ETRUSCUS RESOURCES CORP.

Financial Statements

For the years ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Etruscus Resources Corp.

Opinion

We have audited the financial statements of Etruscus Resources Corp. (the "Company") which comprise the statements of financial position as at March 31, 2020 and 2019, and the statements operations and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Michael Ryan Ayre.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
July 9, 2020

ETRUSCUS RESOURCES CORP.

Statements of Financial Position
As at March 31, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	*2019*
ASSETS		
Current assets		
Cash and cash equivalents	$ 45,961	$ 1,276,494
Receivables *(Note 3)*	47,667	16,662
BCMETC receivable (*Note 4*)	270,908	-
Retainers, deposits and prepaid expenses	4,018	2,146
Total current assets	368,554	1,295,302
Exploration and evaluation assets (*Note 4*)	1,426,231	301,789
Reclamation deposit	20,000	20,000
Property and Equipment *(Note 5)*	52,067	8,549
Total assets	$ 1,866,852	$ 1,625,640
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities *(Note 6)*	$ 67,918	$ 20,864
Due to related parties *(Note 8)*	55,784	35,700
Lease liability *(Note 6)*	17,676	-
Flow-through share premium liability *(Note 7(a)(ii))*	23,699	-
Total current liabilities	165,077	56,564
Lease liability *(Note 6)*	24,172	-
Total liabilities	189,249	56,564
EQUITY		
Share capital *(Note 7)*	2,404,152	1,947,612
Equity reserves	438,089	430,585
Deficit	(1,164,638)	(809,121)
Total equity	1,677,603	1,569,076
Total liabilities and equity	$ 1,866,852	$ 1,625,640

Nature of Operations and Going Concern *(Note 1)*
Events After the Reporting Period (*Note 13*)

Approved and authorized on behalf of the Board on July 9, 2020.

Gordon Lam Director

Fiore Aliperti Director

ETRUSCUS RESOURCES CORP.

Statements of Operations and Comprehensive Loss

For the years ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

	2020	*2019*
Operating Expenses:		
Advertising, marketing, promotion	$ 47,302	$ 3,222
Consulting fees (*Note 8*)	212,009	204,000
Depreciation (*Note 5*)	19,958	2,678
Office and general	20,378	10,010
Professional fees	21,502	78,975
Regulatory and transfer agent fees	17,316	29,284
Rent	16,106	10,889
Share-based compensation (*Note 7*)	7,504	430,585
Travel	5,388	-
Total operating expenses	(367,463)	(769,643)
Interest income	10,506	21,558
Amortization of discount	(2,826)	-
Other income from settlement of flow-through share premium liability	4,266	-
Loss and comprehensive loss for the year	$ (355,517)	$ (748,085)
Basic and diluted loss per common share	$ (0.02)	$ (0.04)
Weighted average number of common shares outstanding:		
Basic and diluted	19,871,808	18,630,450

The accompanying notes are an integral part of these financial statements

ETRUSCUS RESOURCES CORP.

Statements of Changes in Equity

For the years ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

	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- private placements	5,518,000	1,379,500	-	-	1,379,500
Shares rescinded	(224,000)	(41,000)	-	-	(41,000)
Share issuance costs	-	(888)	-	-	(888)
Shares issued for property	300,000	75,000	-	-	75,000
Share-based compensation	-	-	430,585	-	430,585
Loss for the year	-	-	-	(748,085)	(233,332)
Balance at March 31, 2019	**19,394,001**	**$ 1,947,612**	**$ 430,585**	**$ (809,121)**	**$ 1,569,076**
Shares issued for cash- private placement	1,834,500	486,590	-	-	486,590
Share issuance costs	-	(2,085)	-	-	(2,085)
Flow-through share premium liability	-	(27,965)	-	-	(27,965)
Share-based compensation	-	-	7,504		7,504
Loss for the year	-	-	-	(355,517)	(355,517)
Balance at March 31, 2020	**21,228,501**	**$ 2,404,152**	**$ 438,089**	**$ (1,164,638)**	**$ 1,677,603**

The accompanying notes are an integral part of these financial statements

ETRUSCUS RESOURCES CORP.

Statements of Cash Flows
For the years ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

	2020	*2019*
Cash flows provided by (used in) operating activities		
Loss for the year	**$ (355,517)**	$ (748,085)
Add-back non-cash items:		
Depreciation	**19,958**	2,678
Share-based compensation	**7,504**	430,585
Amortization of lease liability discount	**2,826**	-
Other income from settlement of flow-through share premium liability	**(4,266)**	-
Changes in non-cash working capital items:		
Receivables	**(31,005)**	(14,249)
Retainers, deposits and prepaid expenses	**(1,872)**	(2,146)
Accounts payable and accrued liabilities	**12,834**	(8,271)
Due to related parties	**7,054**	13,375
Net cash used in operating activities	**(342,484)**	(326,363)
Cash flows used in investing activities		
Investment in exploration and evaluation assets	**(1,348,100)**	(86,839)
Payment of reclamation deposit	**-**	(20,000)
Purchase of property and equipment	**(9,266)**	(11,227)
Net cash used in investing activities	**(1,357,366)**	(118,066)
Cash flows provided (used in) financing activities		
Shares issued for cash	**486,590**	1,379,500
Shares rescinded	**-**	(41,000)
Share issuance costs	**(2,085)**	(888)
Payment of lease liability	**(15,188)**	-
Net cash provided by financing activities	**469,317**	1,337,612
Change in cash and cash equivalents during the year	**(1,230,533)**	893,183
Cash and cash equivalents, beginning of year	**1,276,494**	383,311
Cash and cash equivalents, end of year	**$ 45,961**	$ 1,276,494

Cash and cash equivalents consist of:		
Cash	**$ 45,961**	$ 76,494
Guaranteed investment certificates	**-**	1,200,000
Total	**$ 45,961**	$ 1,276,494

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

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

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 #1400 - 1125 Howe St., Vancouver, British Columbia, V6Z 2K8, and its operating office is located at Suite #604 - 850 West Hastings St., Vancouver, British Columbia V6C 1E1. 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 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, at March 31, 2020 the Company has incurred an accumulated deficit since its inception of $1,164,638 (2019 - $809,121). 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. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Since incorporation on July 1, 2017, the Company raised equity financing from investors to provide for its early stage exploration and working capital needs. The Company expects to undertake additional fundraising in 2020, likely through private placements but the Company may also consider convertible debentures, third party earn-ins or joint ventures using debt or equity financing structures, to ensure the continuation of Company's exploration activities. To the extent future financing is not available, future working capital commitments may not be satisfied and future exploration programs would 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 through 2020. 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 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.

On March 11, 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak has continued to spread resulting in adverse public health developments. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations.

The Company operates in a single jurisdiction with a single business activity of exploration and, accordingly, segmented information is not required.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

These 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 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 financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

New accounting standard: IFRS 16 – Leases

A 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.

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. For leases structured with fixed and variable components in the lease payments, only non-index-linked variable payments are excluded from IFRS 16, which are accounted for on an expense-as-incurred basis and are included in rent expense.

Once all the lease terms have been identified and assessed, the Company recognizes a lease liability and a right-of-use ("ROU") asset at the commencement of the lease, as follows:

a) The lease liability recognized upon lease inception represents 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 liability is subsequently reduced by the lease payments made and increased by the interest cost on the liability. Lease liability is allocated between current and non-current liabilities.

b) 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, if any, less any incentives received. ROU assets are included in Equipment and are depreciated over the shorter of the lease term or the useful life of the underlying asset. ROU assets are also subject to testing for impairment if there is an indicator for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standard: IFRS 16 – Leases (continued)

In situations where a company acts as a lessor, or a sublessor when it subleases an ROU asset to a lessee, it only classifies the sublease as an operating lease if the head lease is a short term lease; otherwise, the sublease is classified as finance lease. When the lease or sublease is classified as a finance lease, the lessor derecognizes the ROU asset pertaining to the head lease, if any, that it transfers to the sublessee, at the sublease commencement date, and continues to account for the original lease liability.

The lessor or sublessor recognizes a net investment in lease or sublease and evaluates it for impairment and may use the discount rate in the head lease to measure the net investment in sublease. The lessor company recognizes finance income on the net investment in the lease or sublease, and records income relating to variable lease payments not included in the measurement of the net investment in the lease, which are excluded under IFRS 16.

Upon adoption of IFRS 16 on April 1, 2019, 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 that 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 elected not to recognize ROU assets or lease liabilities where the total lease term remaining was less than or equal to 12 months at the date of adoption. The Company 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. Consequently, there no was impact to the Company's financial statements on the date of adoption of IFRS 16.

On July 1, 2019, the Company entered into a three-year office premises sublease agreement. The impacts of IFRS 16 on the financial statements of the Company as it applies to the sublease are summarized in Note 6.

Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents consists of short-term highly liquid investments which are fully redeemable at any time, with original maturities of three months to nine-months, readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. As at March 31, 2020, the Company's cash equivalents consist of $Nil (2019 - $1,200,000) Guaranteed Investment Certificate ("GIC") lodged with a Canadian Schedule I bank.

Receivables

Receivables are recorded at face value less any provisions for uncollectible accounts.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment is recorded at historical cost less accumulated depreciation and impairment charges, and is depreciated using the declining balance basis over the estimated useful lives of the individual assets. The Company provides for depreciation computed under the declining balance method for computers and software at 55% per annum and furniture and fixtures at 30% per annum. For ROU assets and leasehold improvements classified as ROU assets, depreciation is recorded on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, with term of the lease determined under IFRS 16.

The Company's property and equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The cost of replacing part of property and equipment is recognized in the carrying amount of the equipment if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of the equipment are recognized in profit or loss as incurred.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including pre-exploration costs related to other properties, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into 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 transferee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

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 the statement of operations and comprehensive 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. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

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."

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

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.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

As at March 31, 2020, the Company does not have any known significant or material rehabilitation obligations.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as equity reserves. As at March 31, 2020, the Company had not attributed any value to the warrants issued under private placements under the residual value method.

Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance a portion of its exploration programs. Pursuant to the terms of flow-through share agreements, the tax deductibility of qualifying resource expenditures is transferred to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income on settlement of flow-through share premium liability and the related deferred tax is recognized as a tax provision.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares (continued)

The Company is obliged to apply the amount of flow-through proceeds received from the issuance of flow-through shares or units only towards Canadian resource property exploration expenditures within a two-year period. The Company would also be subject to Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

Financial instruments

Financial instruments consist of financial assets and financial liabilities and 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 attributable to changes in credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income and any fair value change in excess of the amount attributable to changes in credit risk is recognized in profit and loss.

The Company has implemented the following classifications for financial instruments:

- The Company's financial assets are cash and cash equivalents, receivables and reclamation deposits. 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. Receivables are classified as amortized cost.

- Financial liabilities comprise accounts payable and amounts 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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial instruments

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is evaluated at the cash generating unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of the CGU is the greater of fair value less costs to sell and value in use. Fair value less costs to sell 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 pre-tax discount rate that reflects the 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 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.

Share-based payments

The Company may, from time to time, grant stock options to purchase common shares of the Company to directors, officers, employees and consultants. The fair values of the stock options are recognized as an expense with a corresponding increase in equity over the vesting period on a graded basis.

The fair values of stock options are measured on the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are not exercised as of the expiry date the amount previously recognized in equity reserves is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recorded.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. In periods where a loss is reported, diluted loss per share is the same as basic loss per share as the effects of potentially dilutive common shares would be anti-dilutive.

Use of estimates and significant judgments

In preparing these 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 expenses. Estimates and judgements 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.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and significant judgments (continued)

a) The carrying value of the investment in exploration and evaluation costs and the recoverability of the carrying value which are included in the statement of financial position;

b) The Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, but these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by undetected defects;

c) Significant judgements related to lessee and lessor accounting were required under IFRS 16. These new judgements primarily included evaluating the appropriate discount rate to use to discount the lease liabilities, the determination of the lease term, and assessing if the Company was reasonably certain that it would exercise any lease renewal option. Significant judgements, estimates and assumptions regarding these factors affect the present value of the lease liabilities and the value of the right-of-use assets;

d) Significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made;

e) The inputs used in accounting for share-based compensation expense in the statement of operations and comprehensive loss; and

f) The assumption that the Company is a going concern and will continue in operating for the foreseeable future and at least one year is a judgment. The factors considered by management are disclosed in Note 1.

Future changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2020 reporting period. These standards have been assessed by the Company and are not expected to have a significant impact on the Company's financial statements.

3. RECEIVABLES

	March 31, 2020	*March 31, 2019*
Recoverable sales taxes	$ 47,667	$ 6,226
Interest	-	10,436
Total receivables	$ 47,667	$ 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	19,383	9,566	28,949
Accommodation and camp costs	189,598	2,968	192,566
Assays and laboratory analysis	50,711	1,588	52,299
Community relations	44,720	-	44,720
Drilling	471,522	-	471,522
Field expenses	14,920	-	14,920
Geological and geophysical consulting	184,417	6,725	191,142
Helicopters and aircraft support	382,406	4,967	387,373
Licenses, claim fees and permits	11,859	-	11,859
Less:			
BCMETC*	(267,658)	(3,250)	(270,908)
Balance, March 31, 2020	$ 1,403,667	$ 22,564	$ 1,426,231

* BC Mineral Exploration Tax Credit

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

The Rock & Roll Property (the “Property”) consists of thirty-nine (39) contiguous mineral claims totaling 21,955 hectares (“Ha”) situated in the Liard Mining Division of British Columbia, in the Iskut River Valley of the Coast Mountains in northwestern British Columbia.

Under an agreement dated March 1, 2018 with Equity Exploration Consultants Ltd. (“Equity”), the Company acquired 14 contiguous claims, known as the Rock & Roll Property, 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 initial 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 “Royalty Holders”). 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 to the Company by the issuance of 300,000 shares to the Royalty Holders immediately after the Listing Date, issued at a fair value of $0.25 per share for a total fair value of $75,000, capitalized to exploration and evaluation assets.

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

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

Following the acquisition of the initial claims purchased from Equity, the Company staked 19 mineral claims contiguous to the Property, totaling 9,503 Ha at a cost of $16,630 during the year ended March 31, 2019 and staked an additional 6 contiguous claims totaling 7,730 Ha at a cost of $19,383 during the year ended March 31, 2020.

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 year ended March 21, 2020, the Company staked 11 contiguous mineral claims totaling 5,181 Ha at a cost of $9,566. The group of claims is known as the Sugar Property ("Sugar"), located approximately 7 km northwest of the Company's Rock & Roll Property and 25 km southwest of the Galore Creek deposit. No drilling has ever been done 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.

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	Right-of-use assets Note (a)	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	60,827	1,060	1,589	63,476
Balance, March 31, 2020	$ 60,827	$ 4,938	$ 8,938	$ 74,703
Accumulated depreciation:				
Balance, March 31, 2018	$ -	$ -	$ -	$ -
Depreciation	-	1,392	1,286	2,678
Balance, March 31, 2019	-	1,392	1,286	$ 2,678
Depreciation	14,858	2,550	2,550	19,958
Balance, March 31, 2020	$ 14,858	$ 3,942	$ 3,836	$ 22,636
Net book value - March 31, 2019	$ -	$ 2,486	$ 6,063	$ 8,549
Net book value – March 31, 2020	**$ 45,969**	**$ 996**	**$ 5,102**	**$ 52,067**

Notes:

(a) Right-of-use assets consists of $54,210 recognized pursuant to the application of IFRS 16 *Leases,* plus leasehold improvement costs of $6,617.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY

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

	March 31, 2020	*March 31, 2019*
Accounts payable	$ 52,918	$ 8,864
Accrued liabilities	15,000	12,000
	$ 67,918	$ 20,864

(Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY (continued)

Lease liability:

On July 1, 2019, the Company entered into a premises sublease for a three-year period, and because it is not a short-term nor low value lease, the sublease falls under the scope of IFRS 16. The sublease terms follow those of the head lease. The lessor is Metallis Resources Inc. ("MTS"), a public company related by two common directors and a common officer. The sublease is for ½ of the space leased by MTS and the sublease fixed monthly lease payments are $1,688 per month. The lease liability was measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate of 8%, the same discount rate as that used by MTS for its head lease accounting. At the inception of the sublease, the Company recognized on the statement of financial position a lease liability of $54,210 and a corresponding ROU asset of the same amount. Leasehold improvement costs of $6,617 were also recorded as ROU assets.

The Company has no other material equipment or service leases.
The following tables summarize the difference between operating lease commitment disclosed immediately preceding the date of initial application and lease liability recognized in the statement of financial position:

Right-of-Use Asset

Value of right-of-use asset as at July 1, 2019	$	60,827
Amortization		(14,858)
Balance as at March 31, 2020	$	45,969

Lease liability

Operating lease commitment as at July 1, 2019	$	60,750
Discount using incremental borrowing rate		(6,540)
Lease liability recognized as at July 1, 2019		54,210
Lease payments		(15,188)
Lease interest		2,826
Balance as at March 31, 2020	$	41,848

Current portion	$	17,676
Long-term portion		24,172
Balance as at March 31, 2020	$	41,848

(Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASES (continued)

At March 31, 2020, future payments required under the Company's office lease are as follows:

Year ended January 31, 2021	$ 20,250
Year ended January 31, 2022	20,250
Year ended January 31, 2023	5,062
Total	$ 45,562

7. SHARE CAPITAL

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

Issued: 21,228,501 common shares (2019 - 19,394,001 common shares), of which 6,000,000 shares are held in escrow as at March 31, 2020 and continue to be released each January 15 and July 15 in tranches of 1,500,000, ending January 15, 2022.

Transactions for the year ended March 31, 2020:

a) On December 27, 2019, the Company completed a private placement of 1,834,500 units, raising gross proceeds of $486,590, as follows:

   i) The Company issued 1,435,000 units at a price of $0.25 per unit, raising $358,750. Each unit consists of one common share and ½ of one non-transferrable share purchase warrant with each full warrant exercisable at a price of $0.40 per share for a two-year period. Total issuance costs of $1,500 were incurred; and

   ii) The Company also issued 399,500 flow-through units at a price of $0.32 per flow-through unit, raising $127,840. Each flow-through unit consists of one flow-through common share and ½ of one non-flow-through, non-transferrable share purchase warrant with each full warrant exercisable at a price of $0.50 per share for a two-year period. The Company recorded a flow-through premium liability of $27,965 as a deduction from share capital, being the difference between the amounts recognized in common shares and the amounts investors paid for the units. Total issuance costs of $585 were incurred.

   No residual value was assigned to the warrant component of the private placement.

b) On July 15, 2019 and again on January 15, 2020, 1,500,000 common shares were released from escrow.

7. SHARE CAPITAL (continued)

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 warrants is exercisable into one 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) On the Listing Date, 1,000,001 common shares were released from escrow.

e) On January 15, 2019, the Company issued 300,000 common shares to the Royalty Holders (see Note 4) at a deemed price of $0.25 per share.

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, except for investor relations options which vest over a minimum of a one-year period, pursuant to regulation. The Company has not granted any investor relations options to date. The fair value of the option grants are determined and recorded on grant date pursuant to the Black-Scholes option pricing model as a credit to equity reserves.

During the year ended March 31, 2020, the Company granted 60,000 stock options to a consultant, exercisable at $0.25 per share for a period of five years. The options vested upon grant.

During the year ended March 31, 2019, the Company entered into the following stock option transactions:

i) 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.

ii) 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.

iii) 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.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock options: (continued)

During the years ended March 31, 2020 and 2019, the Company recognized $7,504 and $430,585 of share-based compensation, respectively, based on the following weighted average assumptions:

	2020	2019
Weighted average assumptions:		
Risk-free interest rate	1.1%	1.91%
Expected dividend yield	-	-
Expected option life (years)	5	5
Expected Stock price volatility	89.5%	150%
Weighted average share price at grant date	$0.25	$0.25
Weighted average fair value at grant date	$0.25	$0.20
Expected forfeiture rate	-	-

Schedule of changes in stock options:	Number of Stock options	Weighted average exercise price
Balance at March 31, 2018	-	$ -
Options granted	1,885,000	0.25
Options exercised	-	-
Balance at March 31, 2019	1,885,000	0.25
Options granted	60,000	0.25
Options terminated	(250,000)	(0.25)
Balance at March 31, 2020	1,695,000	$ 0.25

As at March 31, 2020, the following stock options are outstanding and exercisable:

Expiry Date	Number of Stock Options	Exercise Price ($)	Weighted average remaining contractual life (years)
January 15, 2024	1,250,000	0.25	3.79
January 21, 2024	335,000	0.25	3.81
March 15, 2024	50,000	0.28	3.96
February 27, 2025	60,000	0.25	4.92
Total outstanding options	1,695,000		3.84

(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 share purchase 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	2,697,000	0.50
Warrants issued	917,250	0.42
Balance at March 31, 2020	3,614,250	$ 0.48

As at March 31, 2020, 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	0.08
May 10, 2020	550,000	0.50	0.11
December 19, 2020	150,000	0.50	0.72
December 19, 2021	37,500	0.40	1.72
December 27, 2021	680,000	0.40	1.74
December 27, 2021	199,750	0.50	1.74
Total	3,614,250		0.53

8. RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

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 provided general administrative services, bookkeeping and corporate secretarial services to the Company up to September 25, 2019;

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

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; and

f) Metallis Resources Inc. "MTS" is a company that has directors in common with Etruscus Resources Corp.

The aggregate value of key management compensation and outstanding balances relating to the above noted related parties are as follows:

		Transactions for the year ended March 31, 2020	Transactions for the year ended March 31, 2019	**Balance payable as at March 31, 2020**	Balance payable as at March 31, 2019
Short-term benefits:					
Hatch 8 Consulting	**(a)**	**$ 90,000**	$ 67,500	**$ 10,750**	$ 7,875
Lever Capital Corp.	**(b)**	**30,000**	30,000	**15,750**	7,875
Sameen Oates	**(c)**	**15,000**	30,000	**-**	7,875
Avanti Consulting Inc.	**(d)**	**30,000**	30,000	**15,750**	7,875
DRW Geological Consultants Ltd.	**(e)**	**48,000**	8,000	**4,200**	4,200
Total		**$ 213,000**	$ 165,500	**$ 46,450**	$ 35,700

During the year ended March 31, 2019, the Company granted 1,200,000 stock options to directors and officers with a total fair value at grant date of $319,200 which was recorded as share-based compensation.

During the year ended March 31, 2020, the Company reimbursed MTS for certain expenses that were paid by MTS on the Company's behalf. Over 90% of the reimbursements were for exploration costs. The Company utilized some of MTS's exploration subcontractor relationships, mainly involving its work camp arrangements, which the Company did not have in place at the inception of the 2019 field exploration season. At no time did MTS loan or advance any cash to the Company. Henceforth, the Company expects to have all critical vendor relationships in place and directly pay for all its exploration expenses going forward.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The following schedule shows the nature and summary of transactions with MTS during the year ended March 31, 2020:

	Billed or paid by MTS on behalf of the Company during the year ended March 31, 2020	Amounts repaid to MTS	Balance due to MTS as at March 31, 2020	Balance due to MTS as at March 31, 2019
Exploration costs:				
Camp and accommodations	$ 182,448	$ 182,448	$ -	$ -
Helicopter	63,501	63,501	-	-
Other exploration	20,268	20,268	-	-
Office rent and shared expenses	35,951	27,061	8,890	-
GST	14,706	14,262	444	-
Total	$ 316,874	$ 307,540	$ 9,334	$ -

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:

iii) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
iv) 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.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company has implemented the following classifications for financial instruments:

- The Company's financial assets are cash and cash equivalents, receivables, 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. Receivables are 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 amounts due to related parties which is classified as other financial liabilities and is measured at amortized cost using the effective interest rate method. 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.

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:

<u>Credit risk</u>

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 have historically consisted primarily accrued interest on short-term money market investments for which management believes the collectability of these amounts to be assured.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is related to the ability of the Company to meet its obligations as they come due. The Company has historically relied on equity financings to satisfy its capital requirements and will continue to depend upon equity capital as required and 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 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, and the scope of such programs.

The Company's basic approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2020, the Company had cash and cash equivalents of $45,961 (2019 - $1,276,494) to settle current liabilities of $165,077 (2019 - $56,564). The Company will require additional financing for the balance of its 2020 exploration and working capital needs as well as its current working capital deficiency. The Company believes it will be able to complete such financings in order to provide sufficient liquidity for the ensuing year.

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 other than an office lease and has not entered into any interest rate swaps or other financial arrangements to mitigate the exposure to interest rate fluctuations, and current interest rates remain historically low.

Market risk

The Company is subject to limited market risk as the price of its short-term money market investments fluctuates due to market forces. The Company has no control over their fluctuating prices, does not hedge its investments and the fluctuations are limited in scope and volatility. However, as at March 31, 2020, the Company held no short-term money market investments.

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, and the Company is not subject to externally imposed capital requirements. 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 management to plan for its current and future cash needs while continually recognizing the Company's internal, exploration and financing risks inherent at any particular time. The Company endeavors to maintain capital balances over the periods to alleviate unexpected cash flow shortfalls and remains confident that sufficient financing will be raised to ensure working capital needs are met and future exploration funds are available for future exploration. Management endeavors where possible to minimize shareholder dilution through executing future financings at higher equity prices than prior financings, subject to market conditions.

(Expressed in Canadian Dollars)

10. CAPITAL MANAGEMENT (continued)

The capital for operations and the acquisition and exploration of exploration and evaluation assets has historically come from the issuance of common shares. The proceeds raised from the Company's initial financings to date have facilitated the acquisition of a property of merit, funded the costs of going public, covered overheads and the first year of exploration and drilling.

There were no changes in the Company's capital management objectives during the year ended March 31, 2020.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the year ended March 31, 2020 are as follows:

a) As at March 31, 2020, $40,000 capitalized to exploration and evaluation assets is included in accounts payable and accrued liabilities and $7,250 capitalized to exploration and evaluation assets is included in due to related parties;

b) As at March 31, 2020, BCMETC receivable of $270,908 is included in exploration and evaluation assets; and

c) Property and equipment additions of $60,827 were recorded as ROU assets concurrently with equivalent lease obligations recognized on the statements of financial position as at July 1, 2019 following the application of IFRS 16 in relation to a new three-year office sublease dated the same day. As at March 31, 2020, those equipment additions pursuant to IFRS 16 had a net book value of $45,969 and total lease obligations were $41,848.

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

d) On January 15, 2019, 300,000 common shares were issued to the Royalty Holders with an estimated fair value of $75,000; and

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

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2020	2019
Loss for the period	$ (355,517)	$ (748,085)
Canadian statutory income tax rate	27%	27%
Expected income tax (recovery)	$ (96,000)	$ (202,000)
Permanent difference and other	55,600	116,000
Change in unrecognized deductible temporary differences	40,400	86,000
Total income tax expense (recovery)	$ -	$ -

(Expressed in Canadian Dollars)

12. INCOME TAXES (continued)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2020	2019
Deferred Tax Assets (Liabilities):		
Property and equipment	$ (10,300)	$ 800
Share issuance costs	2,500	200
Non-capital losses available for future periods	187,700	101,000
Exploration & evaluation assets	(38,500)	
Lease liability	1,000	
	142,400	102,000
Unrecognized deferred tax assets	(142,400)	(102,000)
Net deferred tax assets	$ -	$ -

The Company has approximately $695,000 (2019 – $375,000) of non-capital losses for tax purposes which may be used to reduce income taxes of future years and will expire between 2038 to 2040.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. EVENTS AFTER THE REPORTING PERIOD

a) Subsequent to year-end, the Company completed a non-brokered private placement with gross proceeds of $306,250 consisting of the issuance of 1,225,000 units at a price of $0.25 per unit, with each unit consisting of one common share and one common share purchase warrant with an exercise price of $0.40 per share with a term of two years from the issuance date.

b) Subsequent to year-end, the Company granted 230,000 stock options to consultants at an exercise price of $0.25 per share, valid for five years. The options vested upon grant.

c) On May 26, 2020, the Company's shares were listed for trading on the Frankfurt Stock Exchange under the symbol "ERR".

d) Subsequent to year-end, 2,547,000 share purchase warrants expired unexercised.