King's Bay Resources Corp.
(An Exploration Company)

Condensed Interim Financial Statements

Three Months Ended March 31, 2020

(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review of
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 interim financial statements they must be accompanied by a notice indicating that these interim financial statements have not been reviewed by an auditor.

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

King's Bay Resources Corp.
Condensed Interim Statements of Financial Position
Expressed in Canadian dollars
(Unaudited – prepared by management)

		March 31, 2020		December 31, 2019
Assets				
Current				
GST receivable	$	**5,347**	$	2,244
	$	**5,347**	$	2,244
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**246,758**	$	155,182
Subscription received (Note 6e)		**25,000**		25,000
Convertible promissory notes payable (Note 6d)		**145,021**		136,441
		416,779		316,623
Shareholders' Equity				
Share capital (Note 6b)		**19,865,083**		19,865,083
Equity portion of convertible notes (Note 6d)		**19,731**		19,731
Reserves (Note 7)		**424,250**		424,250
Deficit		**(20,720,496)**		(20,623,443)
		(411,432)		(314,379)
	$	**5,347**	$	2,244

Note 2 – Going concern
Note 11 – Subsequent events

Approved and authorized by the Board of Directors on May 14, 2020:

"Kevin Bottomley" — President, Director

"Dusan Berka" — Director

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

King’s Bay Resources Corp.

Condensed Interim Statements of Operations and Comprehensive Loss
For the three months ended March 31, 2020 and 2019
Expressed in Canadian dollars
(Unaudited – prepared by management)

		2020		2019
Expenses				
Accretion (Note 6d)	**$**	**8,580**	$	-
Administration fees (Note 10)		**37,500**		37,500
Advertising and promotion		**-**		7,383
Consulting fees and salaries (Note 8)		**43,500**		63,231
Filing fees		**616**		7,229
Legal expenses		**4,904**		24,375
Office and general expenses		**409**		1,643
Travel and meals		**1,544**		18,190
Net loss and comprehensive loss for the period		**97,053**		159,551
Basic and diluted loss per share	**$**	**(0.00)**	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted		**68,810,214**		68,810,214

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

King's Bay Resources Corp.
Condensed Interim Statements of Changes in Equity
For the three months ended March 31, 2020 and 2019
Expressed in Canadian dollars
(Unaudited – prepared by management)

	Number of Shares	Share Capital $	Reserves $	Equity portion of convertible note $	Deficit $	Total $
Balance, December 31, 2018	**68,810,214**	**19,866,545**	**424,250**	**-**	**(19,867,436)**	**423,359**
Net loss for the period	-	-	-	-	(159,551)	(159,551)
Balance, March 31, 2019	**68,810,214**	**19,866,545**	**424,250**	**-**	**(20,026,987)**	**263,808**

	Number of Shares	Share Capital $	Reserves $	Equity portion of convertible note $	Deficit $	Total $
Balance, December 31, 2018	**68,810,214**	**19,865,083**	**424,250**	**19,731**	**(20,623,443)**	**(314,379)**
Net loss for the period	-	-	-	-	(97,053)	(97,053)
Balance, March 31, 2020	**68,810,214**	**19,865,083**	**424,250**	**19,731**	**(20,720,496)**	**(411,432)**

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

King's Bay Resources Corp.
Condensed Interim Statements of Cash Flows
For the three months ended March 31, 2020 and 2019
Expressed in Canadian dollars
(Unaudited – prepared by management)

	2020	2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net loss for the period	**$ (97,053)**	$ (159,551)
Adjustments for items not involving cash:		
Accretion expense	**8,580**	-
Changes in non-cash operating working capital:		
GST receivable	**(3,103)**	(282)
Other receivables	**-**	(10,884)
Prepaid expenses	**-**	(16,181)
Accounts payable and accrued liabilities	**91,576**	(19,207)
Net cash flows (used in) operating activities	**-**	(206,105)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Proceeds from sale of marketable securities	**-**	-
Exploration and evaluation costs	**-**	-
Net cash flows from (used in) investing activities	**-**	-
INCREASE (DECREASE) IN CASH	**-**	(206,105)
Cash and cash equivalents, beginning of period	**-**	454,408
Cash and cash equivalents, end of period	**$ -**	$ 248,303

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

1. NATURE OF OPERATIONS

King's Bay Resources Corp. ("King's Bay" or the "Company") was incorporated in Canada pursuant to the *Canada Business Corporations Act* on March 20, 1998. The Company is a public company listed on the NEX board of the TSX Venture Exchange in Canada with the symbol "KBG-H". The Company has been in the business of acquiring, exploring, developing and evaluating mineral resource properties since incorporation.

On January 29, 2019, the Company incorporated a subsidiary company in Nevada, King's Bay Holdings (USA) Corp. The Company owns 100% of the issued and outstanding shares of the subsidiary. On January 27, 2020, the Company dissolved the subsidiary company.

On March 29, 2019, the Company entered into an arm's length agreement to acquire all of the issued and outstanding equity of S&S Company, LLC ("S&S"), which owns and operates the licensed S&S California cannabis production and extraction lab ("Proposed Transaction"). This Proposed Transaction was approved by the shareholders at the Annual and Special Meeting on October 10, 2019, to complete the Company's business focus from exploration and evaluation of mineral resources to production and extraction of cannabis. Due to the downturn in the Cannabis markets, it was not possible to the secure financing and in March 2020, the parties mutually agreed to terminate the agreement. As a result, the Company wrote off the $147,328 loaned to S&S towards acquisition expenses that was unsecured and interest-free. The Company's shares have been transferred from Tier 2 to the NEX board effective April 20, 2010 while the Company concentrates on finding a new business opportunity to acquire or develop.

The head office, principal address and registered and records office of the Company are located at Suite 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

2. GOING CONCERN

The Company has not generated any revenues and has incurred a net loss of $97,053 during the three months ended March 31, 2020 (December 31, 2019 – $756,007) and accumulated losses of $20,720,496 (December 31, 2019 – $20,623,443) since inception. As at March 31, 2020, the Company has working capital deficiency of $411,432 (December 31, 2019 – $314,379). These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to continue operations, the attainment of profitable mining operations. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. The conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Company is not expected to be profitable during the ensuring twelve months and therefore must rely on securing additional funds from either debt or equity financings for cash consideration. While the Company is expanding its best efforts to achieve the continued financing, there is no assurance that any such activity will generate sufficient funds for future operations.

3. BASIS OF PRESENTATION

Statement of Compliance

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Preparation

Prior to January 27, 2020, the Company's financial statements included the accounts of its subsidiary, King's Bay Holdings (USA) Corp. All intercompany transactions and balances and unrealized gains and losses from intercompany transactions were eliminated upon consolidation. The subsidiary was dissolved on January 27, 2020.

Approval of the Financial Statements

The condensed interim financial statements of King's Bay Resources Corp. for the three months ended March 31, 2020, were authorized for issue in accordance with a resolution of the directors on May 14, 2020.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

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

- The inputs used in assessing the recoverability of deferred tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income.
- The assumptions and inputs used in calculating the fair value of the liability portion of the convertible promissory notes payable.

Expressed in Canadian dollars

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - continued

Management judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

- Going concern

  Significant judgments used in the preparation of these financial statements include, but are not limited to those relating to the assessment of the Company's ability to continue as a going concern.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 5 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

6. SHARE CAPITAL

a) Authorized: Unlimited Class A common voting shares with no par value, and
Unlimited Class B common non-voting shares with no par value

b) Issued and Outstanding:

As at March 31, 2020, the Company had 68,810,214 (December 31, 2019 – 68,810,214) shares issued and outstanding. No shares were issued during the three months ended March 31, 2020 or the year ended December 31, 2019.

c) Warrants

A summary of the Company's outstanding warrants as at March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020		**December 31, 2019**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	18,341,791	$ 0.10	36,148,491	$ 0.11
Expired	-	-	(17,806,700)	0.13
Balance, end of period	18,341,791	$ 0.10	18,341,791	$ 0.10

Expressed in Canadian dollars

6. SHARE CAPITAL - continued

c) Warrants - continued

The following share purchase warrants were outstanding and exercisable as at March 31, 2020:

Expiry Date	Exercise Price	**March 31, 2020** Number of Warrants Outstanding and Exercisable
June 8, 2020	$0.10	18,341,791

d) Convertible Promissory Notes Payable

On August 8, 2019, the Company closed its private placement offering of unsecured convertible notes for gross proceeds of $142,500 from several parties, including a director and another insider of the Company. The loans are unsecured, carries an interest rate of 12% and is due in 1 year. The loans are convertible into units at a price of $0.20 per unit. Each unit consists of one common share and one share purchase warrant exercisable for 2 years. Each warrant may be exercised for one common share at a price of $0.35 per share if exercised in the first year and $0.60 per share if exercised in the second year. The Company requires these funds for working capital and to pay its expenses of the proposed S&S acquisition.

The initial fair value of the principal portion of the Convertible Debenture was determined using a market interest rate for an equivalent non-convertible instrument at the issue date. The principal portion is subsequently recognized on an amortized cost basis until extinguished on conversion or maturity. The remainder of the proceeds are allocated to the conversion option.

On initial recognition, the unsecured convertible notes of $142,500 were broken down into the following financial components: a financial liability of $122,769 and an equity instrument of $19,731. During the three months ended March 31, 2020, the Company recorded the accretion expense on the liability component of $8,580 which brings the total convertible promissory notes payable as at March 31, 2020 to $145,021 (December 31, 2019 - $136,441).

e) Subscription Received

During the year ended December 31, 2019, the Company received share subscriptions but as of the date of this report, the shares have not yet been issued. As a result, the Company has classified the cash received as a liability.

7. SHARE-BASED PAYMENTS

Options

The Company has a Stock Option Plan (the "Plan") under which it is authorized to grant options to directors, officers, consultants or employees of the Company. At the Company's Annual and Special General Meeting on October 10, 2019, the shareholders approved the "2019 Stock Option Plan", and set the number of options granted under the Plan to not exceed 10% of the issued and outstanding shares. Options granted to employees vest fully on grant. Options issued to investor relations consultants vest in stages over 12 months with one quarter of the options vesting in any three-month period.

Expressed in Canadian dollars

7. SHARE-BASED PAYMENTS - continued

Options – continued

The following is a summary of movements in the number of share options outstanding and their related weighted average exercise prices under the Company's stock option plan for the three months ended March 31, 2020 and the year ended December 31, 2019:

	March 31, 2020		December 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	1,325,000	$ 0.10	1,941,128	$ 0.11
Cancelled/Expired	-	-	(616,128)	0.135
Balance, end of period	1,325,000	$ 0.10	1,325,000	$ 0.10

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

Expiry Date	Exercise Price	March 31, 2020 Number of Options Outstanding and Exercisable
September 27, 2022	$0.10	1,325,000

8. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2020 and 2019, the Company incurred the following transactions to officers or directors of the Company or companies with common directors:

Key management compensation	March 31, 2020 $	March 31, 2019 $
Salaries and benefits	25,500	25,500
Total	25,500	25,500

At March 31, 2020, $56,290 (December 31, 2019 - $23,770) is due to related parties which has been included in accounts payable.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. The amounts due are unsecured, non-interest bearing, and have no specific terms of repayment.

9. 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.

(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.

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) 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. The Company has cash balances and is not exposed to any significant interest rate risk.

(d) Capital management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at March 31, 2020, the Company's shareholders' equity was a deficit of $411,432 (December 31, 2019 – $314,379). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues and cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

9. FINANCIAL RISK MANAGEMENT - continued

(e) 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 level in the fair value hierarchy within which the financial asset is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The cash is grouped into level 1 and convertible promissory notes payable is grouped into level 2 as at March 31, 2020 and December 31, 2019. The principal portion of the convertible debenture is carried at amortized cost.

Financial instruments that are not measured at fair value on the balance sheet are represented by accounts payable and accrued liabilities and subscription received. The fair value of these financial instruments approximates their carrying value due to their short-term nature.

10. MANAGEMENT SERVICE FEE

On January 1, 2016, the Company signed a Management Services Agreement with Zimtu Capital Corp. ("Zimtu") to provide management and administrative services at a rate of $12,500 per month expiring November 30, 2016. The agreement was subsequently renewed each year until the agreement was terminated on April 1, 2019 by mutual consent. Subsequently, the Company paid $1,500 per month for office space from May 1, 2019 to November 30, 2019. On January 1, 2020, the Company signed a new Management Services Agreement with Zimtu to provide management and administrative services at a rate of $12,500 per month, expiring December 31, 2020.

11. SUBSEQUENT EVENTS

a) Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

b) The Company continues to work towards finding a new business opportunity to acquire or develop.