ETRUSCUS RESOURCES CORP.

Financial Statements

For the years ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

ETRUSCUS RESOURCES CORP.

Index to Financial Statements

For the years ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

---

manning elliott

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 **Fax:** 604. 714. 3669 **Web:** manningelliott.com

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, 2021 and 2020, 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, 2021 and 2020, 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 audits 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, British Columbia
June 25, 2021

ETRUSCUS RESOURCES CORP.

Statements of Financial Position

As at March 31, 2021 and 2020

(Expressed in Canadian Dollars)

	2021	*2020*
ASSETS		
Current assets		
Cash and cash equivalents	**$ 31,106**	$ 45,961
Receivables *(Note 3)*	**11,094**	47,667
BCMETC receivable (*Note 4*)	**236,411**	270,908
Prepaid expenses	**-**	4,018
Total current assets	**278,611**	368,554
Exploration and evaluation assets (*Note 4*)	**2,836,989**	1,426,231
Reclamation deposit	**20,000**	20,000
Property and Equipment *(Note 5)*	**29,681**	52,067
Total assets	**$ 3,165,281**	$ 1,866,852
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities *(Note 6)*	**$ 15,000**	$ 67,918
Due to related parties *(Note 8)*	**20,475**	55,784
Lease liability *(Note 6)*	**19,143**	17,676
Flow-through share premium liability *(Notes 7(b), 7(f))*	**53,844**	23,699
Total current liabilities	**108,462**	165,077
Lease liability *(Note 6)*	**5,029**	24,172
Total liabilities	**113,491**	189,249
EQUITY		
Share capital *(Note 7)*	**4,575,149**	2,404,152
Equity reserves	**640,217**	438,089
Deficit	**(2,163,576)**	(1,164,638)
Total equity	**3,051,790**	1,677,603
Total liabilities and equity	**$ 3,165,281**	$ 1,866,852

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

Approved and authorized on behalf of the Board on June 25, 2021.

Gordon Lam Director

Fiore Aliperti Director

The accompanying notes are an integral part of these financial statements

ETRUSCUS RESOURCES CORP.

Statements of Operations and Comprehensive Loss

For the years ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

	2021	*2020*
Operating Expenses:		
Advertising, marketing, promotion	**$ 432,901**	$ 47,302
Consulting fees (*Note 8*)	**244,876**	212,009
Depreciation (*Note 5*)	**22,386**	19,958
Investor relations fees	**51,666**	**-**
Office and general	**33,318**	20,378
Professional fees	**55,880**	21,502
Regulatory and transfer agent fees	**35,227**	17,316
Rent	**15,296**	16,106
Share-based compensation (*Note 7*)	**197,816**	7,504
Travel	**-**	5,388
Total operating expenses	**(1,089,366)**	(367,463)
Interest income	**1,303**	10,506
Amortization of discount	**(2,574)**	(2,826)
Other income from settlement of flow-through share premium liability	**91,699**	4,266
Loss and comprehensive loss for the year	**$ (998,938)**	$ (355,517)
Basic and diluted loss per common share	**$ (0.04)**	$ (0.02)
Weighted average number of common shares outstanding:		
Basic and diluted	**25,418,277**	19,871,808

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, 2021 and 2020
(Expressed in Canadian Dollars)

	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**
Shares issued for cash- private placements	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**
Shares issued for cash- private placements	7,210,805	2,336,000	-	-	2,336,000
Share issuance costs	-	(78,988)	21,391	-	(57,597)
Flow-through share premium liability	-	(121,844)	-	-	(121,844)
Shares issued for cash- options exercised	75,000	18,750		-	18,750
Fair value of options exercised	-	17,079	(17,079)	-	-
Share-based compensation	-	-	197,816	-	197,816
Loss for the year	-	-	-	(998,938)	(998,938)
Balance at March 31, 2021	**28,514,306**	**$ 4,575,149**	**$ 640,217**	**$ (2,163,576)**	**$ 3,051,790**

ETRUSCUS RESOURCES CORP.

Statements of Cash Flows

For the years ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

	2021	*2020*
Cash flows provided by (used in) operating activities		
Loss for the year	**$ (998,938)**	$ (355,517)
Add-back non-cash items:		
Depreciation	**22,386**	19,958
Share-based compensation	**197,816**	7,504
Amortization of lease liability discount	**2,574**	2,826
Other income from settlement of flow-through share premium liability	**(91,699)**	(4,266)
Changes in non-cash working capital items:		
Receivables	**36,573**	(31,005)
Prepaid expenses	**4,018**	(1,872)
Accounts payable and accrued liabilities	**(12,918)**	12,834
Due to related parties	**(28,059)**	7,054
Net cash used in operating activities	**(868,247)**	(342,484)
Cash flows provided by (used in) investing activities		
Investment in exploration and evaluation assets	**(1,709,246)**	(1,348,100)
Receipt of BC METC tax credits	**285,735**	-
Purchase of property and equipment	**-**	(9,266)
Net cash used in investing activities	**(1,423,511)**	(1,357,366)
Cash flows provided by (used in) financing activities		
Shares issued for cash	**2,354,750**	486,590
Share issuance costs	**(57,597)**	(2,085)
Lease payments	**(20,250)**	(15,188)
Net cash provided by financing activities	**2,276,903**	469,317
Change in cash and cash equivalents during the year	**(14,855)**	(1,230,533)
Cash and cash equivalents, beginning of year	**45,961**	1,276,494
Cash and cash equivalents, end of year	**$ 31,106**	$ 45,961

Cash and cash equivalents consist of:		
Bank deposits	**$ 31,106**	$ 45,961

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, 2021 the Company has incurred an accumulated deficit since its inception of $2,163,576 (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 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 2021, 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 2021. 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 economic upheavals. 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 future impacts on the Company's business or operations.

On June 8, 2021, the Company completed a financing for gross proceeds of $1,000,025 (See Note 13).

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.

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, 2021, the Company held $Nil (2020 - $Nil) of cash equivalents.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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."

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, 2021, the Company does not have any known significant or material rehabilitation obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021, the Company had not attributed any value to the warrants issued as a part of the units subscribed under private placements, using 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.

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.

IFRS 16 – Leases

The purpose of IFRS 16 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, known as Right-of-use assets, and lease 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 what constitutes a lease, 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, whether the Company has the right to direct the use of the asset, and the likelihood of exercising a lease extension option, if applicable. Lease payments may include fixed and variable components, although variable payments are generally excluded from the scope of IFRS 16.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 – Leases (continued)

The Company recognized a right-of-use ("ROU") asset and a lease liability at the commencement of the office premises lease. 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. The ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU assets are subject to testing for impairment if there is an indicator for impairment.

If a company, acting as lessor, subleases a ROU asset, it classifies the sublease as an operating lease if the head lease is a short-term lease; otherwise, the sublease is classified as a finance lease following IFRS 16. The lessor derecognizes the ROU asset pertaining to the head lease that it transfers to the sublessee at the sublease commencement date but continues to account for the original lease liability. The sublessor recognizes a net investment in sublease and evaluates it for impairment and may use the discount rate in the head lease to measure the net investment in sublease. The Company recognizes finance income on the net investment in the lease, and also records income relating to variable lease payments not included in the measurement of the net investment in the lease.

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

IFRS 9 - 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The Company has implemented the following classifications for financial instruments:

The Company's financial instruments consist of cash and cash equivalents, reclamation deposits, accounts payable, lease liability and due to related parties. 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. Financial liabilities comprise accounts payable, lease liability and amounts due to related parties which are classified 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.

Impairment of financial instruments

IFRS 9 has a three-stage expected credit loss model for calculating impairment of financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. 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. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 value of the stock options is recognized as an expense with a corresponding increase in equity over the vesting period on a graded basis. When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as equity reserves are transferred to share capital.

The fair value of stock options is 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. If and 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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. Properties may be subject to prior agreements or transfers and title may be affected by undetected defects;

c) The inputs used in accounting for share-based compensation expense in the statements of operations and comprehensive loss, including share price volatility and risk-free interest rates, and similar inputs used in accounting for the valuation of finders' warrants in the statements of financial position;

d) Significant judgements, estimates and assumptions made by management as they relate to IFRS 16 - Leases, primarily include evaluating the appropriate discount rate to use to discount the lease liability, the determination of the lease term when the lease contains an extension option, and assessing if the Company is reasonably certain that it would exercise an extension option; and such judgements, estimates and assumptions affect the present value of the lease liabilities, the value of the right-of-use assets and the amounts recognized in income and expense, including depreciation, rent expense and finance expense;

e) 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 judgements 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;

f) The valuation of flow-through share premium liability is an estimate; and

g) The assumption that the Company is a going concern and will continue operating for the foreseeable future, being one year, is a judgment.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2021 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, 2021	*March 31, 2020*
Recoverable sales taxes	$ 11,094	$ 47,667
Total receivables	$ 11,094	$ 47,667

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: Recoveries	(267,658)	(3,250)	(270,908)
Balance, March 31, 2020	$ 1,403,667	$ 22,564	$ 1,426,231
Additions:			
Acquisition costs	1,302	-	1,302
Accommodation and camp costs	326,429	12,831	339,260
Assays and laboratory analysis	28,447	-	28,447
Drilling	412,326	-	412,326
Field expenses	28,755	-	28,755
Geological and geophysical consulting	186,475	9,088	195,563
Helicopters and aircraft support	324,865	24,177	349,042
Licenses, claim fees and permits	36,265	-	36,265
Surveying	254,774	16,262	271,036
*Less: Recoveries**	(242,294)	(8,944)	(251,238)
Subtotal- net additions	1,357,344	53,414	1,410,758
Balance, March 31, 2021	$ 2,761,011	$ 75,978	$ 2,836,989

*Comprised of 2020 BCMETC credit of $236,411 and 2019 BCMETC credit of $14,827.

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

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 and 800,000 common shares of the Company at a value of $0.10 per share, 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.

As at March 31, 2020, the Company had staked an additional 25 mineral claims contiguous to the Property, totaling 17,233 Ha at a cost of $36,013.

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
	Note (a)			
Cost:				
Balance, March 31, 2019	$ -	$ 3,878	$ 7,349	$ 11,227
Additions	60,827	1,060	1,589	63,476
Balance, March 31, 2020 and 2021	$ 60,827	$ 4,938	$ 8,938	$ 74,703
Accumulated depreciation:				
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
Depreciation	20,308	548	1,530	22,386
Balance, March 31, 2021	$ 35,166	$ 4,490	$ 5,366	$ 45,022
Net book value - March 31, 2020	$ 45,969	$ 996	$ 5,102	$ 52,067
Net book value – March 31, 2021	**$ 25,661**	**$ 448**	**$ 3,572**	**$ 29,681**

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, 2021	*March 31, 2020*
Accounts payable	$ -	$ 52,918
Accrued liabilities	15,000	15,000
	$ 15,000	$ 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 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	(20,250)
Lease interest	2,574
Balance as at March 31, 2021	$ 24,172

Current portion	$ 19,143
Long-term portion	5,029
Balance as at March 31, 2021	$ 24,172

At March 31, 2021, future lease payments, including variable costs not subject to IFRS 16, are as follows:

Year ended March 31, 2022	$ 20,250
Year ended March 31, 2023	5,063
Total	$ 25,313

7. SHARE CAPITAL

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

Issued: 28,514,306 common shares (2020 – 21,228,501 common shares), of which 3,000,000 shares are held in escrow as at March 31, 2021 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, 2021:

a) 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. Each unit consists of one common share and one common share purchase warrant exercisable at $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.

b) On September 15, 2020, the Company announced the closing of a non-brokered private placement, raising a total of $1,499,550 in two tranches. The financing consisted of 3,520,000 non-flow-through units at a price of $0.35 per unit for proceeds of $1,232,000 and 594,555 flow-through units at a price of $0.45 per unit for proceeds of $267,550. Each non-flow-through unit consists of one common share and one common share purchase warrant exercisable at $0.50 per share for a period of 3 years. Each flow-through unit consists of one flow-through common share and one non-flow-through common share purchase warrant exercisable at $0.60 per share for a period of 3 years. No residual value was assigned to the warrant component of either the flow-through or non-flow-through units. The Company recorded a flow-through premium liability of $59,456 as a deduction from share capital, being the difference between the amounts recognized in common shares and the amounts investors paid for the units.

   The Company incurred total issuance costs of $41,023 comprised of filing fees of $3,812, finder's fees of $23,222 and 65,061 finder's warrants issued to arm's length parties, as permitted by securities law. The finders' warrants were valued at $13,989 following the Black Scholes pricing model and are exercisable at $0.45 per common share for a three year period.

c) On July 15, 2020, 1,500,000 common shares were released from escrow.

d) On July 29, 2020, 40,000 consultants' stock options were exercised at $0.25 per share for proceeds of $10,000.

e) On October 6, 2020, 35,000 consultants' stock options were exercised at $0.25 per share for proceeds of $8,750.

f) On December 30, 2020, the Company closed a non-brokered private placement, raising a total of $530,200 in two tranches. The financing consisted of 980,000 non-flow-through units at a price of $0.25 per unit for proceeds of $245,000 and 891,250 flow-through units at a price of $0.32 per unit for proceeds of $285,200. Each non-flow-through unit consists of one common share and ½ of a common share purchase warrant, with each full warrant exercisable at $0.40 per share for a period of 2 years. Each flow-through unit consists of one flow-through common share and ½ of a non-flow-through common share purchase warrant, with each full warrant exercisable at $0.50 per share for a period of 2 years. No residual value was assigned to the warrant component of either the flow-through or non-flow-through units. The Company recorded a flow-through premium liability of $62,388 as a deduction from share capital, being the difference between the amounts recognized in common shares and the amounts investors paid for the units.

7. SHARE CAPITAL (continued)

Transactions for the year ended March 31, 2021: (continued)

The Company incurred total private placement issuance costs of $34,386 comprised of filing fees of $2,340, legal fees of $6,644, finder's fees of $18,000 and 58,000 finder's warrants valued at $7,402, issued to arm's length parties as permitted by securities law. The finders' warrants were valued following the Black Scholes pricing model and are exercisable at $0.285 per common share for a 2-year period.

g) On January 15, 2021, 1,500,000 common shares were released from escrow.

All shares issued under the private placements completed by the Company are subject to a hold period of four months and one day from the date of issuance. Proceeds of all non-flow-through financings are used for exploration and general working capital. The proceeds from the issuance of flow-through shares are only used to fund Canadian Exploration Expenses (within the meaning of the *Income Tax Act* (Canada)) which shall qualify as "flow-through mining expenditures", for purposes of the *Income Tax Act* (Canada), related to the Company's Rock & Roll and Sugar properties in BC.

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:

At the Company's Annual General and Special Meeting on December 16, 2020, the shareholders 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 fair value of the option grants is determined, and the vested portion is recorded over time pursuant to the Black-Scholes option pricing model as a credit to equity reserves.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock options: (continued)

During the year ended March 31, 2021, the Company granted the following stock options:

a) In May 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.

b) In September 2020, the Company granted 675,000 stock options to consultants, exercisable at $0.36 per share for a period of five years, of which 475,000 stock options vested upon grant and 200,000 stock options, granted to the Company's Investor Relations provider, vest over a one-year period. For the year ended March 31, 2021, share-based compensation of $120,843 was recognized in respect of the consultants options and $35,457 was recognized in respect of the vested portion of the investor relations options.

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 recognized.

During the years ended March 31, 2021 and 2020, the Company recognized share-based compensation for the purpose of valuing stock option grants as well as for the purpose of valuing finders' warrants issued pursuant to private placements, using the following ranges of weighted average assumptions:

	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average assumptions:		
Risk-free interest rate	0.35%	1.1%
Expected dividend yield	-	-
Expected option life (years)	3.5	5
Expected Stock price volatility	100.4%	89.5%
Weighted average share price at grant date	$0.33	$ 0.25
Weighted average fair value at grant date	$0.28	$ 0.25
Expected forfeiture rate	-	-

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Stock options: (continued)

Number of stock options outstanding:	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	905,000	0.33
Options exercised	(75,000)	0.25
Balance at March 31, 2021	2,525,000	$ 0.28

As at March 31, 2021, the following stock options are outstanding and exercisable:

Expiry Date	Number of Outstanding Stock Options	Number of Vested Stock Options	Exercise Price ($)	Weighted average remaining contractual life (years)
January 15, 2024	1,250,000	1,250,000	0.25	2.79
January 21, 2024	260,000	260,000	0.25	2.81
March 15, 2024	50,000	50,000	0.28	2.96
February 27, 2025	60,000	60,000	0.25	3.92
May 25, 2025	230,000	230,000	0.25	4.15
September 21, 2025	675,000	575,000	0.36	4.49
Total outstanding options	2,525,000	2,425,000		3.40

(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	0.42
Warrants expired	-	-
Balance at March 31, 2020	3,614,250	0.48
Warrants issued	6,398,241	0.48
Warrants expired	(2,697,000)	0.50
Balance at March 31, 2021	7,315,491	$ 0.47

As at March 31, 2021, the following warrants are outstanding:

Expiry Date	Number of Warrants outstanding	Exercise Price ($)	Weighted average remaining contractual life (years)
December 19, 2021	37,500	0.40	0.72
December 27, 2021	680,000	0.40	0.74
December 27, 2021	199,750	0.50	0.74
June 1, 2022	1,225,000	0.40	1.17
August 6, 2023	3,130,000	0.50	2.35
August 6, 2023	53,861	0.45	2.35
August 6, 2023	276,444	0.60	2.35
September 4, 2023	390,000	0.50	2.43
September 4, 2023	318,111	0.60	2.43
September 4, 2023	11,200	0.45	2.43
December 18, 2022	365,000	0.40	1.72
December 18, 2022	445,625	0.50	1.72
December 18, 2022	50,000	0.285	1.72
December 30, 2022	125,000	0.40	1.75
December 30, 2022	8,000	0.285	1.75
Total	7,315,491		1.87

(Expressed in Canadian Dollars)

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;

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 public company that has two directors and an officer in common with Etruscus Resources Corp.

Amounts owing to related parties at March 31, 2021 is $20,475 (2020 - $55,784), comprised of amounts owing to management and amounts owing to MTS 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 year ended March 31, 2021	Transactions for the year ended March 31, 2020	**Balance payable as at March 31, 2021**	Balance payable as at March 31, 2020
Short-term benefits:					
Hatch 8 Consulting	**(a)**	**$ 103,500**	$ 90,000	**$ 12,600**	$ 10,750
Lever Capital Corp.	**(b)**	**36,000**	30,000	**4,725**	15,750
Sameen Oates	**(c)**	**-**	15,000	**-**	-
Avanti Consulting Inc.	**(d)**	**31,500**	30,000	**3,150**	15,750
DRW Geological Consultants Ltd.	**(e)**	**48,000**	48,000	**-**	4,200
Total		**$ 219,000**	$ 213,000	**$ 20,475**	$ 46,450

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

iii) During the year ended March 31, 2021, the company entered into transactions with MTS as follows:

	Due to MTS, March 31, 2020	Invoiced	Paid	**Due to MTS, March 31, 2021**
Rent including GST	$ 9,334	$ 37,449	$ (46,783)	**$** -
Office expenses, net, including GST	-	2,250	(2,250)	-
Total	$ 9,334	$ 39,699	$ (49,033)	**$** -

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, 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. The fair values of these financial instruments approximate their carrying values due to their short-term maturities.

• Financial liabilities comprise accounts payable, lease liability and amounts due to related parties which are classified as other financial liabilities and 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 and reclamation deposits are measured at fair value on a recurring basis based on Level 1 inputs of the fair value hierarchy.

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

(Expressed in Canadian Dollars)

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's basic approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company has historically relied on equity financings to satisfy its capital requirements and will continue to depend upon equity capital as required but may also enter into earn-in arrangements or the sale of certain property interests. However, there can be no assurance the Company will be able to obtain its future financing needs on acceptable terms. The ability of the Company to continue on this course will depend, in part, on the prevailing market conditions, the market interest in financing the Company's mineral property exploration programs, and the scope of such programs.

The following are the contractual maturities of financial liabilities as at March 31, 2021:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years
	$	$	$	$
Accounts payable	15,000	(15,000)	(15,000)	-
Demand loans from related parties	20,475	(20,475)	(20,475)	-
Lease liabilities	24,172	(24,172)	(19,143)	(5,029)
Total	59,647	(59,647)	(54,618)	(5,029)

A private placement was announced subsequent to March 31, 2021, and to the date of this report raised a total of $1,000,025, which allows the Company to meet its day-to-day obligations for the foreseeable future and to carry out its Phase I exploration program. Additional financing will be required for a 2021 drilling program.

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. For these reasons, the Company believes it is not subject to material risks should interest rates change.

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, 2021, 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 all components 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 strives to minimize shareholder dilution through executing future financings at higher equity prices than prior financings, subject to market conditions.

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 financings to date have facilitated the acquisition of a property of merit, funded the costs of going public, covered overheads and the first two years of exploration and drilling.

There were no changes in the Company's capital management objectives during the year ended March 31, 2021.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the year ended March 31, 2021 were as follows:

a) The Company's exploration costs incurred during the year were sufficient to extinguish the opening flow-through premium liability of $23,699 as at March 31, 2020, a $59,456 flow through premium liability recorded pursuant to a flow-through private placement of $267,550 completed in September 2020, and $8,544 of the $62,388 flow-through premium liability recognized in respect of a $285,200 flow-through private placement completed in December 2020. These amounts total $91,699, recognized as other income on settlement of flow-through premium liability for the year ended March 31, 2021; and

b) As at March 31, 2021, BC METC receivable of $236,411 is included in exploration and evaluation assets as a recovery;

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 was included in accounts payable and accrued liabilities and $7,250 capitalized to exploration and evaluation assets was included in due to related parties;

d) As at March 31, 2020, BCMETC receivable of $270,908 was included in exploration and evaluation assets as a recovery; 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.

(Expressed in Canadian Dollars)

12. INCOME TAXES

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

	2021	2020
Loss for the period	$ (998,938)	$ (355,517)
Canadian statutory income tax rate	27%	27%
Expected income tax (recovery)	$ (269,700)	$ (96,000)
Permanent differences and other	96,400	55,600
Change in unrecognized deductible temporary differences	173,300	40,400
Total income tax expense (recovery)	$ -	$ -

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

	2021	2020
Deferred Tax Assets (Liabilities):		
Property and equipment	$ (4,200)	$ (10,300)
Share issuance costs	18,400	2,500
Non-capital losses available for future periods	398,500	187,700
Exploration & evaluation assets	(97,000)	(38,500)
Lease liability	-	1,000
	315,700	142,400
Unrecognized deferred tax assets	(315,700)	(142,400)
Net deferred tax assets	$ -	$ -

The Company has approximately $1,476,000 (2020 – $695,000) of non-capital losses for tax purposes which may be used to reduce income taxes of future years and will expire between 2038 to 2041.

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

13. EVENTS AFTER THE REPORTING PERIOD

On June 8, 2021, the Company closed a $1 million tranche of its $1.5 million private placement first announced on April 26, 2021. The Company issued a total of 1,608,334 non-flow-through units at $0.30 per unit for proceeds of $482,500 and 1,478,644 flow-through units at $0.35 per unit for proceeds of $517,525. Flow-through funds will be used for continued exploration of the Company's mineral properties and the non-flow-through funds will be used for both exploration and general working capital.

Each $0.30 non-flow-through unit consists of one common share and one-half of one share purchase warrant. Each whole Warrant entitles the holder to purchase one additional common share at a price of $0.40 per share for a 2-year period.

13. EVENTS AFTER THE REPORTING PERIOD (continued)

Each $0.35 flow-through unit consists of one flow-through common share and one-half of one non-flow-through share purchase warrant. Each whole Warrant entitles the holder to purchase one additional common share at a price of $0.45 per share for a 2-year period.

All securities issued are subject to a four month plus one day hold period. Finders' fees were paid in accordance with securities regulations. The Company paid the finders' $41,405 and issued 126,850 finder's warrants to arms-length parties in connection with the closing of the tranche. Each finder's warrant is exercisable at $0.33 per share for a period of two years.

The flow-through shares will qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) (the "Act"). The Proceeds of the flow-through private placement will be used to incur "Canadian exploration expense" (within the meaning of the Act). The Company will renounce these expenses to the purchasers with an effective date of no later than December 31, 2021, and as required under the Act.