

FAR RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

September 30, 2019

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim consolidated financial statements for the period ended September 30, 2019.

FAR RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
AS AT

	Note	September 30, 2019	March 31, 2019
ASSETS			
Current assets			
Cash		\$ 52,205	\$ 137,952
GST receivable		12,674	75,289
Prepaid expenses and deposits		422,286	46,063
Total current assets		487,165	259,304
Non-current assets			
Prepaid expenses and deposits		48,000	48,000
Long-term investment	4	11,000	11,000
Exploration and evaluation assets	5	6,386,726	6,123,278
Total assets		\$ 6,932,891	\$ 6,441,582
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 636,853	\$ 690,748
Short-term loans payable	7	5,500	5,500
Total liabilities		642,353	696,248
Equity			
Capital stock	8, 9	17,786,640	16,452,029
Reserves	8	1,115,972	1,115,972
Deficit		(12,612,074)	(11,822,667)
Total equity		6,290,538	5,745,334
Total liabilities and equity		\$ 6,932,891	\$ 6,441,582

Nature and continuance of operations (Note 1)

Subsequent events (Note 13)

Approved and authorized on behalf of the Board on November 15, 2019:

<u>“Leon F. Anderson”</u> Leon F. Anderson	Director	<u>“Toby Mayo”</u> Toby Mayo	Director
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The accompanying notes are an integral part of these condensed interim consolidated financial statements.

FAR RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Note	For the three-month period ended September 30,		For the six-month period ended September 30,	
		2019	2018	2019	2018
EXPENSES					
Consulting	9	\$ (7,000)	\$ 65,760	\$ 198,000	\$ 208,109
Investor relations		52,589	159,242	86,072	192,996
Management fees	9	(2,500)	22,500	209,640	45,000
Office		25,518	2,876	61,216	26,692
Professional fees	9	32,183	64,541	70,832	107,377
Share-based payments	8,9	-	-	140,000	418,900
Transfer agent and filing fees		10,070	51,194	17,495	87,329
Travel		5,721	67,233	6,152	68,198
Loss before other items		(256,581)	(433,346)	(789,407)	(1,154,601)
OTHER ITEMS					
Foreign exchange gain (loss)	8,9	-	(7,376)	-	290
Gain on shares for debt	8	-	-	-	19,995
Unrealized loss on long-term investment	4	-	(4,000)	-	(15,000)
Loss and comprehensive loss for the year		\$ (256,581)	\$ (444,722)	\$ (789,407)	\$ (1,149,316)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		110,514,396	105,319,344	108,959,283	103,296,427

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

FAR RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30,

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year	\$	(789,407)	\$ (1,149,316)
Items not involving cash:			
Unrealized loss on long-term investment		-	15,000
Share-based payments		140,000	418,900
Loss on shares for debt		-	(19,995)
Changes in non-cash working capital items:			
GST receivable		62,615	(70,215)
Prepaid		(376,223)	79,348
Accounts payable and accrued liabilities		(53,895)	145,940
Net cash used in operating activities		<u>(1,016,910)</u>	<u>(580,338)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation acquisition costs		(125,000)	(161,261)
Exploration and evaluation expenditures		(63,448)	(1,263,678)
Government grant received		-	124,146
Net cash used in investing activities		<u>(188,448)</u>	<u>(1,300,793)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Private placements		300,000	-
Share issue costs		(5,996)	-
Short-term loan repayment		-	(100,000)
Exercise of warrants		-	235,667
Shares for debt		125,040	-
Share for services		700,567	-
Net cash provided by financing activities		<u>1,119,611</u>	<u>135,667</u>
Change in cash for the period		(85,747)	(1,745,464)
Cash, beginning of the period		<u>137,952</u>	<u>3,213,505</u>
Cash, end of period	\$	52,205	\$ 1,468,041
Cash paid during the period for interest	\$	-	\$ -
Cash paid during the period for taxes	\$	-	\$ -
Supplemental disclosures with respect to cash flow (Note 10)			

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

FAR RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Capital stock							
	Shares	Amount	Shares to be issued	Subscriptions advance (receivable)	Reserves	Deficit	Total equity	
Balance, April 1, 2018	101,295,498	\$ 15,708,768	\$ 210,000	\$ 14,500	\$ 4,222,522	\$ (13,588,593)	\$ 6,567,197	
Shares for exploration expenditures	234,000	210,000	-	-	-	-	-	
Acquisition of exploration and evaluation assets	732,143	125,000	(210,000)	-	-	-	125,000	
Shares for debt	139,453	29,005	-	-	-	-	29,005	
Exercise of options	50,000	31,089	-	14,750	(16,339)	-	-	
Exercise of warrants	1,759,445	235,667	-	-	-	-	235,667	
Share-based payments	-	-	-	-	418,900	-	418,900	
Loss for the period	-	-	-	-	-	(1,149,316)	(1,149,316)	
Balance, September 30, 2018	104,210,539	\$ 16,339,529	\$ -	\$ (250)	\$ 4,625,083	\$ (14,737,909)	\$ 6,226,453	
Balance, April 1, 2019	105,793,872	\$ 16,452,029	\$ -	\$ -	\$ 1,115,972	\$ (11,822,667)	\$ 5,745,334	
Acquisition of exploration and evaluation assets	1,500,000	75,000	-	-	-	-	75,000	
Shares for debt	2,500,800	125,040	-	-	-	-	125,040	
Shares for services	13,921,532	700,567	-	-	-	-	700,567	
Private placements	3,904,761	300,000	-	-	-	-	300,000	
Share issuance costs	-	(5,996)	-	-	-	-	(5,996)	
Share-based payments	2,800,000	140,000	-	-	-	-	140,000	
Loss for the period	-	-	-	-	-	(789,407)	(789,407)	
Balance, September 30, 2019	130,420,965	\$ 17,786,640	\$ -	\$ -	\$ 1,115,972	\$ (12,612,074)	\$ 6,290,538	

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

FAR RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

SEPTEMBER 30, 2019

1. NATURE AND CONTINUANCE OF OPERATIONS

Far Resources Ltd. (the "Company") is incorporated under the laws of the Province of British Columbia. The Company's head office is located at 550 – 800 West Pender Street, BC, V6C 2V6. The Company's registered and records office is located at Suite 650 – 1188 West Georgia Street, Vancouver, BC, V6E 4A2.

The Company is an exploration company focused on the identification and development of high potential mineral opportunities in stable jurisdictions.

Going concern of operations

These condensed interim consolidated financial statements have been 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 for the foreseeable future. As at September 30, 2019, the Company has had significant losses. In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares and short-term loans. The Company continues to seek capital through various means including the issuance of equity and/or debt. These circumstances cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2. BASIS OF PREPARATION**Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee (IFRICs). Accordingly, they do not include all of the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2019, which have been prepared in accordance with IFRS. The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

FAR RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

SEPTEMBER 30, 2019

2. BASIS OF PREPARATION (cont'd...)**Basis of consolidation**

The consolidated financial statements include the financial statements of Far Resources Ltd. and its subsidiary, Sierra Gold & Silver Ltd. and Sequoia Gold & Silver Ltd.

Name of Subsidiary	Country of Incorporation	Principal Activity	Proportion of Ownership Interest	
			2019	2018
Sierra Gold & Silver Ltd.	USA	Not active	100%	100%
Sequoia Gold & Silver Ltd.	Canada	Not active	100%	100%

All intercompany balances and transactions have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES**Use of estimates and judgments**

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- i) Determination of categories of financial assets and financial liabilities;
- ii) Assessment of any indicators of impairment of the carrying value of the Company's exploration and evaluation assets; and
- iii) The ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

Share-based payments

The fair value of share-based payments is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the time of initial grant.

FAR RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

SEPTEMBER 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements.

Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax assets and liabilities, and tax planning initiatives.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of the property are capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Exploration and evaluation assets are classified as intangible assets.

The Company enters into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

The Company accounts for mining tax credits on a cash basis and are applied as a reduction to capitalized exploration costs.

FAR RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Expressed in Canadian dollars)

SEPTEMBER 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Provision for environmental rehabilitation**

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

Decommissioning obligations:

The Company's activities may give rise to dismantling, decommissioning and site disturbance re-mediation activities. A provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's long-lived assets, including mineral property interests, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial instruments

The Company adopted IFRS 9 – Financial Instruments (“IFRS 9”) which replaced IAS 39 - Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of Embedded Derivatives. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9. The effect of initially applying these standards did not have a material impact on the Company's financial statements.

FAR RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

SEPTEMBER 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Financial instruments (cont'd...)**

The following table shows the original classification under IAS 39 and under the new classification of the Company's financial instruments under IFRS 9:

Financial assets/liabilities	Original classification (measurement) IAS39	New classification and measurement IFRS 9
Cash	Loans and receivables (amortized cost)	at amortized cost
Investments	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	at amortized cost
Short-term loans payable	Other financial liabilities (amortized cost)	at amortized cost

The accounting policies in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's annual financial statements except for the adoption of the following.

New Standards and Pronouncements***IFRS 16 Leases***

The Company adopted IFRS 16 – Leases ("IFRS 16"). On January 13, 2016, the IASB issued IFRS 16 *Leases* which requires lessees to recognize assets and liabilities for most leases. The standard is effective for financial years commencing after January 1, 2019. For lessors, there is little change to the existing accounting in IAS 17 *Leases*. The effect of initially applying these standards did not have a material impact on the Company's financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments

The Company adopted IFRIC 23, *Uncertainty over Income Tax Treatments*. The new standard clarifies the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The standard is effective for annual periods beginning on January 1, 2019. The effect of initially applying these standards did not have a material impact on the Company's financial statements.

FAR RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

SEPTEMBER 30, 2019

4. LONG-TERM INVESTMENT

	September 30, 2019			March 31, 2019		
	Number of shares	Cost	Fair value	Number of shares	Cost	Fair Value
Alchemist Mining Inc.	200,000	\$ 9,500	\$ 11,000	200,000	\$ 9,500	\$ 11,000

On August 20, 2014, the Company received 100,000 common shares of Alchemist Mining Inc. (“Alchemist”), a corporation of which the CEO is a family member of the Company’s former CEO, at a fair value of \$5,500 related to the Tchentlo Lake property (Note 5). Alchemist shares were initially valued at the trading price of \$0.055 per share.

On August 20, 2016, the Company received 100,000 common shares of Alchemist related to the amended Tchentlo Lake property (Note 5). These shares were initially valued at the trading price of \$0.04 per share.

The Company classified the Alchemist shares as an investment at fair value through profit or loss.

During the period ended September 30, 2019, there was no unrealized gain or loss on long-term investment (September 30, 2018 – loss of \$11,000) based on the market price of Alchemist shares at September 30, 2019 of \$0.055 (March 31, 2019 - \$0.055) per share.

FAR RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

SEPTEMBER 30, 2019

5. EXPLORATION AND EVALUATION ASSETS

During the six months ended September 30, 2019, the following exploration expenditures were incurred on the exploration and evaluation assets:

	Zoro I Property	Winston Property	Zoro North Property	Manitoba Lithium Property	Hidden Lake Property	Total
Acquisition costs						
Balance, March 31, 2019	\$ 920,000	\$ 740,317	\$ 150,000	\$ 344,444	\$ 275,000	\$ 2,429,761
Additions – cash	-	-	50,000	75,000	-	125,000
Additions – shares	-	-	-	75,000	-	75,000
Balance, September 30, 2019	920,000	740,317	200,000	494,444	275,000	2,629,761
Exploration costs						
Balance, March 31, 2019	2,029,530	16,476	1,052,920	-	594,591	3,693,517
Assay	248	-	743	-	-	991
Geological and consulting	50,292	3,697	4,763	-	455	59,207
Drilling	3,250	-	-	-	-	3,250
Balance, September 30, 2019	2,083,320	20,173	1,058,426	-	595,046	3,756,965
Total balance, September 30, 2019	\$ 3,003,320	\$ 760,490	\$ 1,258,426	\$ 494,444	\$ 870,046	\$ 6,386,726

FAR RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

SEPTEMBER 30, 2019

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

During the year ended March 31, 2019, the following exploration expenditures were incurred on the exploration and evaluation assets:

	Zoro I Property	Winston Property	Zoro North Property	Manitoba Lithium Property	Hidden Lake Property	Total
Acquisition costs						
Balance, March 31, 2018	\$ 920,000	\$ 679,891	\$ 50,000	\$ 194,444	\$ 275,000	\$ 2,119,335
Additions – cash	-	60,426	50,000	75,000	-	185,426
Additions – shares	-	-	50,000	75,000	-	125,000
Balance, March 31, 2019	920,000	740,317	150,000	344,444	275,000	2,429,761
Exploration costs						
Balance, March 31, 2018	1,802,703	16,476	-	-	17,168	1,836,347
Assay	6,514	-	19,542	-	36,618	62,674
Geological and consulting	110,618	-	331,853	-	189,152	631,623
Drilling	233,841	-	701,525	-	351,653	1,287,019
Cost recovery	(124,146)	-	-	-	-	(124,146)
Balance, March 31, 2019	2,029,530	16,476	1,052,920	-	594,591	3,693,517
Total balance, March 31, 2019	\$ 2,949,530	\$ 756,793	\$ 1,202,920	\$ 344,444	\$ 869,591	\$ 6,123,278

FAR RESOURCES LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

September 30, 2019

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Zoro I**

In April 2016, the Company entered into an agreement to option the Zoro I claim located in the Snow Lake area in Manitoba. During the year ended March 31, 2018, the Company earned a 100% interest in and to the Zoro I Claim upon meeting the following requirements:

- a) paid \$50,000 and issued 1,000,000 common shares (valued at \$95,000) in 2017, and
- b) issued 6,000,000 common shares (issued and valued at \$540,000) and \$100,000 in non-interest-bearing promissory notes that are repayable on May 10, 2018 (issued and repaid during the year ended March 31, 2019).

In addition, during the year ended March 31, 2017, the Company issued 1,000,000 common shares to an arm's length party at a fair value of \$135,000 as finder's fee on the Zoro I option agreement.

Winston Property

During the year ended March 31, 2015, the Company entered into an option agreement with Redline Minerals Inc., Redline Mining Corporation and Southwest Land & Exploration Inc. (collectively, the "Optionors") to acquire up to an 80% interest in the Winston Property consisting of the Little Granite claims and the Ivanhoe/Emporia claims located in Sierra County, New Mexico, U.S.A.

During the years ended March 31, 2016 and 2017, the Company amended the option agreement with the Optionors to acquire an initial 50% interest upon completion of the following:

- a) Cash payment of non-refundable deposits of \$35,000 (paid);
- b) Cash payments of \$81,250 (paid);
- c) Cash payment of \$13,750 on or before November 15, 2014 (paid);
- d) Share issuance of 300,000 common shares of the Company on January 15, 2015 (issued);
- e) Cash payments of \$120,000 as follows:
 - i) Cash payment of \$40,000 on or before February 28, 2016 (paid);
 - ii) Cash payment of \$40,000 on or before June 1, 2016 (paid);
 - iii) Cash payment of \$40,000 on or before June 1, 2017 (see below);
- f) Issuance of 2,500,000 common shares (1,500,000 shares issued) of the Company as follows:
 - i) Issue 500,000 common shares on or before October 17, 2014 (issued);
 - ii) Issue 500,000 common shares on or before October 17, 2015 (issued);
 - iii) Issue 500,000 common shares on or before October 17, 2016; (issued)
 - iv) Issue 500,000 common shares on or before October 17, 2017 (see below);
 - v) Issue 500,000 common shares on or before October 17, 2018 (see below); and
- g) Incurring exploration expenditures totaling \$300,000 due on or before October 17, 2017.

The agreement was also amended to include a further option to acquire up to an additional 30% (80% in total interest).

In exchange for the amendment of the option agreement, the Company issued 100,000 common shares at a fair value of \$3,000 on February 26, 2016.

During the year ended March 31, 2017, the Company made a \$25,000 cash payment to the original vendors of the Winston Property.

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(Unaudited – Prepared by Management)

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September 30, 2019

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Winston Property (cont'd...)**

During the year ended March 31, 2018, the Company's wholly owned subsidiary offered to acquire a 100% interest to the claims from the Optionors by completing the following:

- a) Cash payment of \$35,000 (paid);
- b) Issuance of 2,500,000 common shares of the Company (issued and valued at \$275,000); and
- c) Issuance of a \$50,000 non-interest-bearing promissory note which is repayable on August 24, 2017 (issued and repaid).

In accordance with the terms and condition of the underlying purchase agreement in order to complete the acquisition of the Little Granite claims, the Company is required to make the following payments:

- a) Cash payments of US \$12,000 on or before July 15, 2017 (paid)
- b) Cash payments of US \$6,000 on or before March 31, 2018 (paid);
- c) Cash payments of US \$12,000 on or before July 15, 2018 (paid);
- d) Cash payments of US \$12,000 on or before July 15, 2019 (US\$6,000 paid);
- e) Cash payments of US \$12,000 on or before July 15, 2020;
- f) Cash payments of US \$380,000 on or before October 15, 2020.

In accordance with the terms and condition of the underlying purchase agreement in order to complete the acquisition of the Ivanhoe/Emporia claims, the Company is required to pay the original owner of the claims the remaining purchase price of US\$361,375 (US\$28,000 paid). Before the remaining purchase price is paid in full, the Company is subject to a minimum monthly royalty payment based on monthly average silver price. The accrued minimum monthly royalty payments outstanding as of September 30, 2019 totals US\$178,625. The agreement also entitles the owner to a permanent production royalty of 2% of NSR.

Zoro North

In September 2017, the Company entered into an option agreement with Strider Resources Limited ("Strider") to acquire up to a 100% interest in the highly prospective ground contiguous with its Zoro 1 near Snow Lake, Manitoba (the "Option Agreement"). The Option Agreement sets the terms which the Company can acquire a 100% interest in the property subject to a 2% NSR (the "First Option") and further sets out how the Company can acquire an undivided fifty percent interest in the NSR, being one-half of the NSR or a 1% Net Smelter Return from Strider (the "Second Option").

The Company may exercise the First Option by making the following cash payments, common share issuances to Strider and incurring exploration expenditures:

- a) upon signing the Option Agreement, the Company will pay to Strider \$25,000 in cash (paid) and \$25,000 in shares (81,082 shares issued) of the Company based on average price;
- b) on or before September 20, 2018 the Company will pay to Strider \$50,000 in cash (paid) and \$50,000 in shares (357,143 shares issued) of the Company based on average price, and incur cumulative exploration expenditure of \$50,000 (incurred);
- c) on or before September 20, 2019 the Company will pay to Strider \$50,000 in cash (paid) and \$50,000 in shares (1,119,403 shares issued) of the Company based on average price, and incur cumulative exploration expenditure of \$100,000 (incurred);

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5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Zoro North (cont'd...)

- d) on or before September 20, 2020 the Company will pay to Strider \$50,000 in cash and \$50,000 in shares of the Company based on average price, and incur cumulative exploration expenditure of \$150,000 (incurred);
- e) on or before September 20, 2021 the Company will pay to Strider \$75,000 in cash and \$75,000 in shares of the Company based on average price, and incur cumulative exploration expenditure of \$200,000 (incurred); and
- f) on or before September 20, 2024, incur cumulative exploration expenditures of \$500,000 (incurred)

All shares issued under the Option Agreement will be subject to a four month and one day statutory hold period from the date of issuance.

Provided the Company has exercised the First Option, the Company may exercise the Second Option by making a \$1,000,000 cash payment to Strider, together with all accrued but unpaid NSR at the time, prior to the commencement of commercial production.

During the option period, the Company will be solely responsible for carrying out and administering exploration, development and mining work on the property and for maintaining the property in good standing.

Manitoba Lithium

In August 2016, the Company entered into an option agreement with Strider to acquire a 100% interest in and to all lithium-bearing pegmatite dykes on three contiguous claims in Manitoba (the "Property"). The Option agreement sets the terms which the Company can acquire a 100% interest in the property subject to a 2% NSR (the "First Option") and further sets out how the Company can acquire an undivided fifty percent interest in the NSR, being one-half of the NSR or a 1% Net Smelter Return from Strider (the "Second Option").

The Company may exercise the First Option by making the following cash payments and common share issuances to Strider:

- a) upon signing the Option Agreement the Company will pay to Strider \$50,000 in cash (paid) and \$50,000 in shares (555,556 shares issued) of the Company;
- b) on or before August 4, 2017, the Company will pay to Strider \$50,000 in cash (paid) and \$50,000 in shares (294,118 shares issued) of the Company based on average price;
- c) on or before August 4, 2018, the Company will pay to Strider \$75,000 in cash (paid) and \$75,000 in shares of the Company based on average price (375,000 shares issued); and
- d) on or before August 4, 2019, the Company will pay to Strider \$75,000 in cash (paid) and \$75,000 in shares of the Company based on average price (1,500,000 shares issued).

All shares issued under the Option Agreement will be subject to a four month and one day statutory hold period from the date of issuance.

Provided the Company has exercised the First Option, the Company may exercise the Second Option by making a \$1,000,000 cash payment to Strider, together with all accrued but unpaid NSR at the time, prior to the commencement of commercial production.

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Manitoba Lithium (cont'd...)

During the option period, the Company will be solely responsible for carrying out and administering exploration, development and mining work on the property and for maintaining the Property in good standing.

Hidden Lake

In January 2018, the Company entered into a binding letter agreement with 92 Resources Corp (“92 Resources”) to acquire up to 90% interest in the Hidden Lake Lithium Property, Northwest Territories.

Under the terms of the agreement, the Company can earn up to 90% interest in the property as follows:

- a) the consideration for the initial 60% interest:
 - i) cash payment of \$50,000 upon execution of the agreement (paid).
 - ii) issuance of 555,555 common shares (issued and valued at \$225,000) upon execution of the agreement.
 - iii) exploration expenditures of \$500,000 to be incurred by January 22, 2019 (incurred).
- b) the consideration for an additional 10% interest (70% total):
 - i) issuance of common shares with a fair market value of \$250,000 based on the average market price to a maximum of \$1.5 per share by January 22, 2019 (not issued as the Company decided not to add to its 60% interest as at December 31, 2018).
 - ii) additional exploration expenditures of \$500,000 to be incurred by January 22, 2020.
- c) the consideration for an additional 10% interest (80% total):
 - i) issuance of common shares with a fair market value of \$300,000 based on the average market price to a maximum of \$1.5 per share by January 22, 2020.
 - ii) additional exploration expenditures of \$600,000 to be incurred by January 22, 2021.
- d) the consideration for an additional 10% interest (90% total):
 - i) issuance of common shares with a fair market value of \$400,000 based on the average market price to a maximum of \$1.5 per share by January 22, 2021.
 - ii) additional exploration expenditures of \$700,000 to be incurred by January 22, 2022.

The Company has chosen not to accelerate the exercise of the option beyond the initial 60% interest. The Company may now opt to form a joint venture with 92 Resources on a 60:40 basis, the Company will be responsible for funding the initial \$1,000,000 in joint venture expenditures, after which costs are shares on a 60:40 basis.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables and accrued liabilities for the Company are broken down as follows:

	Note	September 30, 2019	March 31, 2019
Trade payables		\$ 460,445	\$ 380,671
Payroll and accrued liabilities		84,083	40,088
Due to related parties	9	92,325	269,989
Total		\$ 636,853	\$ 690,748

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7. SHORT-TERM LOANS PAYABLE

	Note	September 30, 2019	March 31, 2019
Loans payable on demand, with no interest and no fixed term		\$ 500	\$ 500
Loans payable on demand, with 10% interest per annum and no fixed term		5,000	5,000
		\$ 5,500	\$ 5,500

8. CAPITAL STOCK AND RESERVES**a) Authorized capital stock:**

As at September 30, 2019, the authorized capital stock of the Company was:

- Unlimited number of common shares without par value.
- All issued shares are fully paid.

b) Issued capital stock:

During the period ended September 30, 2019, the Company:

- issued 65,763 shares valued at \$7,778 to the CEO and other directors in lieu of cash payments.
- issued 3,904,761 common shares with a fair value of \$300,000 as a result of the completion of a private placement. Proceeds received net of share issue costs were \$294,004.
- issued 1,500,000 shares with a fair value of \$75,000 to Strider Resources Limited for payment as part of the Manitoba Lithium Option Agreement (see note 5).
- issued 16,655,769 shares valued at \$832,788 to related parties and non-related parties in lieu of cash payments.
- issued 2,500,800 shares with a fair value of \$125,040 to repay non-related party short-term loans.

During the year ended March 31, 2019, the Company:

- issued 139,453 shares valued at \$29,005 to settle \$49,000 of debt with related parties and non-related parties, recognizing a gain on shares for debt of \$19,995;
- issued 732,143 common shares with a fair value of \$125,000 for the acquisition of the Manitoba Lithium property and Zoro North property (Note 5);
- issued 234,000 common shares with a fair value of \$210,000 for exploration expenditures;
- issued 1,333,333 common shares with a fair value of \$100,000 as a result of the completion of a private placement;

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8. CAPITAL STOCK AND RESERVES (cont'd...)

b) Issued capital stock (cont'd...)

- issued 300,000 common shares valued at \$43,589 for options exercised; The weighted average trading price of the Company's shares on the date of the exercise was \$0.17.
- issued 1,759,445 common shares valued at \$235,667 for warrants exercised.

c) Stock options:

The Company follows the policies of the Canadian Securities Exchange under which it is authorized to grant options to executive officers and directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the policies, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the day before the date of grant. The options can be granted for a maximum term of ten years.

The options shall be subject to such vesting requirements, if any, as may be determined by the Board from time to time provided that options granted to consultants performing "investor relation activities" must vest in stages over 12 months with no more than ¼ of the options granted vesting in any six month period.

During the six months ended September 30, 2019, no stock options were granted or expired. During the period ended September 30, 2018, the Company granted 1,300,000 stock options with an estimated fair market value of \$418,900.

Stock option transactions for the period ended September 30, 2019 are summarized as follows:

Expiry Date	Exercise Price	Balance Mar 31, 2019	Granted	Exercised	Cancelled/ Expired	Balance September 30, 2019
November 16, 2020	\$0.050	100,000	-	-	-	100,000
May 18, 2021	\$0.130	250,000	-	-	-	250,000
June 27, 2021	\$0.100	250,000	-	-	-	250,000
October 17, 2021	\$0.050	250,000	-	-	-	250,000
February 6, 2022	\$0.110	500,000	-	-	-	500,000
January 17, 2024	\$0.120	9,000,000	-	-	-	9,000,000
Total		10,350,000	-	-	-	10,350,000
Weighted average exercise price						\$0.12
Weighted average remaining life (years)						4.00

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8. CAPITAL STOCK AND RESERVES (cont'd...)**c) Stock options (cont'd...)**

During the year ended March 31, 2019, the Company:

- granted 10,300,000 stock options to officers, directors and consultants of the Company with an estimated fair market value of \$1,397,308.
- cancelled 7,468,000 stock options, which resulted in reversal of \$4,487,519 to deficit.

Stock option transactions for the year ended March 31, 2019 are summarized as follows:

Expiry Date	Exercise Price	March 31, 2018	Granted	Exercised	Expired / Cancelled	March 31, 2019	Exercisable
November 16, 2020	\$0.05	350,000	-	(250,000)	-	100,000	100,000
May 18, 2021	\$0.13	250,000	-	-	-	250,000	250,000
June 27, 2021	\$0.10	250,000	-	-	-	250,000	250,000
October 17, 2021	\$0.05	250,000	-	-	-	250,000	250,000
February 6, 2022	\$0.11	500,000	-	-	-	500,000	500,000
October 10, 2022	\$0.295	1,798,000	-	-	(1,798,000)	-	-
October 18, 2022	\$0.295	120,000	-	(50,000)	(70,000)	-	-
November 16, 2022	\$0.540	100,000	-	-	(100,000)	-	-
November 17, 2022	\$0.540	100,000	-	-	(100,000)	-	-
November 22, 2022	\$0.550	100,000	-	-	(100,000)	-	-
November 28, 2022	\$0.990	1,500,000	-	-	(1,500,000)	-	-
January 3, 2023	\$0.790	250,000	-	-	(250,000)	-	-
January 12, 2023	\$0.900	1,750,000	-	-	(1,750,000)	-	-
February 7, 2023	\$0.590	250,000	-	-	(250,000)	-	-
February 16, 2023	\$0.560	250,000	-	-	(250,000)	-	-
May 7, 2023	\$0.325	-	1,300,000	-	(1,300,000)	-	-
January 17, 2024	\$0.120	-	9,000,000	-	-	9,000,000	9,000,000
Total		7,818,000	10,300,000	(300,000)	(7,468,000)	10,350,000	10,350,000

Weighted average exercise price

\$0.12

Weighted average remaining contractual life

4.50 years

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8. CAPITAL STOCK AND RESERVES (cont'd...)**d) Unit warrants:**

During the period ended September 30, 2019, the Company issued 952,381 (2018 – Nil) unit warrants in connection with private placement financings. Based on the residual method, no value was allocated to the unit warrants issued. A continuity of the unit warrants granted is as follows:

Expiry Date	Exercise Price	Balance March 31, 2019	Granted	Exercised	Cancelled/ Expired	Balance September 30, 2019
February 15, 2020	\$0.100	666,667	-	-	-	666,667
June 25, 2022	\$0.105	-	952,381	-	-	952,381
Total		666,667	952,381	-	-	1,619,047

Weighted average exercise price	\$0.10
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Weighted average remaining life (years)	1.77
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During the year ended March 31, 2019, the Company issued 666,667 (2018 – 2,195,501) unit warrants in connection with private placement financings. Based on the residual method, no value was allocated to the unit warrants issued. A continuity of the unit warrants granted is as follows:

Expiry Date	Exercise Price	March 31, 2018	Granted	Exercised	Expired / Cancelled	March 31, 2019
May 18, 2018	\$0.10	625,000	-	(550,000)	(75,000)	-
May 29, 2018	\$0.15	1,194,444	-	(1,194,444)	-	-
October 18, 2018	\$0.40	69,491	-	-	(69,491)	-
November 18, 2018	\$0.10	495,000	-	(15,000)	(480,000)	-
November 20, 2018	\$0.60	101,010	-	-	(101,000)	-
February 20, 2019	\$0.70	175,000	-	-	(175,000)	-
February 15, 2020	\$0.10	-	666,667	-	-	666,667
Total		2,659,945	666,667	(1,759,444)	(900,491)	666,667

Weighted average exercise price	\$0.10
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Weighted average remaining contractual life	0.88 years
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8. CAPITAL STOCK AND RESERVES (cont'd...)**e) Agent warrants:**

During the period ended September 30, 2019, the Company did not grant any agent warrants (2018 – Nil).

During the year ended March 31, 2019, the Company did not grant any agent warrants and 30,000 expired unexercised on November 18, 2018. A continuity of the agent warrants granted is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at March 31, 2018	30,000	\$0.10
Expired	(30,000)	\$0.10
Balance as at March 31, 2019, and September 30, 2019	-	-

f) Reserves:

Reserves comprise of share-based payment and warrant reserves.

9. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

Paid or accrued to:	Nature of transaction	For the periods ended	
		September 30, 2019	September 30, 2018
<u>Key management personnel:</u>			
Directors	Management fees	\$ 102,000	\$ 15,000
CEO	Management fees	96,000	30,000
CFO	Management fees	16,067	-
		214,067	45,000
CEO	Share-based payments	60,000	-
CFO	Share-based payments	50,000	-
		\$ 324,067	\$ 45,000
<u>Related party transactions:</u>			
Company owned by former CFO	Professional fees	-	30,000
Corporate Secretary	Consulting fees	3,000	-
Director	Consulting fees	90,000	-
		93,000	30,000
Corporate Secretary	Share-based payments	30,000	-
		\$ 123,000	\$ 30,000

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9. RELATED PARTY TRANSACTIONS (cont'd...)

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

		As at September 30, 2019		As at March 31, 2019
Due to the CEO	\$	19,238	\$	13,527
Due to the CFO		1,087		-
Due to directors of the Company		72,000		50,000
	\$	92,325	\$	63,527

During the period ended September 30, 2019, the Company:

- issued 10,307,700 shares valued at \$519,875 in lieu of cash payments for services provided by related parties.

During the year ended March 31, 2019, the Company:

- issued 18,840 shares valued at \$416 for settlement of debt with a related party of \$6,000, recognizing a gain on share for debt of \$5,584 (Note 8).

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the period ended September 30, 2019, significant non-cash investing and financing transactions included:

- a) issued 16,721,532 common shares with a fair value of \$840,567 for services.
- b) issued 1,500,000 common shares with a fair value of \$75,000 for the acquisition of exploration and evaluation assets.
- c) issued 2,500,800 shares with a fair value of \$125,040 to settle non-related party debts.
- d) included in accounts payable and accrued liabilities is \$302,186 related to exploration and evaluation assets.

During the period ended September 30, 2018, significant non-cash investing and financing transactions included:

- a) reallocated \$14,750 from subscription receivable to share capital;
- b) reallocated fair value of \$16,339 from reserves to share capital pursuant to the exercise of options;
- c) reallocated \$210,000 from shares to be issued to share capital related to exploration and evaluation expenditures; and
- d) included in accounts payable and accrued liabilities is \$540,340 related to exploration and evaluation assets.
- e) issued 732,143 common shares with a fair value of \$125,000 for the acquisition of exploration and evaluation assets.

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11. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	September 30, 2019	March 31, 2019
Exploration and evaluation assets		
Canada	\$ 5,626,236	\$ 5,366,485
United States	760,490	756,793
	\$ 6,386,726	\$ 6,123,278

12. FINANCIAL RISK MANAGEMENT**Capital management**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. 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 common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from fiscal year 2019.

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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 and 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 fair value of the Company's long-term investment constitutes a Level 1 fair value measurement.

The carrying value of cash, accounts payable and accrued liabilities, and short-term loans payable approximate their fair value because of the short-term nature of these instruments.

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12. FINANCIAL RISK MANAGEMENT (cont'd...)

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major Canadian financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had a cash balance of \$52,205 (March 31, 2019 – \$137,952) to settle current liabilities of \$642,353 (March 31, 2019 - \$696,248). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company plans to raise money from the equity market to settle its liabilities.

Market risk

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

a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's cash does not have significant exposure to interest rate risk.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities, and option agreement payments that are denominated in a foreign currency. There is a risk in the exchange rate of the Canadian dollar relative to the US dollar and a significant change in this rate could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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13. SUBSEQUENT EVENTS

Subsequent to the six months ended September 30, 2019, on October 03, 2019 the Company issued 1,119,403 shares, valued at \$50,000, to Strider Resources Limited for payment as part of the Zoro North Option Agreement (see note 5).