ETRUSCUS RESOURCES CORP.

Condensed Interim Financial Statements

June 30, 2020

(Expressed in Canadian Dollars)

ETRUSCUS RESOURCES CORP.

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For the three-month period ended June 30, 2020

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND NOTICE OF NO AUDITOR REVIEW

The accompanying condensed interim financial statements of Etruscus Resources Corp. (the "Company") are the responsibility of management and have not been reviewed by the Company's auditors.

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, 2020

(Expressed in Canadian Dollars)

(prepared by management)

	June 30, 2020 (unaudited)	*March 31, 2020 (audited)*
ASSETS		
Current assets		
Cash and cash equivalents	**$ 78,147**	**$ 45,961**
Receivables *(Note 3)*	**8,486**	**47,667**
BCMETC receivable (*Note 4*)	**270,908**	**270,908**
Retainers, deposits and prepaid expenses	**56,021**	**4,018**
Total current assets	**413,562**	**368,554**
Exploration and evaluation assets (*Note 4*)	**1,458,151**	**1,426,231**
Reclamation deposit	**20,000**	**20,000**
Property and Equipment *(Note 5)*	**46,470**	**52,067**
Total assets	**$ 1,938,183**	**$ 1,866,852**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities *(Note 6)*	**$ 68,066**	**$ 67,918**
Due to related parties *(Note 8)*	**85,196**	**55,784**
Lease liability *(Note 6)*	**18,032**	**17,676**
Flow-through share premium liability *(Note 7(a)(ii)) and Note 11(b))*	**19,433**	**23,699**
Total current liabilities	**190,727**	**165,077**
Lease liability *(Note 6)*	**19,528**	**24,172**
Total liabilities	**210,255**	**189,249**
EQUITY		
Share capital *(Note 7)*	**2,709,877**	**2,404,152**
Equity reserves	**479,605**	**438,089**
Deficit	**(1,461,554)**	**(1,164,638)**
Total equity	**1,727,928**	**1,677,603**
Total liabilities and equity	**$ 1,938,183**	**$ 1,866,852**

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

Approved and authorized on behalf of the Board on August 18, 2020.

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, 2020

(Expressed in Canadian Dollars)

(unaudited – prepared by management)

	2020	***2019***
Operating Expenses:		
Advertising, marketing, promotion	**$ 173,586**	**$ 2,090**
Consulting fees (*Note 8*)	**50,438**	**62,000**
Depreciation (*Note 5*)	**5,597**	**1,064**
Office and general	**8,383**	**5,674**
Professional fees	**316**	**-**
Regulatory and transfer agent fees	**16,744**	**2,251**
Rent	**3,827**	**4,701**
Share-based compensation (*Note 7 - Stock options)*	**41,516**	**-**
Total operating expenses	**(300,407)**	**(77,780)**
Interest income	**-**	**6,580**
Amortization of discount *(Note 6)*	**(775)**	**-**
Other income from settlement of flow-through share premium liability *(Note 11(b))*	**4,266**	**-**
Loss and comprehensive loss for the period	**$ (296,916)**	**$ (71,200)**
Basic and diluted loss per common share	**$ (0.01)**	**$ (0.00)**
Weighted average number of common shares outstanding:		
Basic and diluted	**21,591,963**	**19,394,001**

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, 2020

(Expressed in Canadian Dollars)

(unaudited – prepared by management)

	Share Capital				
	Number of Shares	*Amount*	*Equity Reserves*	*Deficit*	*Total*
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**	**$ (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 period	-	-	-	(355,517)	(355,517)
Balance at March 31, 2020	**21,228,501**	**$ 2,404,152**	**$ 438,089**	**$ (1,164,638)**	**$ 1,677,603**
Shares issued for cash- private placement	1,225,000	306,250	-	-	306,250
Share issuance costs	-	(525)	-	-	(525)
Share-based compensation	-	-	41,516	-	41,516
Loss for the period	-	-	-	(296,916)	(296,916)
Balance at June 30, 2020	**22,453,501**	**$ 2,709,877**	**$ 479,605**	**$ (1,461,554)**	**$ 1,727,928**

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

ETRUSCUS RESOURCES CORP.

Condensed Interim Statements of Cash Flows

For the three-month period ended June 30, 2020

(Expressed in Canadian Dollars)

(unaudited – prepared by management)

	2020	*2019*
Cash flows provided by (used in) operating activities		
Loss for the period	**$ (296,916)**	$ (71,200)
Add-back non-cash items:		
Depreciation	**5,597**	1,064
Share-based compensation	**41,516**	-
Amortization of lease liability discount	**775**	-
Other income from settlement of flow-through share premium liability	**(4,266)**	-
Changes in non-cash working capital items:		
Receivables	**39,181**	(7,559)
Retainers, deposits and prepaid expenses	**(52,003)**	652
Accounts payable and accrued liabilities	**(6,680)**	(6,891)
Due to related parties	**13,412**	(35,700)
Net cash used in operating activities	**(259,384)**	(119,634)
Cash flows used in investing activities		
Investment in exploration and evaluation assets	**(9,092)**	(157,754)
Purchase of property and equipment	**-**	(1,060)
Net cash used in investing activities	**(9,092)**	(158,814)
Cash flows provided (used in) financing activities		
Shares issued for cash	**306,250**	-
Share issuance costs	**(525)**	-
Lease payments	**(5,063)**	-
Net cash provided by financing activities	**300,662**	-
Change in cash and cash equivalents during the period	**32,186**	(278,448)
Cash and cash equivalents, beginning of period	**45,961**	1,276,494
Cash and cash equivalents, end of period	**$ 78,147**	$ 998,046

Cash and cash equivalents consist of:		
Cash	**$ 78,147**	$ 98,046
Guaranteed investment certificates	**-**	900,000
Total	**$ 78,147**	$ 998,046

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

The accompanying notes are an integral part of these condensed interim 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") under the symbol "ETR", and was listed on the Frankfurt stock exchange on May 19, 2020 under the symbol "ERR".

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, at June 30, 2020 the Company has incurred an accumulated deficit since its inception of $1,461,554 (March 31, 2020 - $1,164,638). 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, the Company has 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 may also consider convertible debentures, third party earn-ins or joint venture arrangements 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 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.

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. However, joint efforts between the Company and its stakeholders has enabled the 2020 summer exploration season to start, following provincial health guidelines. As at the date of approval of these financial statements, Company crews have mobilized to the Company's properties and are beginning their work programs.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company 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, 2020. 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, 2020 annual financial statements.

3. RECEIVABLES

	June 30, 2020	*March 31, 2020*
Recoverable sales taxes	$ 8,486	$ 47,667
Total receivables	$ 8,486	$ 47,667

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS – Mineral Properties

	Rock & Roll Property	*Sugar Property*	*Total*
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
Additions:			
Geological and geophysical consulting	31,500	-	31,500
Licenses, claim fees and permits	420	-	420
Balance, June 30, 2020	$ 1,435,587	$ 22,564	$1,458,151

* 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 31, 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	*Computers and software*	*Furniture and fixtures*	Total
Cost:				
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
Additions	60,827	-	1,589	62,416
Balance, March 31, 2020 and June 30, 2020	$ 60,827	$ 4,938	$ 8,938	$ 74,703
Accumulated depreciation:				
Balance, March 31, 2019	$ -	$ 1,392	$ 1,286	$ 2,678
Depreciation	-	513	551	1,064
Balance, June 30, 2019	-	1,905	1,837	3,742
Depreciation	14,858	2,037	1,999	18,894
Balance, March 31, 2020	14,858	3,942	3,836	22,636
Depreciation	5,077	137	383	5,597
Balance, June 30, 2020	$ 19,935	$ 4,079	$ 4,219	$ 28,233
Net book value - March 31, 2020	$ 45,969	$ 996	$ 5,102	$ 52,067
Net book value – June 30, 2020	**$ 40,892**	**$ 859**	**$ 4,719**	**$ 46,470**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY

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

	June 30, 2020	*March 31, 2020*
Accounts payable	$ 63,066	$ 52,918
Accrued liabilities	5,000	15,000
	$ 68,066	$ 67,918

(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, with terms following 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 for fixed monthly lease payments of $1,688 per month. The sublease falls under the scope of IFRS 16. Accordingly, 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 following tables summarize the calculation of lease liability recognized in the financial statements:

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
Lease payments	(5,063)
Lease interest /amortization of discount	775
Balance as at June 30, 2020	$ 37,560

Current portion	$ 18,032
Long-term portion	19,528
Balance as at June 30, 2020	$ 37,560

At June 30, 2020, future payments required under the Company's office lease are as follows:

Year ended March 31, 2021	$ 15,187
Year ended March 31, 2022	20,250
Year ended March 31, 2023	5,063
Total	$ 40,500

7. SHARE CAPITAL

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

Issued: 22,453,501 common shares (March 31, 2020 – 21,228,501 common shares), of which 6,000,000 shares are held in escrow as at June 30, 2020 and continue to be released each January 15 and July 15 in tranches of 1,500,000, ending January 15, 2022.

7. SHARE CAPITAL (continued)

Transactions for the period ended June 30, 2020:

On June 2, 2020, the Company completed a non-brokered private placement for gross proceeds of $306,250 by 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 for a two-year period. Total finders' fees of $525 were incurred. No residual value was assigned to the warrant component of the private placement.

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.

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 is determined and recorded on grant date pursuant to the Black-Scholes option pricing model as a credit to equity reserves.

During the period ended June 30, 2020, the Company granted 230,000 stock options to consultants, exercisable at $0.25 per share for a period of five years. The options vested upon grant. Share-based compensation of $41,516 was recorded.

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. Share-based compensation of $7,504 was recorded.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock options: (continued)

During the periods ended June 30, 2020 and the year ended March 31, 2020, the Company recognized share-based compensation based on the following weighted average assumptions:

	Period ended June 30, 2020	Year ended March 31, 2020
Weighted average assumptions:		
Risk-free interest rate	0.32%	1.1%
Expected dividend yield	-	-
Expected option life (years)	5	5
Expected Stock price volatility	112.6%	89.5%
Weighted average share price at grant date	$ 0.25	$ 0.25
Weighted average fair value at grant date	$ 0.23	$ 0.25
Expected forfeiture rate	-	-

Schedule of changes in stock options:	Number of Stock options	Weighted average exercise price
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
Options granted	230,000	0.25
Balance at June 30, 2020	1,925,000	$ 0.25

As at June 30, 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	3.55
January 21, 2024	335,000	0.25	3.56
March 15, 2024	50,000	0.28	3.71
February 27, 2025	60,000	0.25	4.67
May 25, 2025	230,000	0.25	4.90
Total outstanding options	1,925,000		3.75

(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, 2019	2,697,000	$ 0.50
Warrants issued	917,250	0.50
Balance at March 31, 2020	3,614,250	0.50
Warrants issued	1,225,000	0.40
Warrants expired	(2,547,000)	0.50
Balance at June 30, 2020	2,292,250	$ 0.42

As at June 30, 2020, the following warrants are outstanding:

Expiry Date	Number of Warrants outstanding	Exercise Price ($)	Weighted average remaining contractual life (years)
December 19, 2020	150,000	0.50	0.47
December 19, 2021	37,500	0.40	1.47
December 27, 2021	680,000	0.40	1.49
December 27, 2021	199,750	0.50	1.49
June 1, 2022	1,225,000	0.40	1.92
Total	2,292,250		1.65

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;

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) The Company's Corporate Secretary provided general administrative services, bookkeeping and corporate secretarial services to the Company up to September 25, 2019;

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 two directors and an officer in common with the Company.

Amounts owing to related parties of $85,196 (March 31, 2020 - $55,784) is comprised of amounts owing to management and amounts owing to a related public company as follows:

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

		Transactions for the period ended June 30, 2020	Transactions for the year ended March 31, 2020	**Balance payable as at June 30, 2020**	Balance payable as at March 31, 2020
Short-term benefits:					
Hatch 8 Consulting	**(a)**	**$ 22,500**	$ 90,000	**$ 23,625**	**$ 10,750**
Lever Capital Corp.	**(b)**	**7,500**	30,000	**15,750**	**15,750**
Sameen Oates	**(c)**	**-**	15,000	**-**	**-**
Avanti Consulting Inc.	**(d)**	**7,500**	30,000	**15,750**	**15,750**
DRW Geological Consultants Ltd.	**(e)**	**12,000**	48,000	**16,800**	**4,200**
Total		**$ 49,500**	$ 213,000	**$ 71,925**	**$ 46,450**

iii) During the period ended June 30, 2020, the company entered into transactions with MTS as follows:

	Due to MTS as at March 31, 2020	**Transactions during the period ended June 30, 2020**	Amounts repaid	**Due to MTS as at June 30, 2020**
Rent	$ 8,890	**$ 8,890**	$ (8,890)	**$ 8,890**
Office expenses	-	**3,717**	-	**3,717**
GST	444	**664**	(444)	**444**
Total	$ 9,334	**$ 13,271**	$ (9,334)	**$ 13,271**

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, 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.

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 have historically consisted primarily of Canadian GST receivable and accrued interest on short-term money market investments, and management believes the collectability of these amounts is assured.

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 June 30, 2020 the Company had cash and cash equivalents of $78,147 (March 31, 2020 -$45,961) to settle current liabilities of $190,727 (March 31, 2020 - $165,077). However, the Company's net working capital at June 30, 2020 is $222,835 which includes the accrual of the 2019 BC METC tax credit receivable of $270,908, expected to be received later in calendar year 2020. To improve short-term liquidity, subsequent to June 30, 2020, the Company announced a proposed private placement of $1,000,000 which was then increased to $1,525,000, and closed the first tranche of $1,219,900.

9. FINANCIAL INSTRUMENTS AND 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 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 and does not hedge its investments, but the fluctuations are limited in scope and volatility. As at June 30 and 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 monitoring the Company's internal, exploration and financing risks. 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 also endeavors where possible to minimize shareholder dilution through executing future financings at higher equity prices than prior financings, subject to market conditions.

The capital for operations and property acquisition and exploration has historically come from, and is expected to continue to come from, the issuance of common shares. The proceeds raised from the Company's 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 period ended June 30, 2020.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the period ended June 30, 2020 were as follows:

a) As at June 30, 2020, $46,828 capitalized to exploration and evaluation assets is included in accounts payable and accrued liabilities and $16,000 capitalized to exploration and evaluation assets is included in due to related parties;

b) The Company incurred exploration costs of $31,920 during the period, reducing the flow-through share premium liability by $4,266, recorded as other income on settlement of flow-through share premium liability.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (continued)

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

c) 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;

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

e) 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.

12. EVENTS AFTER THE REPORTING PERIOD

On July 8, 2020, the Company announced a proposed non-brokered private placement of up to $1,000,000 consisting of up to 1.3 million flow-through units at a price of $.50 per unit for proceeds of up to $650,000, and up to 1 million non-flow-through units at a price of $0.35 per unit for proceeds of up to $350,000. The funds will be used for both exploration and general working capital. Each flow-through unit consists of one (1) flow-through common share and one-half (½) of one non-flow-through share purchase warrant with each whole warrant entitling the holder to purchase one (1) additional common share at a price of $0.65 per share for a 2-year period. Each non-flow-through unit consists of one (1) common share and one-half (½) of one share purchase warrant with each whole warrant entitling the holder to purchase one (1) additional common share at a price of $0.50 per share for a 2-year period.

On July 27, 2020, the price of the flow-through units was reduced to $0.45 per unit, with each flow-through unit consisting of one (1) flow-through common share and one-half (½) non-flow-through, non-transferable share purchase warrant with each full warrant exercisable at $0.60 per share for a period of 2 years. Up to 1,444,444 flow-through units will be offered for proceeds of up to $650,000.

On July 29, 2020, a consultant exercised 40,000 stock options at $0.25 per share for proceeds of $10,000.

On August 5, 2020, the Company further changed the terms of the private placement, increasing the non-flow-through portion to a total of $875,000 by offering up to 2.5 million non-flow-through units, extending the warrant expiry date to 3 years for all units issued under the private placement, and increasing the warrant component of all warrants issued under the private placement to one (1) warrant per unit from one-half (½) warrant per unit.

On August 17, 2020, the Company announced the closing of the first tranche of the private placement totaling $1,219,900, by issuing 3,130,000 non-flow-through units for proceeds of $1,095,500 and 276,444 flow-through units for proceeds of $124,400. Total finders' fees of $19,163 were paid and 53,861 finders' warrants were issued entitling the holders to purchase an equal number of common shares at a price of $0.45 per share for a 3-year period.