ETRUSCUS RESOURCES CORP.

Condensed Interim Financial Statements

June 30, 2019

(Expressed in Canadian Dollars)

ETRUSCUS RESOURCES CORP.

Index to Condensed Interim Financial Statements

For the three-month period ended June 30, 2019

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying condensed interim financial statements of Etruscus Resources Corp. (the "Company") are the responsibility of management.

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

The Company has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the condensed interim financial statements.

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

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

ETRUSCUS RESOURCES CORP.

Condensed Interim Statements of Financial Position

As at June 30, 2019

(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	June 30, 2019 (unaudited)	*March 31, 2019 (audited)*
ASSETS		
Current assets		
Cash and cash equivalents	**$ 998,046**	**$ 1,276,494**
Receivables *(Note 3)*	**24,221**	**16,662**
Retainers, deposits and prepaid expenses	**1,494**	**2,146**
Total current assets	**1,023,761**	**1,295,302**
Exploration and evaluation assets (*Note 4*)	**469,743**	**301,789**
Reclamation deposit	**20,000**	**20,000**
Equipment *(Note 5)*	**8,545**	**8,549**
Total assets	**$ 1,522,049**	**$ 1,625,640**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities *(Note 6)*	**$ 19,973**	**$ 20,864**
Due to related parties *(Note 8)*	**4,200**	**35,700**
Total current liabilities	**24,173**	**56,564**
EQUITY		
Share capital *(Note 7)*	**1,947,612**	**1,947,612**
Equity reserves	**430,585**	**430,585**
Deficit	**(880,321)**	**(809,121)**
Total equity	**1,497,876**	**1,569,076**
Total liabilities and equity	**$ 1,522,049**	**$ 1,625,640**

Nature and Continuance of Operations *(Note 1)*
Events After the Reporting Period (*Note 12*)

Approved and authorized on behalf of the Board on August 16, 2019.

Gordon Lam Director

Fiore Aliperti Director

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

ETRUSCUS RESOURCES CORP.

Condensed Interim Statements of Operations and Comprehensive Loss

For the three-month period ended June 30, 2019

(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Three months ended June 30, 2019	*Three months ended June 30, 2018*
Operating Expenses:		
Advertising, marketing, promotion	**$ 2,090**	$ 216
Consulting fees (*Note 8*)	**62,000**	60,000
Depreciation (*Note 5*)	**1,064**	-
Office and general	**5,674**	1,170
Professional fees	**-**	20,405
Regulatory and transfer agent fees	**2,251**	7,735
Rent	**4,701**	-
Total operating expenses	**(77,780)**	(89,526)
Net interest income	**6,580**	1,516
Loss and comprehensive loss for the period	**$ (71,200)**	$ (88,010)
Basic and diluted loss per common share	**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding:		
Basic and diluted	**19,394,001**	17,174,704

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

ETRUSCUS RESOURCES CORP.

Condensed Interim Statements of Changes in Equity

For the three-month period ended June 30, 2019

(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Share Capital				
	Number of Shares	*Amount*	*Equity Reserves*	*Deficit*	*Total*
Balance at March 31, 2018	**13,800,001**	**$ 535,000**	$ -	**$ (61,036)**	**$ 473,964**
Shares issued for cash	5,218,000	1,304,500	-	-	1,304,500
Share issuance costs	-	(888)	-	-	(888)
Loss for the period	-	-	-	(88,010)	(88,010)
Balance at June 30, 2018	**19,018,001**	**$ 1,838,612**	**$ -**	**$ (149,046)**	**$1,689,566**
Shares issued for cash	300,000	75,000	-	-	75,000
Shares rescinded	(224,000)	(41,000)	-	-	(41,000)
Shares issued for property	300,000	75,000	-	-	75,000
Share based compensation	-	-	430,585	-	430,585
Loss for the period	-	-	-	(660,075)	(660,075)
Balance at March 31, 2019	**19,394,001**	**$ 1,947,612**	**$ 430,585**	**$ (809,121)**	**$1,569,076**
Loss for the period	-	-	-	(71,200)	(71,200)
Balance at June 30, 2019	**19,394,001**	**$ 1,947,612**	**$ 430,585**	**$ (880,321)**	**$ 1,497,876**

ETRUSCUS RESOURCES CORP.

Condensed Interim Statements of Cash Flows

For the three-month period ended June 30, 2019

(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Three months ended June 30, 2019	*Three months ended June 30, 2018*
Cash flows used in operating activities		
Loss for the period	**$ (71,200)**	$ (88,010)
Add-back non-cash items:		
Depreciation	**1,064**	-
Changes in non-cash working capital items:		
Receivables	**(7,559)**	(1,601)
Retainers, deposits and prepaid expenses	**652**	-
Accounts payable and accrued liabilities	**(6,891)**	(16,449)
Due to related parties	**(35,700)**	(18,375)
Net cash used in operating activities	**(119,634)**	(124,435)
Cash flows used in investing activities		
Investment in exploration and evaluation assets	**(157,754)**	(3,775)
Purchase of equipment	**(1,060)**	(3,371)
Net cash used in investing activities	**(158,814)**	(7,146)
Cash flows provided (used in) financing activities		
Shares issued for cash	**-**	1,304,500
Share issuance costs	**-**	(888)
Net cash provided by financing activities	**-**	1,303,612
Change in cash and cash equivalents during the period	**(278,448)**	1,172,031
Cash and cash equivalents, beginning of period	**1,276,494**	383,311
Cash and cash equivalents, end of period	**$ 998,046**	$ 1,555,342

Cash and cash equivalents consist of:		
Cash	**$ 98,046**	$ 1,555,342
Guaranteed investment certificates	**900,000**	-
Total	**$ 998,046**	$ 1,555,342

Supplemental Disclosure with Respect to Cash Flows *(Note 11)*

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Etruscus Resources Corp. ("the Company") was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017. The Company's registered office is located at Suite 1780 – 400 Burrard Street, Vancouver, British Columbia, Canada, V6C 3A6. The Company's common shares were listed for trading on the Canadian Securities Exchange ("CSE") on January 15, 2019 (the "Listing Date").

The Company is engaged in the exploration of mineral properties and has not yet determined whether any of its properties contain economically recoverable reserves. To date, the Company has not earned any operating revenues and is in the exploration stage. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company has incurred net operating losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and to ultimately develop profitable operations.

Since incorporation on July 1, 2017, the Company has raised equity financing from investors and expects these funds to provide for its early stage exploration and working capital needs for the next twelve months. Additional fundraising may involve further private placements, convertible debentures, third party earn-ins or joint ventures using debt or equity financing structures, to ensure the continuation of the Company's operations. To the extent future financing is not available, future working capital commitments may not be satisfied and future exploration programs may face curtailment and could result in a loss of property ownership or earning opportunities for the Company.

There can be no assurance that the Company will be able to raise the funds necessary to continue future operations beyond 2019. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. These condensed interim 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.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements.

Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and are presented in Canadian dollars which is the financial currency of the Company.

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

These condensed interim financial statements should be read in conjunction with the Company's annual financial statements and notes thereto for the year ended March 31, 2019. These condensed interim financial statements do not include all disclosures required in annual financial statements but rather they follow recommendations for condensed interim financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements follow the same accounting policies and methods of their application as those followed in the March 31, 2019 annual financial statements, except for the following policy that was adopted by the Company on April 1, 2019:

New accounting standard: IFRS 16 – Leases

This new standard on leases supersedes IAS 17, *Leases*, and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for fiscal years beginning on or after January 1, 2019 and was therefore adopted by the Company as at April 1, 2019. Its purpose is to report information that faithfully represents lease transactions and provides financial statement users with a base to assess the amount, timing, and uncertainties of cash flows arising from leases. The main effect of IFRS 16 is the introduction of a single lessee accounting model requiring a lessee to recognize assets and liabilities for almost all leases, effectively eliminating the off-balance sheet treatment of many leases that were historically classified as operating leases.

Under IFRS 16, recognized assets are referred to as Right-of-use ("ROU") assets, which are then depreciated. A lease liability is recognized upon adoption representing the present value of the net remaining lease payments, discounted at an interest rate otherwise required if the asset was acquired through a financing arrangement, using the effective interest method. Lease expenses which used to be recorded as operating expenses will now be accounted for as interest expense, depreciation, and operating expenses. Lease liability is subsequently reduced by the lease payments made and increased by the interest cost on the liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standard: IFRS 16 – Leases (continued)

At inception, the Company assesses whether a contract is or contains a lease. The assessment involves the exercise of judgment about whether the lease depends on a specified asset, whether the Company obtains substantially all the economic benefits for the use of that asset during the lease term, and whether the Company has the right to direct the use of the asset. If the lease contains an extension option that the Company considers reasonably certain to be exercised, the term of lease for the purpose of adopting IFRS 16 becomes the base lease plus the renewal option, including any associated costs. If the lease includes a purchase option, the cost of the purchase is included in the calculation of lease payments. Lease payments may be structured to include fixed and variable components, and only non-index linked variable payments are excluded from IFRS 16, which would be accounted for on an expense-as-incurred basis.

Once the leases and their costs and terms are identified, the Company recognizes a ROU asset and a lease liability at the commencement of the lease. ROU assets are included in Property and equipment, and the lease liability is included in current and non-current lease liability. The ROU assets are initially measured based on the present value of the lease payments not yet made at the date of adoption, plus initial direct costs and obligations to refurbish the asset, less any incentives received. The ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU assets are subject to testing for impairment if there is an indicator for impairment.

In applying IFRS 16 for the first time, the Company considered the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with similar characteristics;
- accounting for operating leases than have remaining terms of less than 12 months as at April 1, 2019;
- the exclusion of low-value leases;
- the use of hindsight to determine lease terms where contractual rights exist to extend or terminate; and
- the exclusion of initial direct costs in the measurement of ROU assets at the date of adoption.

Accordingly, the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months. The Company has also elected, for certain low-value assets, to treat them as operating leases and to expense as incurred. The payments for such short-term and low-value leases are recognized in the statement of operations and comprehensive loss on a straight-line basis over the lease term.

The only lease the Company has under contract is its office lease, which terminates December 31, 2019 and does not have an option to renew. As the term is less than 12 months, the use of the practical expedient to account for short term leases as operating expenses means that the adoption of IFRS 16 did not result in the recognition of a ROU or a lease liability as at April 1, 2019, and there is no financial impact to the Company's financial statements.

Use of judgements and estimates

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of judgements and estimates (continued)

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements for the year ended March 31, 2019, except for the new significant judgements related to lessee accounting under IFRS 16 as described in the following paragraph:

The significant judgements, estimates and assumptions made by management in the preparation of these and future financial statements, specifically as they relate to IFRS 16 - Leases, primarily include evaluating the appropriate discount rate to use to discount the lease liability, the determination of the lease term when the lease contains an extension option, and assessing if the Company is reasonably certain that it would exercise an extension option. Significant judgements, estimates and assumptions regarding these factors affect the present value of the lease liabilities recognized, as well as the associated value of the right-of-use assets.

3. RECEIVABLES

	June 30, 2019	*March 31, 2019*
Recoverable sales taxes	$ 9,717	$ 6,226
Interest	14,504	10,436
Total receivables	$ 24,221	$ 16,662

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS – Mineral Properties

	Rock & Roll Property	*Sugar Property*	*Total*
Balance, March 31, 2018	$ 135,750	$ -	$ 135,750
Additions:			
Acquisition costs	91,630	-	91,630
Accommodation and camp costs	2,331	-	2,331
Archaeological surveying	16,158	-	16,158
Community relations	20,779	-	20,779
Geological and geophysical consulting	31,460	-	31,460
Helicopters and aircraft support	3,181	-	3,181
Licenses, claim fees and permits	500	-	500
Balance, March 31, 2019	$ 301,789	$ -	$ 301,789
Additions:			
Acquisition costs	18,299	7,889	26,188
Accommodation and camp costs	35,256	-	35,256
Assays and laboratory analysis	1,949	-	1,949
Community relations	381	-	381
Field expenses	2,277	-	2,277
Geological and geophysical consulting	52,155	-	52,155
Helicopters and aircraft support	49,221	-	49,221
Licenses, claim fees and permits	527	-	527
Balance, June 30, 2019	$ 461,854	$ 7,889	$ 469,743

Rock & Roll Property Liard Mining Division, Northwest British Columbia, Canada

The Rock & Roll Property (the "Property") consists of thirty-three (33) contiguous mineral claims totaling 14,226 hectares ("Ha") situated in the Liard Mining Division of British Columbia, in the Iskut River valley of the Coast Mountains in northwestern British Columbia.

On March 1, 2018, the Company entered into an agreement with Equity Exploration Consultants Ltd. ("Equity") to acquire 14 contiguous claims totaling 4,723 Ha for $50,000 cash (paid) and 800,000 common shares of the Company at a value of $0.10 per share (issued), for a total acquisition cost of $130,000. The Property is subject to a 2% net smelter return ("NSR") royalty, held by a group of six parties. The Company received an option to purchase one-half of the 2% NSR (the "NSR Buyout Option") for a future payment of $2,000,000 to the royalty holders within 30 days of the commencement of commercial production or December 31, 2030, whichever comes earlier. The NSR Buyout Option was granted by the issuance of 300,000 shares to the royalty holders within three days of the Listing Date, issued at a fair value of $0.25 per share for a total fair value of $75,000.

4. EXPLORATION AND EVALUATION ASSETS – Mineral Properties (continued)

Following the acquisition of the initial claims purchased from Equity, up to the end of the fiscal year ended March 31, 2019, the Company staked 19 contiguous mineral claims totaling 9,503 Ha at a cost of $16,630. During the current fiscal period (Q1 2020) the Company staked a further 5 contiguous claims totaling 7,110 Ha at a cost of $18,299. As at June 30, 2019 the Property consists of 38 mineral claims totaling 21,336 Ha.

Equity has notified the Company that there may be unregistered royalties on the Property in favour of Prime Equities International Corporation. To the Company's best information and belief, such royalties (i) are not evidenced by any completed legal instrument and (ii) have not been the subject of any notice or claim to Equity asserting such royalties. The Company has agreed to indemnify Equity against all costs, charges, and expenses, including any amount paid to settle a threatened or an actual action or to satisfy a judgment, reasonably incurred by Equity in the event that such possible royalties are validated as existing legal obligations binding on the Property.

Sugar Property - Liard Mining Division, Northwest British Columbia, Canada

During the current period, the Company staked 10 contiguous mineral claims totaling 4,508 Ha at a cost of $7,889. The group of claims is known as the Sugar Property ("Sugar"), located approximately 7 km northwest of the Company's Rock and Roll Property and 25 km southwest of the Galore Creek deposit.

Past mapping on the property has outlined multiple Texas Creek intrusive units that are commonly associated with important copper and/or gold deposits within the Golden Triangle including Galore Creek, KSM copper-gold deposit and Pretium's Brucejack (Valley of the Kings) gold deposit.

Sugar includes several types of copper and copper/zinc occurrences which are mainly associated with skarns and/or quartz veins/stockworks. A 4 km long mineralized skarn, a nearby, copper-bearing quartz vein stockworks and a prominent gossan have been located on Sugar. No drilling has been done yet on Sugar, but historic rock samples have returned numerous results greater than 1% copper and 5% Zinc. All of the available data is being incorporated into a detailed GIS compilation in order to assess the potential and guide further work on Sugar.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral properties, and, to the best of its knowledge, titles are in good standing.

ETRUSCUS RESOURCES CORP.

Notes to the Condensed Interim Financial Statements

For the three-month period ended June 30, 2019

(Expressed in Canadian Dollars)

5. EQUIPMENT

	Computers and software	*Furniture and fixtures*	Total
Cost			
Balance, March 31, 2018	$ -	$ -	$ -
Additions	3,878	7,349	11,227
Balance, March 31, 2019	3,878	7,349	$ 11,227
Additions	1,060	-	1,060
Balance, June 30, 2019	$ 4,938	$ 7,349	$ 12,287
Accumulated depreciation			
Balance, March 31, 2018	$ -	$ -	$ -
Depreciation	1,392	1,286	2,678
Balance, March 31, 2019	1,392	1,286	$ 2,678
Depreciation	513	551	2,678
Balance, June 30, 2019	$ 1,905	$ 1,837	$ 2,678
Net book value - March 31, 2019	$ 2,486	$ 6,063	$ 8,549
Net book value – June 30, 2019	**$ 3,033**	**$ 5,512**	**$ 8,545**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are comprised as follows:

	June 30, 2019	*March 31, 2019*
Accounts payable	$ 7,973	$ 8,864
Accrued liabilities	12,000	12,000
	$ 19,973	$ 20,864

7. SHARE CAPITAL

Authorized: Unlimited number of common shares, without par value.

Issued: 19,394,001 common shares (March 31, 2019 – 19,394,001 common shares), of which 9,000,000 shares are held in escrow and are releasable over a 3-year period after the Listing Date. The release schedule of the escrow shares was 1,000,001 on the Listing Date, and 1,500,000 every 6 months thereafter.

7. SHARE CAPITAL (continued)

Transactions for the period ended June 30, 2019:

The Company did not have any equity transactions during the current period.

Transactions for the year ended March 31, 2019:

a) On May 10, 2018, the Company completed a two-tranche private placement consisting of 5,218,000 units at a price of $0.25 per unit. Each unit consists of one common share and one-half of one non-transferrable share purchase warrant. Each full warrant, of which there are 2,609,000, is exercisable into one further common share at a price of $0.50 per share for a period of two years. The first tranche closed on April 30, 2018 raising $1,024,500 by issuing 4,098,000 units, and the second tranche closed on May 10, 2018 raising $280,000 by issuing 1,120,000 units. There was no value attributed to the warrants under the residual value method. Share issuance costs of $888 were incurred on this private placement.

b) On December 12, 2018, 100,000 common shares (issued at $0.10 per share on March 7, 2018) were rescinded and returned to treasury, as were 104,000 common shares (issued at $0.25 per unit on April 30, 2018), and a further 20,000 common shares (issued at $0.25 per unit on May 10, 2018). The respective 62,000 warrants issued concurrently with the 124,000 rescinded common shares, previously issued at $0.25 per unit, were also rescinded.

c) On December 27, 2018, the Company completed a private placement of $75,000 consisting of 300,000 units at a price of $0.25 per unit. Each unit consists of one common share and one-half of one non-transferrable share purchase warrant. Each of the 150,000 full warrants is exercisable into one further common share at a price of $0.50 per share for a period of two years. There was no value attributed to the warrants under the residual value method. No share issuance costs were incurred on this private placement.

d) The Company's common shares were listed to trade on the CSE under the symbol "ETR" on January 15, 2019. On that date 1,000,000 common shares released from escrow, leaving 9,000,001 common shares escrowed.

e) To receive the NSR Buyout Option, the Company issued 300,000 common shares to the royalty holders within three days of the Listing Date, at a deemed price of $0.25 per share. The exercise of the NSR Buyout Option will require a payment of $2,000,000 to the royalty holders within 30 days of the commencement of commercial production or December 31, 2030, whichever comes earlier.

Stock options:

The Company, at the time of incorporation, adopted a 10% Rolling Stock Option Plan (“SOP”) under which the Company is authorized to grant stock options to executive officers and directors, employees and consultants. The exercise price of each stock option equals the market price of the Company's stock as calculated on the date of grant. The options vest upon grant. The fair value of the options will be determined and recorded on grant pursuant to the Black-Scholes option pricing model as a credit to equity reserves. The following options transactions are summarized below:

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock options: (continued)

On January 15, 2019, the Company granted 1,500,000 stock options to directors, officers and consultants, exercisable at $0.25 per share for a period of five years. The options vested upon grant.

On January 21, 2019, the Company granted a total of 335,000 stock options to an officer and two consultants, exercisable at $0.25 per share for a period of five years. The options vested upon grant.

On March 15, 2019, the Company granted 50,000 stock options to an adviser, exercisable at $0.28 per share for a period of five years. The options vested upon grant.

During the year ended March 31, 2019 the Company recognized $430,585 in share-based payments from the three stock option grants described above, based on the following weighted average assumptions:

	2019
Weighted average assumptions:	
Risk-free interest rate	1.61% - 1.93%
Expected dividend yield	-
Expected option life (years)	5
Expected Stock price volatility	150%
Weighted average fair value at grant date	$0.255 - $0.288
Expected forfeiture rate	-

Schedule of changes in stock options:	Number of options	Weighted average exercise price
Balance at March 31, 2018	-	$ -
Options granted	1,885,000	0.25
Options exercised	-	
Balance at March 31, 2019 and June 30, 2019	1,885,000	$ 0.25

As at June 30, 2019, the following stock options are outstanding and exercisable:

Expiry Date	Number of Options	Exercise Price ($)	Weighted average remaining contractual life (years)
January 15, 2024	1,500,000	0.25	4.55
January 21, 2024	335,000	0.25	4.56
March 15, 2024	50,000	0.28	4.71
Total outstanding options	1,885,000		4.56

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Warrants:

Through certain unit offerings that completed, the Company has issued warrants in addition to shares. Warrant transactions are summarized as follows:

Schedule of changes in warrants:	Number of warrants	Weighted average exercise price
Balance at March 31, 2018	-	$ -
Warrants issued	2,759,000	0.50
Warrants rescinded	(62,000)	0.50
Balance at March 31, 2019 and June 30, 2019	2,697,000	$ 0.50

As at June 30, 2019, the following warrants are outstanding:

Expiry Date	Number of Warrants outstanding	Exercise Price ($)	Weighted average remaining contractual life (years)
April 30, 2020	1,997,000	0.50	0.84
May 10, 2020	550,000	0.50	0.86
December 27, 2020	150,000	0.50	1.47
Total	2,697,000		0.88

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

The following related parties for the periods presented include directors and key management personnel, including those entities in which such individuals may hold positions that result in them having control or significant influence over the financial or operation policies of these entities:

a) Hatch 8 Consulting is a company controlled by the current Chief Executive Officer and director of the Company, and provides consulting services to the Company;

b) Lever Capital Corp. is a company owned by the Chief Financial Officer and provides consulting services to the Company;

c) The Company's Corporate Secretary provides general administrative services, bookkeeping and corporate secretarial services to the Company;

d) Avanti Consulting Inc. is a company controlled by a director who acts as Chairman of the Board, and provides consulting services to the Company; and

e) DRW Geological Consultants Ltd. is a company that is controlled by the Company's Vice-President of Exploration and which provides the Company with geological consulting services, the amounts of which are capitalized under exploration and evaluation assets.

The aggregate value of fee-based transactions and outstanding balances relating to the above noted related parties are as follows:

		Transactions for the period ended June 30, 2019	Transactions for the year ended March 31, 2019	**Balance payable as at June 30, 2019**	Balance payable as at March 31, 2019
Hatch 8 Consulting	**(a)**	**$ 22,500**	**$ 67,500**	**$ -**	**$ 7,875**
Lever Capital Corp.	**(b)**	**7,500**	**30,000**	**-**	**7,875**
Sameen Oates	**(c)**	**7,500**	**30,000**	**-**	**7,875**
Avanti Consulting Inc.	**(d)**	**7,500**	**30,000**	**-**	**7,875**
DRW Geological Consultants Ltd.	**(e)**	**12,000**	**8,000**	**4,200**	**4,200**
Total		**$ 57,000**	**$ 165,500**	**$ 4,200**	**$ 35,700**

For the period ended June 30, 2019, there were no stock option grants to officers and directors, During the year ended March 31, 2019, the Company granted 1,200,000 stock options to directors and officers with a fair value at grant date of $319,200.

In May and June 2019, exploration costs of $75,998 incurred on the Property were paid on behalf of the Company by Metallis Resources Inc. ("MTS"), a public company related by two common directors and a common CFO. All amounts were fully repaid to MTS by the Company during the period ended June 30, 2019. The Company utilized MTS's contractual relationships and exploration subcontractors to execute an early-season field program on the Property. There were no transactions with MTS during the year ended March 31, 2019.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments consist of financial assets and financial liabilities and are accounted for under *IFRS 9 – Financial Instruments*. Financial instruments are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
ii) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company has implemented the following classifications for financial instruments:

• The Company's financial assets are cash and cash equivalents, interest receivable and reclamation deposit. Cash and cash equivalents and reclamation deposit are classified as fair value through profit or loss and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur. Interest receivable is classified as amortized cost. The fair values of these financial instruments approximate their carrying values due to their short-term maturities.

• Financial liabilities comprise accounts payable and due to related parties. These financial liabilities are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method, except for certain financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. Interest expense is recorded in profit or loss, as applicable.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

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 profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values, as follows:

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, with fair value measurement derived from valuation techniques.

The fair values of cash and cash equivalents are measured at fair value on a recurring basis based on Level 1 inputs of the fair value hierarchy and reclamation deposit is measured at fair value based on Level 2 inputs.

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

Credit Risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Company is normally exposed to credit risk through its cash and cash equivalents and receivables. The Company manages credit risk associated with its cash and cash equivalents by using reputable financial institutions, from which management believes the risk to be remote. Receivables consist primarily of recoverable Canadian sales taxes and accrued interest on short-term money market investments for which management believes the collectability of these amounts to be assured.

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 June 30, 2019, the Company has cash and cash equivalents of $998,046 to settle liabilities of $24,173. Management believes that the Company has sufficient liquidity for its 2019 exploration and working capital requirements but will require additional financing beyond the ensuing year.

The Company has relied on equity financings to satisfy its capital requirements and will continue to depend upon equity capital as required. The Company may also enter into earn-in arrangements or the sale of certain property interests. There can be no assurance the Company will be able to obtain its future planned financings on acceptable terms. The ability of the Company to continue on this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The Company is not exposed to material risk in the event of interest rate fluctuations. The Company has no long-term debt and has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations, nor are current interest rates onerous.

Foreign currency risk

The Company's functional currency is the Canadian dollar and an immaterial amount of transactions are in other currencies. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

10. CAPITAL MANAGEMENT

Capital is comprised of shareholders' equity. The Company's objectives when managing capital are to fund critical exploration work, meet its on-going liabilities, continue as a going concern, maintain creditworthiness and to ultimately maximize returns for shareholders over the long term. Meeting current and future liabilities and obligations as a non-revenue early stage explorer requires mid-term planning with respect to financing, by considering current and future cash needs with the state of Company's internal, exploration and financing risks at any particular time. The Company endeavors to maintain capital balances over the periods to alleviate unexpected cash flow shortfalls. The capital for operations and the acquisition and exploration of exploration and evaluation assets has come from the issuance of common shares and in that regard the Company has an objective to minimize shareholder dilution with respect to its future equity financings. To date, the proceeds raised from the Company's initial financings have facilitated the acquisition of a property of merit, funded the costs of going public, and will fund both the initial 2019 exploration season and the Company's working capital needs for the ensuing 12 months. The Company is not subject to externally imposed capital requirements.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the period ended June 30, 2019 were as follows:

a) As at June 30, 2019, $4,000 and $6,000 capitalized to exploration and evaluation assets is included in amounts due to related parties and accounts payable and accrued liabilities, respectively.

The significant non-cash investing and financing transactions during the year ended March 31, 2019 were as follows:

b) Within three days of the Listing Date, 300,000 common shares were issued to the royalty holders with an estimated fair value of $75,000; the issuance of the shares was a prerequisite to receive the NSR Buyout Option which is an option to purchase 1/2 of the 2% royalty at a cost of $2,000,000 within 30 days of the commencement of production or December 31, 2030, whichever comes earlier; and

c) As at March 31, 2019, $4,000 capitalized to exploration and evaluation assets is included in amounts due to related parties.

12. EVENTS AFTER THE REPORTING PERIOD

The Company moved its office to #604 – 850 West Hastings St., Vancouver, BC, V6C 1E1, under a three-year sublease at a monthly fixed lease payment of $1,688.

On July 15, 2019, 1,500,000 common shares were released from escrow.

The Company staked one further mineral claim contiguous to the Property. The new claim totals 620 Ha.