputs used to account for the value of the asset retirement obligation, including the inflation rate, the risk-free interest rate and the estimated life of the property.

New Accounting Standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. None of these is expected to have a significant effect on the Consolidated Financial Statements of the Company.

The Conceptual Framework for Financial Reporting (revised in 2018) has been updated to expand on the existing Conceptual Framework by focusing on the elements of financial statements, recognition and derecognition, measurement, and presentation and disclosure. The standard is effective for annual periods beginning on or after January 1, 2020. These new standards and changes did not have any material impact on the Company's financial statements.

Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors has been updated. The definition of “material” is being clarified for purpose of improving consistency and application of the concept where applicable. The standard is effective for annual periods beginning on or after January 1, 2020. This new standard and changes did not have any material impact on the Company's financial statements.

4. Capital Management

The capital of Satori consists of shareholders' equity. The Company's objectives when managing capital are to safeguard Satori's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain optimal returns to shareholders and benefits for other stakeholders.

Satori manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, Satori may attempt to issue new shares or debt or dispose of assets. There can be no assurance that Satori will be able to obtain debt or equity capital in the case of operating cash deficits (see note 2).

In order to facilitate management of its capital requirements, Satori prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing development efforts, Satori does not pay out dividends. Satori is not subject to externally imposed capital requirements.

Satori Resources Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

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5. Mineral Properties and Deferred Exploration and Development Expenditures

	Dec 31, 2018	Additions	Dec 31, 2019	Additions	Sep 30, 2020
<u>Tartan:</u>					
Acquisition	\$ 583,560	\$ ---	\$ 583,560	\$ ---	\$ 583,560
Exploration	3,673,735	33,616	3,707,351	88,565	3,795,916
Proceeds from sale of gold	(49,433)	---	(49,433)	---	(49,433)
Change in site restoration provision (note 6)	103,205	205,248	308,453	---	308,453
Impairment of properties	(2,384,271)	---	(2,384,271)	---	(2,384,271)
<u>New Delhi:</u>					
Acquisition	---	---	---	5,000	5,000
	\$ 1,926,796	\$ 238,864	\$ 2,165,660	\$ 93,565	\$ 2,259,225

Tartan Lake, Manitoba

Satori assumed ownership of Tartan Lake on February 2, 2012. The property carries a net smelter return royalty ("NSR") of 2%. The NSR can be repurchased at any time by Satori for \$1,000,000 for each 1%.

New Delhi, Ontario

On October 26, 2020 Satori announced that it entered into a property option agreement to earn a 100% interest in the New Delhi Gold Project, an advanced polymetallic gold property located in Ontario's Sudbury Mining Division (see Note 13). During the quarter, a \$5,000 payment was made towards the first option payment.

6. Site Restoration Provision

The Company's site restoration provision of \$1,080,310 (December 31, 2019 - \$1,064,186) is based on management's best estimate of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred.

The Company's asset retirement obligation was determined based on an undiscounted future liability of approximately \$1,248,820 adjusted for estimated inflation of 1.88% and discounted at 2.02%, with reclamation occurring in 2027. Additionally, a change in site restoration provision of \$205,248 was recognized in 2019. During the three and nine months ended September 30, 2020, accretion expense of \$5,375 and \$16,123, respectively was recorded (three and nine months ended September 30, 2019 - \$12,154 and \$36,464, respectively).

Satori Resources Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

September 30, 2020 and 2019

Expressed in Canadian dollars unless otherwise indicated

7. Share Capital

Common shares

Authorized:

Unlimited number of common shares without par value.

Issued and outstanding:

	Common Shares	Amount
Balance, December 31, 2018 and 2019	43,631,507	\$ 3,662,999
Shares issued in private placement	6,048,461	420,000
Share issue costs	---	(4,800)
Flow-through premium	---	(37,948)
Warrant exercise - cash	2,200,000	124,500
Warrant exercise – book value	---	66,700
Option exercise - cash	400,000	20,000
Option exercise – book value	---	14,967
Balance, September 30, 2020	52,279,968	\$ 4,266,418

On July 14, 2020, Satori announced that it closed a private placement offering for gross proceeds of \$420,000, by the issuance of 1,790,000 flow through shares at a price per share of \$0.08, and the issuance of 4,258,461 non-flow-through common shares at a price of \$0.065 per share. In the second quarter, \$50,000 was received from investors as part of this financing and, at June 30, 2020, this amount was shown as shares to be issued and became part of share capital once the financing closed. Officers and directors of the Company subscribed for 1,158,461 common shares, for gross proceeds of \$82,800 (19.71%). In connection with this closing, the Company paid a cash finders' fee of \$3,150 to eligible finders.

During the quarter ended September 30, 2020, a total of 2,200,000 warrants were exercised, having an average exercise price of \$0.06 per share. On September 30, 2020, 400,000 stock options with an exercise price of \$0.05 per share were exercised.

Warrant reserve

The warrant reserve represents the fair value of outstanding warrants on the date of their issuance. The valuation is derived using a Black-Scholes option pricing model. As warrants are exercised, the fair value is transferred to share capital. Should warrants expire unexercised, the fair value is transferred as a component of contributed surplus.

Warrants

In addition to the 2,200,000 warrants exercised during the quarter (see above), an additional 700,000 warrants with an exercise price of \$0.05 per share expired unexercised on August 10, 2020.

	Number of Warrants	Weighted average exercise price
Balance, December 31, 2019	19,305,000	\$ 0.06
Exercised	2,200,000	0.06
Expired	700,000	0.05
Balance, September 30, 2020	16,405,000	\$ 0.06

Satori Resources Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

September 30, 2020 and 2019

Expressed in Canadian dollars unless otherwise indicated

7. Share Capital (Cont'd)

Warrants Outstanding

Warrant Type	Number of Warrants	Value Assigned	Exercise Price	Date of Expiry
Investors	2,005,000	29,571	0.065	June 16, 2021
Investors	11,800,000	256,954	0.06	November 22, 2021
Investors	2,600,000	56,617	0.06	December 21, 2021
Balance, September 30, 2020	16,405,000	\$ 343,143		

Contributed Surplus

The following is a summary of changes in contributed surplus from December 31, 2019 to September 30, 2020:

	September 30, 2020	December 31, 2019
Opening balance	\$ 5,834,496	\$ 5,318,159
Expiry of warrants	31,500	441,503
Book value of options exercised	(14,967)	---
Vesting of share-based payments	105,070	74,834
Ending balance	\$ 5,956,099	\$ 5,834,496

8. Stock Options and Stock-Based Compensation

Satori established a stock option plan which provides for granting of incentive stock options up to a maximum of 10% of the Company's issued and outstanding common shares. The Company has issued options to directors, officers and consultants. Terms of the options granted are subject to the determination and approval by the Board of Directors. All options granted are subject to a four-month hold period from the date of grant as required by the TSX Venture Exchange.

	Number of stock options	Weighted average exercise price	Weighted average remaining contractual life (years)
Balance, December 31, 2019	3,150,000	0.09	3.21
Granted	1,900,000	0.075	
Exercised	(400,000)	0.05	
Balance, September 30, 2020	4,650,000	\$ 0.09	3.33

Satori Resources Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

September 30, 2020 and 2019

Expressed in Canadian dollars unless otherwise indicated

8. Stock Options and Stock-Based Compensation (Cont'd)

On June 9, 2020, the Company granted 1,000,000 stock options to directors, officers and consultants. The stock options carry an exercise price of \$0.075, and vested immediately. The value ascribed to this issue was \$55,500 using the Black-Scholes option pricing model under the following weighted average assumptions: share price – \$0.075; risk free rate of return – 0.45%; annualized volatility – 100%; expected life – 5 years; dividend yield – 0%. The Company recognized stock-based compensation expense of \$55,500 during the quarter ended June 30, 2020 in relation to the vesting of these options.

On July 15, 2020, the Company granted 800,000 stock options to directors and consultants. The stock options carry an exercise price of \$0.08 and vested immediately. The value ascribed to this issue was \$40,400 using the Black-Scholes option pricing model under the following weighted average assumptions: share price – \$0.07; risk free rate of return – 0.35%; annualized volatility – 100%; expected life – 5 years; dividend yield – 0%. The Company recognized stock-based compensation expense of \$40,400 during the quarter ended September 30, 2020 in relation to the vesting of these options.

On August 24, 2020, the Company granted 100,000 stock options to a directors, officers and consultants. The stock options carry an exercise price of \$0.13 and vested immediately. The value ascribed to this issue was \$9,170 using the Black-Scholes option pricing model under the following weighted average assumptions: share price – \$0.0125; risk free rate of return – 0.38%; annualized volatility – 100%; expected life – 5 years; dividend yield – 0%. The Company recognized stock-based compensation expense of \$9,170 during the quarter ended September 30, 2020 in relation to the vesting of these options.

On September 30, 2020, 400,000 stock options with an exercise price of \$0.05 per share were exercised.

9. Loss per Common Share

The following table sets forth the calculations of basic and fully diluted loss per common share:

	Three Months Ended September 30, 2020		Nine Months Ended September 30, 2020	
	2020	2019	2020	2019
Numerator:				
Loss attributable to common shareholders				
- basic and diluted	\$(158,044)	\$(61,092)	\$(350,971)	\$(267,871)
Denominator:				
Weighted-average common shares outstanding				
- basic and diluted	49,907,903	43,631,507	45,738,910	43,631,507
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

The options and warrants for the periods ended September 30, 2020 and 2019 were excluded from the computation of diluted loss per share as the potential effect was anti-dilutive.

Satori Resources Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements

September 30, 2020 and 2019

Expressed in Canadian dollars unless otherwise indicated

10. Related Party Transactions and Balances

The Company incurred the following expenditures charged by companies controlled by current directors and officers of the Company:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Fees – President and CEO	22,000	6,000	42,000	18,000
Fees – Executive Chairman	22,000	---	30,000	---
Fees - CFO	7,500	7,500	22,500	22,500
Other directors' fees	14,974	---	30,974	---
Stock-based compensation	49,570	---	105,070	74,835

During the three and nine months ended September 30, 2020, the Company paid its President and CEO a total of \$18,000 and \$30,000, respectively for her role as an Executive Officer and \$4,000 and \$12,000, respectively for her role on the Board (September 2019 - \$6,000 and \$18,000, respectively, for her role as an Executive Officer). During the three and nine months ended September 30, 2020, the Company paid its Executive Chairman a total of \$18,000 and \$18,000, respectively for his role as an Executive Officer and \$4,000 and \$12,000, respectively for his role on the Board (September 2019 - \$NIL). During the three and nine months ended September 30, 2020, the Company paid its CFO a total of \$7,500 and \$22,500, respectively (September 2019 - \$7,500 and \$22,500, respectively).

As of September 30, 2020, \$36,306 (December 31, 2019 - \$3,727) was owed to management and directors and were included in accounts payable and accrued liabilities on the statements of financial position.

11. Deposit

During the year ended December 31, 2019, the Company made a refundable deposit of \$50,000 to a privately held arm's length party (the "Party") in contemplation of a potential transaction while the Company undertakes due diligence procedures. This refundable deposit provides the Company with an option to acquire a joint venture interest in a new venture with the Party.

Satori Resources Inc.

Notes to the Condensed (Unaudited) Interim Financial Statements September 30, 2020 and 2019

Expressed in Canadian dollars unless otherwise indicated

12. Financial Instruments and Risk Factors

The Company's risk exposures and impact on Satori's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with the Company's inability to collect accounts receivable and safe keep cash. The Company's receivables consist mainly of a Harmonized Sale Tax (HST) return from the federal government, on which there is no credit risk. The Company is also exposed to credit risk on its cash, however, it has deposited its cash with reputable Canadian financial institutions, from which management believes the risk of loss is minimal.

Liquidity risk

The Company manages liquidity risk to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020, Satori had cash of \$740,102 to settle current financial liabilities of \$130,970 (December 31, 2019 - \$519,590 to settle current financial liabilities of \$94,325). Satori has no source of recurring operating cash flows and in the absence of additional financing or strategic alternatives, the Company faces substantial liquidity risk (see note 2).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

- i) Interest rate risk - Satori is not exposed to interest rate risk as it does not have interest bearing debt.
- ii) Commodity price risk - The ability of Satori to develop its mineral properties and future profitability of Satori is directly related to the market price of gold.

13. Subsequent Events

On October 12, 2020, 50,000 stock options with an exercise price of \$0.075 per share were exercised.

On October 26, 2020 Satori announced that it entered into a property option agreement to earn a 100% interest in the New Delhi Gold Project, an advanced polymetallic gold property located in Ontario's Sudbury Mining Division. Under the terms of this agreement, Satori has the right to earn a 100% interest in the New Delhi project by making the following payments: \$40,000 (\$5,000 paid) and issuing 120,000 common shares upon receipt of the approval from the TSX Venture Exchange, \$45,000 and issuing 159,000 shares on the first anniversary, \$50,000 and the issuance of 180,000 common shares on the second anniversary, and \$75,000 and the issuance of 300,000 shares on the third anniversary. Upon earning a 100% interest in the New Delhi project, Satori shall grant the vendors a 2% Net Smelter Return royalty ("NSR"), pursuant to which 1% may be bought-down by Satori in consideration for \$1,000,000, and Satori shall have a right of first refusal to purchase the remaining 1% NSR.