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**Condensed Consolidated Interim Financial Statements**  
**Six Months Ended June 30, 2020 and 2019**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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## **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2020, and comparatives for the six months ended June 30, 2019, were prepared by management and have not been reviewed or audited by the Company's auditors.

## Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2020	2019	2020	2019
<b>Operating Expenses</b>					
Consulting	7	\$ 3,000	\$ 3,000	\$ 6,000	6,000
Exploration and evaluation	5 & 7	18,380	6,135	18,551	10,236
Investor relations	7	19,125	753	54,100	11,532
Office and general	7	5,933	5,078	11,712	11,202
Professional fees	7	65,344	21,698	65,344	23,283
Regulatory fees and taxes		2,905	3,290	9,711	10,034
Shareholders' communications		1,750	700	2,100	1,050
Transfer agent		922	667	2,566	1,490
Travel		-	-	-	2,261
		<b>117,359</b>	<b>41,321</b>	<b>170,084</b>	<b>77,088</b>
<b>Foreign exchange loss (gain)</b>					
		(5,121)	(8)	5,974	97
		<b>(5,121)</b>	<b>(8)</b>	<b>5,974</b>	<b>97</b>
<b>Net Loss and Comprehensive Loss for the Period</b>					
		<b>\$ 112,238</b>	<b>\$ 41,313</b>	<b>\$ 176,058</b>	<b>\$ 77,185</b>
Loss per share - basic and diluted					
		\$ 0.01	\$ 0.01	\$ 0.02	0.01
Weighted average number of common shares outstanding					
		10,932,737	7,914,823	10,153,946	7,914,823

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

# Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars, Unaudited)

As at	Note	June 30 2020	December 31 2019
<b>Assets</b>			
<b>Current</b>			
Cash		\$ 593,218	\$ 9,654
Receivables		3,572	1,245
Prepays		18,929	58,678
		<b>615,719</b>	<b>69,577</b>
<b>Non-current</b>			
Mineral properties	5	-	-
Reclamation bonds		30,862	29,649
Loan	6	575,000	-
		<b>605,862</b>	<b>29,649</b>
		<b>\$ 1,221,581</b>	<b>\$ 99,226</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	5	\$ 635,174	\$ 595,603
Due to related parties	7	532,507	420,523
		<b>1,167,681</b>	<b>1,016,126</b>
<b>Equity (Deficit)</b>			
Share capital	9	15,307,482	14,170,805
Share-based payments reserve		255,876	245,695
Warrant reserve		257,308	257,308
Deficit		(15,766,766)	(15,590,708)
		<b>53,900</b>	<b>(916,900)</b>
		<b>\$ 1,221,581</b>	<b>\$ 99,226</b>

Approved on behalf of the Board

*"Lawrence Page"*

Lawrence Page, Q.C.

*"Edward Odishaw"*

Edward Odishaw

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

## Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity (Deficit)

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based		Warrant	Deficit	Total
	Number	Amount	Payments	Reserve	Reserve	Deficit	Equity
	of Shares		Reserve				(Deficit)
<b>Balance as at December 31, 2018</b>	<b>7,914,823</b>	<b>\$ 13,810,871</b>	<b>\$ 244,700</b>	<b>\$ 257,308</b>	<b>\$ (14,471,737)</b>	<b>\$ (158,858)</b>	
Net loss	-	-	-	-	(77,185)	(77,185)	
<b>Balance as at June 30, 2019</b>	<b>7,914,823</b>	<b>\$ 13,810,871</b>	<b>\$ 244,700</b>	<b>\$ 257,308</b>	<b>\$ (14,548,922)</b>	<b>\$ (236,043)</b>	
<b>Balance as at December 31, 2019</b>	<b>9,375,155</b>	<b>\$ 14,170,805</b>	<b>\$ 245,695</b>	<b>\$ 257,308</b>	<b>\$ (15,590,708)</b>	<b>\$ (916,900)</b>	
Issued							
Private placement	7,260,000	363,000	-	-	-	363,000	
Share issue costs	-	(37,323)	10,181	-	-	(27,142)	
Subscriptions received	-	811,000	-	-	-	811,000	
Net loss	-	-	-	-	(176,058)	(176,058)	
<b>Balance as at June 30, 2020</b>	<b>16,635,155</b>	<b>\$ 15,307,482</b>	<b>\$ 255,876</b>	<b>\$ 257,308</b>	<b>\$ (15,766,766)</b>	<b>\$ 53,900</b>	

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

## Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

	2020	2019
<b>Operating Activities</b>		
Net loss	\$ (176,058)	\$ (77,185)
<b>Items not involving cash:</b>		
Interest on related party loan	3,050	-
Unrealized foreign exchange	2,925	752
	(170,083)	(76,433)
<b>Changes in Non-Cash Working Capital</b>		
Receivables	(2,327)	(731)
Prepays	39,749	1,796
Accounts payable and accrued liabilities	35,433	17,581
Due to related parties	78,934	26,784
	151,789	45,430
<b>Cash Used in Operating Activities</b>	<b>(18,294)</b>	<b>(31,003)</b>
<b>Investing Activities</b>		
Recovery of mineral property	-	13,382
Loan	(575,000)	-
<b>Cash Provided by Investing Activities</b>	<b>(575,000)</b>	<b>13,382</b>
<b>Financing Activities</b>		
Shares issued for cash, net	335,858	-
Subscriptions received	811,000	-
Related party loan	30,000	17,500
<b>Cash Provided by Financing Activities</b>	<b>1,176,858</b>	<b>17,500</b>
<b>Increase (Decrease) in Cash During the Period</b>	<b>583,564</b>	<b>(121)</b>
<b>Cash, Beginning of the Period</b>	<b>9,654</b>	<b>6,661</b>
<b>Cash, End of the Period</b>	<b>\$ 593,218</b>	<b>\$ 6,540</b>

Supplemental cash flow information (Note 8)

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

# Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

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## 1. Nature of Operations and Going Concern

Valterra Resource Corporation (the "Company") was incorporated in Alberta on September 26, 1996, continued to the Yukon on May 8, 1997 and subsequently to British Columbia on February 22, 2008. The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements. The Company's registered office is 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These condensed consolidated interim financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2020, the Company had a working capital deficit of \$551,962 (December 31, 2019 - \$946,549). The Company incurred a net loss of \$176,058 for the six months ended June 30, 2020 (2019 - \$77,185) and had an accumulated deficit of \$15,766,766 as at June 30, 2020 (December 31, 2019 - \$15,590,708).

As at June 30, 2020, the Company does not have sufficient capital to meet the requirements for its administrative overhead or maintaining its mineral interests. The Company has relied mainly upon the issuance of share capital and short-term debt to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. In order to finance future activities the Company will be required to issue further share capital through private placements and the exercise of options and warrants or obtain additional short-term debt. There can be no assurance that such financing will be available to the Company and, therefore, a material uncertainty exists which casts significant doubt over the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## 2. Basis of Preparation

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standards 34: *Interim Financial Reporting* using historical cost, except for cash flow information and financial instruments measured at fair value. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2019. The Company's functional and presentation currency is the Canadian dollar.

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

### 2. Basis of Preparation, continued

The financial statements of the Company consolidates entities controlled by the Company as follows:

Entity	Country of Incorporation	Principal Activity
Valterra Resource (US) Corporation	USA	Mineral exploration - 100% owned by the Company
Minera Reyterra S.A de C.V.	Mexico	Mineral exploration - 100% owned by the Company

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 31, 2020.

### 3. Summary of Significant Accounting Policies

The same accounting policies are used in the preparation of these condensed consolidated interim financial statements as for the most recent audited annual consolidated financial statements and reflect all the adjustments necessary for fair presentation in accordance with International Financial Reporting Standards of the results for the interim periods presented.

### 4. Financial Instruments

The Company's financial instruments include cash, reclamation bonds, loan, accounts payable and accrued liabilities and due to related parties. The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity. The loan and reclamation bonds are non-interest-bearing, have no maturity date and carrying values approximate fair value.

### 5. Mineral Properties

Mineral property acquisition costs as at June 30, 2020 were:

	Swift Katie	Weepah	Los Reyes	Total
	\$	\$	\$	\$
Balance as at December 31, 2018	254,678	218,840	112,813	586,331
Additions, net of recoveries	-	162,776	153,135	315,911
Impairments	(254,678)	(381,616)	(265,948)	(902,242)
Balance as at December 31, 2019	-	-	-	-
<b>Balance as at June 30, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

During the year ended December 31, 2019, management considered the ability of the Company to raise sufficient financing to be an indicator of impairment and therefore recorded an impairment provision against all of its properties in accordance with Level 3 of the fair value hierarchy.



## **Valterra Resource Corporation**

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

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### **5. Mineral Properties, continued**

#### *Swift Katie*

Pursuant to an agreement dated July 21, 2006, as amended, a private company controlled by a director of the Company, acquired an option to purchase the property located near Salmo, British Columbia. The option was subsequently assigned to the Company for \$2,500.

The property is subject to a 3% net smelter royalty ("NSR") of which the Company has the option to purchase one-half (1.5%) for \$1,000,000 per 1% and the option to purchase a further one-sixth (0.5%) for an additional \$1,500,000 at any time prior to the commencement of commercial production. Beginning December 31, 2010 and annually thereafter, the Company is required to make an annual advance minimum royalty ("AMR") payment of \$50,000. These payments will be adjusted annually according to the Consumer Price Index base of December 31, 2006 and are deductible from future NSR payments (2018 & 2019 - unpaid).

In addition to the NSR and the AMR, if the Company completes a positive feasibility study, the Company will issue 2,500 common shares to the optionors and if the Company achieves commercial production, the Company will issue 5,000 common shares to the optionors.

#### *Weepah*

Pursuant to an agreement dated June 23, 2017, as amended, the Company had the right to acquire a 100% interest in certain unpatented and patented mining claims in Esmeralda County, Nevada. On June 23, 2020, the Company terminated the option agreement. A contractual obligation remains outstanding of US\$98,750 and is included in accounts payable and accrued liabilities.

#### *Los Reyes*

Pursuant to an agreement dated June 11, 2018, as amended, the Company has the right to acquire a 100% interest in two claims in Chihuahua, Mexico.

To acquire the interest, and for consideration for amending the agreement, the Company is required to issue 40,000 common shares (to be issued upon TSX Venture Exchange approval) and make the following remaining payments, plus applicable local taxes of 16%:

- US\$100,000 on August 11, 2020 (paid subsequent to period end);
- US\$200,000 on August 11, 2021;
- US\$300,000 on August 11, 2022; and
- US\$3,250,000 on August 11, 2023.

The property is subject to a 2% royalty payable to a third party. A finder's fee is also payable upon payment of the above as follows:

- 30,000 common shares on December 31, 2019 (unissued); and
- 120,000 common share purchase warrants contingently exercisable to purchase one common share at an exercise price of \$0.50 per share (issued on August 16, 2018 - Note 9(c)).

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

### 5. Mineral Properties, continued

#### *Exploration and Evaluation Expenditures*

Exploration and evaluation expenditures for the six months ended June 30, 2020 and 2019 were:

	Swift Katie		Weepah		Los Reyes		Total	
	\$	\$	\$	\$	\$	\$	\$	\$
	2020	2019	2020	2019	2020	2019	2020	2019
Equipment rental and field supplies	-	3,400	-	-	-	-	-	3,400
Geological services	-	-	-	5,195	-	-	-	5,195
Project supervision	-	-	1,455	-	8,575	-	10,030	-
Other	-	-	384	-	171	1,033	555	1,033
	-	-	1,839	5,195	8,746	1,033	10,585	9,628
General							7,966	608
							18,551	10,236

### 6. Loan

On June 2, 2020, the Company entered into a Letter of Intent to acquire Poconé Mining Mineracao Ltda ("PMM") a private company incorporated under the laws of Brazil. PMM has the rights to acquire two mineral properties, Lima and Livramento, both of which are subject to NSR royalties. The acquisition will be formalized into a definitive purchase agreement under which the Company will issue 8,000,000 shares and 8,000,000 warrants to the owners of PMM, subject to regulatory approval.

To assist in the purchase of Lima, the Company advanced a total of \$575,000 to PMM. The loan bears no interest and has no formal terms of repayment.

### 7. Related Party Balances and Transactions

Except as disclosed elsewhere in these condensed consolidated interim financial statements, the Company entered into the following related party transactions:

- (a) Fees in the amount of \$2,254 (2019 - \$1,919) were charged by a company controlled by a director and officer of the Company for mark-up on out of pocket expenses. Effective November 1, 2018, the Company received notice that it was in default of an agreement under which office space and administration, consulting, professional fees, investor relations and geological consulting services were provided. Amounts payable as at June 30, 2020 were \$320,500 (December 31, 2019 - \$303,107).
- (b) Fees in the amount of \$40,660 (2019 - \$nil) were charged by a law firm controlled by a director and officer of the Company. Fees are included in professional fees, mineral property acquisition or exploration expenditures or share issue costs where applicable. Amounts payable as at June 30, 2020 were \$66,054 (December 31, 2019 - \$20,514).

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

### 7. Related Party Balances and Transactions, continued

- (c) Fees in the amount of \$6,000 (2019 - \$6,000) were charged by an officer of the Company for consulting services. Amounts payable as at June 30, 2020 were \$22,575 (December 31, 2019 - \$16,275).
- (d) Fees in the amount of US\$6,900 (2019 - US\$4,350) were charged by a director of the Company for geological consulting services. Amounts payable as at June 30, 2020 were \$15,728 (US\$11,550) (December 31, 2019 - \$6,027 (US\$4,650)).
- (e) Fees in the amount of \$nil (2019 - \$nil) were charged by a company controlled by a director of the Company for geological consulting services. Amounts payable as at June 30, 2020 were \$2,100 (December 31, 2019 - \$2,100).
- (f) Loans totalling \$105,550 (December 31, 2019 - \$72,500) are payable to a company controlled by a director and officer of the Company with respect to funds advanced of \$102,500 and interest accrued of \$3,050 at an interest rate of 5% per annum.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. With the exception of interest-bearing loans, amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment. The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management, including amounts in (c) and (d) above, was as follows:

	2020	2019
Short-term benefits	\$ 15,418	\$ 11,802
Total	\$ 15,418	\$ 11,802

### 8. Supplemental Cash Flow Information

	2020	2019
Non-Cash Items		
Investing Activities		
Mineral property acquisition in accounts payable	\$ 138,489	\$ 4,021
Mineral property acquisition in due to related parties	\$ 700	\$ 700

### 9. Share Capital

#### (a) Authorized

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

### 9. Share Capital, continued

#### (b) Equity Financings

*Six months June 30, 2020*

On June 15, 2020, the Company closed the first tranche of a non-brokered private placement and issued 7,260,000 units at a price of \$0.05 per unit for gross proceeds of \$363,000. Each unit consisted of one common share and one share purchase warrant whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.10 for a period of four years.

The Company also issued 177,800 finders' warrants, whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.10 for a period of four years (Note 9(e)).

#### (c) Share Purchase Warrants

Share purchase warrants outstanding as at June 30, 2020 were:

Exercise Price	Expiry Date	Balance	
		December 31, 2019	Issued
		Balance	Balance
		December 31, 2019	June 30, 2020
\$1.00	October 5, 2021	1,658,400	-
\$1.00	October 5, 2021	354,500	-
\$1.00	October 5, 2021	12,000	-
\$1.00	December 29, 2021	281,510	-
\$1.00	December 29, 2021	10,560	-
\$0.50	March 28, 2021	775,366	-
\$0.50	March 28, 2021	2,919	-
\$0.50	April 23, 2021	345,000	-
\$0.50	April 23, 2021	14,000	-
\$0.50	August 1, 2023	390,000	-
\$0.50	August 1, 2023	5,600	-
\$0.50	September 18, 2023	1,070,340	-
\$0.10	June 15, 2024	-	7,260,000
\$0.10	June 15, 2024	-	177,800
		<b>4,920,195</b>	<b>7,437,800</b>
			<b>12,357,995</b>
Weighted average exercise price		\$0.74	\$0.10
Weighted average contractual life remaining (years)		2.23	3.08

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

### 9. Share Capital, continued

#### (c) Share Purchase Warrants, continued

Share purchase warrants issued and contingently exercisable as at June 30, 2020 were:

Exercise Price	Expiry Date	Balance December 31, 2019	Balance June 30, 2020
\$0.50	Note 1	30,000	30,000
\$0.50	Note 2	30,000	30,000
\$0.50	Note 3	30,000	30,000
\$0.50	Note 4	30,000	30,000
		<b>120,000</b>	<b>120,000</b>
Weighted average exercise price		\$0.50	\$0.50
Weighted average contractual life remaining (years)		4.15	3.65

(1) Expiry date two years from Los Reyes property payment of US\$100,000 due on August 11, 2020

(2) Expiry date two years from Los Reyes property payment of US\$200,000 due on August 11, 2021

(3) Expiry date two years from Los Reyes property payment of US\$300,000 due on August 11, 2022

(4) Expiry date two years from Los Reyes property payment of US\$3,250,000 due on August 11, 2023

#### (d) Stock Options

Stock options outstanding and exercisable as at June 30, 2020 were:

Exercise Price	Expiry Date	Balance December 31, 2019	Balance June 30, 2020
\$0.50	March 27, 2022	420,000	420,000
		<b>420,000</b>	<b>420,000</b>
Weighted average exercise price		\$0.50	\$0.50
Weighted average contractual life remaining (years)		2.24	1.74

#### (e) Fair Value Determination

The weighted average fair value of finders warrants issued was \$0.06 (2019 - \$nil). Fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: Risk-free interest rate - 0.36%; Expected share price volatility - 142.53%; Expected life - 4 years and Expected dividend yield - nil. The expected volatility assumptions have been developed taking into consideration historical volatility of the Company's share price.

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

### 9. Share Capital, continued

#### (e) Fair Value Determination, continued

The total calculated fair value of share-based payments recognized was:

	2020	2019
Consolidated Statements of Changes in Equity (Deficit)		
Finders' warrants	10,181	-
Total	\$ 10,181	\$ -

### 10. Segmented Information

The Company has one operating segment, the acquisition and exploration of mineral properties. As at June 30, 2020, the Company's non-current assets were located in Canada (\$12,000) and the United States of America (\$18,862) (December 31, 2019 - Canada (\$12,000), the United States of America (\$17,649)).

### 11. Events after the Reporting Period

Other than disclosed elsewhere, the following events occurred subsequent to June 30, 2020:

- On July 9, 2020, the Company closed the final tranche of a non-brokered private placement and issued 20,910,000 units at a price of \$0.05 per unit for gross proceeds of \$1,045,500. Each unit consisted of one common share and one share purchase warrant whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.10 for a period of four years.

The Company also issued 398,300 finders' warrants, whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.10 for a period of four years.

- Beginning in late 2019, the outbreak of a novel strain of coronavirus ("COVID-19") spread rapidly to many parts of the world. In March 2020, the World Health Organization declared COVID-19 a pandemic. The pandemic resulted in measures to contain the virus including quarantines, travel restrictions, and the temporary closure of stores and facilities in most of the world. The negative economic impact of these measures together with the uncertainty of the situation led to significant volatility in equity markets.

While governmental initiatives to reduce the economic impact and more recent measures to reopen the economy may mitigate volatility, the impact on the Company will depend, to a large extent, on future developments and new information that may emerge regarding COVID-19, factors which are beyond the Company's control. Given the extent of the crisis, it is difficult to estimate the ultimate impact or duration of the situation on the Company.