
Golden Birch Resources Inc.

Financial Statements

March 31, 2020

Golden Birch Resources Inc.

Index to Unaudited Condensed Interim Financial Statements

March 31, 2020	Page
Unaudited Condensed Interim Balance Sheet	2
Unaudited Condensed Interim Statement of Changes in Equity	3
Unaudited Condensed Interim Statements of Operations and Comprehensive Loss	4
Unaudited Condensed Interim Statements of Cash Flows	5
Notes to Unaudited Condensed Interim Financial Statements	6 - 17

Notice of Non-Review of Interim Financial Statements

The attached condensed interim financial statements for the three-month period ended March 31, 2020 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim financial statements.

Golden Birch Resources Inc.

Unaudited Condensed Interim Balance Sheet

Expressed in Canadian Dollars

As at,	March 31, 2020	December 31, 2019
	\$	\$
Assets		
Current:		
Cash and term deposits	1,146,898	1,638,012
Due from related party, <i>note 9</i>	20,000	20,000
Prepaid expenses	14,624	14,206
Total current assets	1,181,522	1,672,218
Equipment, <i>note 6</i>	18,397	20,638
Total Assets	1,199,919	1,692,856
Liabilities		
Current:		
Accounts payable and accrued liabilities, <i>note 9</i>	90,833	105,738
Total current liabilities	90,833	105,738
Total Liabilities	90,833	105,738
Shareholders' Equity		
Issued capital, <i>note 7</i>	6,147,040	4,759,050
Equity reserves, <i>note 8</i>	455,118	1,250,291
Deficit	(5,493,072)	(4,422,223)
Total Shareholder's Equity	1,109,086	1,587,118
Total Liabilities and Shareholder's Equity	1,199,919	1,692,856

Going concern, commitments and contingencies, *notes 1, 5 and 10*

Subsequent events, *note 12*

See accompanying notes to the financial statements.

Approved on behalf of the Board:

"Alan Martin" Director

"Iain Martin" Director

Golden Birch Resources Inc.

Unaudited Condensed Interim Statements of Changes in Equity

Expressed in Canadian Dollars

	Shares #	Issued Capital \$	Equity reserves \$	Deficit \$	Total equity \$
December 31, 2018	31,493,530	1,464,916	117,000	(1,047,242)	534,674
Loss for three months	-	-	-	(643,109)	(643,109)
March 31, 2019	31,493,530	1,464,916	117,000	(1,690,351)	(108,435)
Non-brokered private placement, net of issuance costs	28,590,000	2,824,639	-	-	2,824,639
Shares issued in settlement of accounts payable	4,459,950	469,495	-	-	469,495
Warrants issued, <i>note 8</i>	-	-	851,950	-	851,950
Share based payments	-	-	281,341	-	281,341
Loss for nine months	-	-	-	(2,731,872)	(2,731,872)
December 31, 2019	64,543,480	4,759,050	1,250,291	(4,422,223)	1,587,118
Shares issued for property	3,573,600	536,040	-	-	536,040
Warrants exercised, <i>note 8</i>	5,679,667	851,950	(851,950)	-	-
Share based payments	-	-	56,777	-	56,777
Loss for three months	-	-	-	(1,070,849)	(1,070,849)
Balance at March 31, 2020	73,796,747	6,147,040	455,118	(5,493,072)	1,109,086

See accompanying notes to the financial statements.

Golden Birch Resources Inc.

Unaudited Condensed Interim Statements of Operations and Comprehensive Loss

Expressed in Canadian Dollars

For the three months ended March 31,	2020	2019
	\$	\$
Expenses:		
Management fees, <i>note 9</i>	43,750	91,678
Consulting services	4,928	7,055
Exploration and evaluation expenses, <i>note 5, 9</i>	758,771	456,685
Foreign exchange loss	3,114	5,462
Insurance	2,627	817
Investor relations	3,703	5,082
Office and general	1,568	859
Professional fees	106,885	56,642
Rent, <i>note 9</i>	1,500	-
Salaries and employee benefits	46,969	-
Share-based payments, <i>note 8</i>	56,777	-
Transfer agent and filing fees	31,882	3,500
Travel	6,135	14,742
Amortization	2,240	587
Total expenses	1,070,849	643,109
Net loss and comprehensive loss for the period	(1,070,849)	(643,109)
Net loss per common share:		
- basic	(0.01)	(0.02)
- diluted	(0.01)	(0.02)
Weighted average number of common shares outstanding:		
- basic	67,565,940	31,493,530
- diluted	67,565,940	31,493,530

See accompanying notes to the financial statements.

Golden Birch Resources Inc.

Unaudited Condensed Interim Statements of Cash Flows

Expressed in Canadian Dollars

For the three months ended March 31,	2020	2019
	\$	\$
Cash was provided by (used in):		
Operating activities:		
Net loss for the year	(1,070,849)	(643,109)
Items not affecting cash:		
Shares issued for property acquisition	536,040	-
Amortization	2,240	587
Share-based payments	56,777	-
	(475,792)	(642,522)
Cash was provided by (used to finance) changes in the following working capital items:		
Amounts receivable	1	(1)
Prepaid expenses	(418)	(2,054)
Accounts payable and accrued liabilities	(14,905)	141,253
Net change in non-cash working capital	(15,322)	139,198
Net cash used in operating activities	(491,114)	(503,324)
Investing activities:		
Equipment additions	-	(8,532)
Net cash provided by investing activities	-	(8,532)
Financing activities:		
Share subscriptions	-	120,000
Net cash provided by financing activities	-	120,000
Change in cash and term deposits	(491,114)	(391,856)
Cash and term deposits, beginning of period	1,638,012	789,216
Cash and term deposits, end of period	1,146,898	397,360
Cash and term deposits are composed of the following:		
Cash	146,899	397,360
Term deposits	999,999	-
	1,146,898	397,360

See accompanying notes to the financial statements.

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

1. Nature of operations and going concern

Golden Birch Resources Inc. (the "Company" or "Golden Birch Resources Inc.") was incorporated on October 4, 2017 under the Canada Business Corporations Act (the "Act"). The principal business of the Company is the acquisition, exploration and development of mineral property interests in Papua New Guinea. The Company is a reporting issuer in the province of Ontario and is incorporated in Canada with limited liability under the legislation of Canada. The head office is located at 140 Cook's Lake Road, Timmins, Ontario P4R 0B7.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts expended on exploration and evaluation activities is dependent upon a discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and restrictions and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, unregistered prior claims and agreements, aboriginal claims, social license requirements and non-compliance with regulatory requirements..

The Company had a net loss of \$1,070,849 (March 31, 2019 - \$643,109) for the period ended March 31, 2020 and had an accumulated deficit of \$5,493,072 (December 31, 2019 - \$4,422,223) and working capital of \$1,090,689 (December 31, 2019 - \$1,566,480) as at March 31, 2020. The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due, the Company being able to obtain the necessary financing to complete the development of its mineral properties, the attainment of profitable mining operations, and, or the receipt of proceeds from the disposition of its mineral properties. The outcome of these matters cannot be predicted at this time. There is no assurance that funds will be available on terms acceptable to the Company or at all. These financial statements do not include any adjustments to the carrying values and classification of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its liabilities in anything other than the ordinary course of operations. Such adjustments could be material.

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

2. Basis of presentation

- (a) Statement of compliance with International Financial Reporting Standards

These financial statements, including comparatives, have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

- (b) Basis of preparation

The interim condensed financial statements for the three months ended March 31, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at December 31, 2019.

Current accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on January 1, 2020 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

3. Significant accounting policies

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statement for the year ended December 31, 2019.

These unaudited condensed interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2019. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three month period ended March 31, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020.

The significant accounting policies followed in these condensed interim financial statements are consistent with those applied in the Corporation's audited annual financial statements for the year ended December 31, 2019.

Use of critical estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future year.

In preparing these condensed interim consolidated financial statements, the significant judgements and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2019 other than as noted below.

The outbreak of the novel coronavirus ("COVID-19"), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The Company delayed work on the access road to the Keveri project, implemented daily health and safety meetings and has been reinforcing safety practices and social distancing as a result of the virus. The duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. It is management's assumption that the Company will continue to operate as a going concern.

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

4. Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures from the previous period.

Credit risk

The Company's credit risk is primarily attributable to cash and term deposits. The Company has no significant concentration of credit risk arising from operations. Cash and term deposits have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2020, the Company had a cash and term deposit balance of \$1,146,898 (December 31, 2019 - \$1,638,012) to settle current liabilities of \$90,833 (December 31, 2019 - \$105,738). The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is sensitive to changes in the interest rates through interest income earned on its cash balance.

Price risk

Price risk with respect to commodity prices is remote since the Company is not a producing entity.

Fair value of financial instruments

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

As at March 31, 2020 and 2019, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the short-term nature of these instruments.

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

4. Financial risk factors (continued)

Fair value of financial instruments (continued)

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At March 31, 2020 and 2019, the Company had no financial instruments carried at fair value to classify in the fair value hierarchy.

Market risk

Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to fluctuations in the market price of certain minerals.

Foreign exchange risk

The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar, including the Australian dollar, the United States dollar, and the Papua New Guinea kina. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, management believes the following movements are "reasonably possible" over a one year period:

As at March 31, 2020, the Company held approximately \$16,481 (December 31, 2019 - \$9,369) of cash balances denominated in Papua New Guinea kinas. As at March 31, 2020, the Company had accounts payable and accrued liabilities denominated in US dollars of \$2,979 (December 31, 2019 - \$nil), Australian dollars of \$5,309 (December 31, 2019 - \$7,040), Papua New Guinea Kinas of \$11,674 (December 31, 2019 - \$58,796), and United Kingdom Pound Sterling of 2,641 (December 31, 2019 - \$nil). A 10% change in the value of the Canadian dollar compared to the other foreign currencies in which the Company transacts would result in a corresponding foreign exchange gain/loss of approximately \$600 based on the balance of monetary assets and liabilities at March 31, 2020 (December 31, 2019 - \$1,900).

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

5. Exploration and evaluation expenses

Transactions for the period ended March 31, 2020 and the year ended December 31, 2019 on the Keveri project are as follows:

	March 31, 2020	December 31, 2019
Accommodations	3,909	51,599
Accounting services	6,207	25,494
Administration	209	6,891
Assays	-	54,627
Communications	1,514	21,120
Compensation	-	3,819
Field supplies	1,152	73,523
Geologists	-	246,900
Geophysics services	27,034	289,376
Helicopter chartering	-	361,477
In-country logistics	7,647	132,838
Option payments	667,305	279,115
Other	7,441	40,828
Professional services	-	19,243
Sampling	-	33,325
Site meal services	1,466	47,678
Technical report	-	56,956
Travel	3,913	56,760
Wages	30,974	333,351
	758,771	2,134,920

Keveri Property, Papua New Guinea

Pursuant to an option and joint venture agreement with Papuan Mineral Pty Ltd. (PMPL) and its wholly owned subsidiary Papuan Miners Ltd. (PML) dated August 28, 2018, which agreement was replaced by a definitive option agreement amongst the parties dated March 20, 2020, the Company has an option to acquire 85% of the issued and outstanding shares of PML. PML is the legal and beneficial owner of 100% of the licences which encompass the Keveri Project in Papua New Guinea. The renewal application for one of the two licences for the Keveri Project is currently in process.

The interest will be earned in two stages: To exercise the first option and earn a 51% interest in the Keveri Project, the Company must:

- pay to PMPL \$129,000 AU (\$123,000) within 25 days of execution of the agreement (paid);
- pay to PMPL \$100,000 AU (\$96,000) within six months of the execution of the agreement if the shares of the Company are not listed on a recognized stock exchange ("Listing") (paid);
- pay to PMPL \$200,000 AU (\$192,000) within twelve months of the execution of the agreement if the shares of the Company are not listed on a recognized stock exchange (paid);
- List the shares of the Company on a recognized stock exchange within 18 months of the execution date, August 24, 2018, of the agreement; (Note 12);

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

5. Exploration and evaluation expenses (continued)

Keveri Property, Papua New Guinea (continued)

- (e) fund a total of \$300,000 AU in exploration expenditures on the Keveri Project, within twelve months of Listing;
- (f) complete 3,000 metres of diamond drilling within 30 months of Listing;
- (g) complete an equity financing of not less than \$3,000,000 AU (\$2,876,000), net of fees, upon Listing. Equity financing's completed prior to listing are included in the total;
- (h) pay to PMPL \$450,000 AU (\$432,000) in cash as follows:
 - (i) \$150,000 AU (\$144,000) upon Listing (paid);
 - (ii) \$150,000 AU (\$144,000) within 12 months of Listing or by the issuance of Common Shares (at the Company's election) at the volume-weighted average price for trading of Common Shares on a recognized stock exchange immediately preceding their issue; and
 - (iii) \$150,000 AU (\$144,000) within 24 months of Listing or by the issuance of Common Shares (at the Company's election) at the volume-weighted average price for trading of Common Shares on a recognized stock exchange immediately preceding their issue.
- (i) pay to PMPL \$1,500,000 AU (\$1,438,000) in cash or in common shares of the Company with values as follows:
 - (i) \$500,000 AU (\$479,000) within 30 months of Listing; and
 - (ii) \$1,000,000 AU (\$959,000) within 36 months of Listing.
- (j) issue to PMPL shares of the Company with a value of \$600,000 AU (\$575,000) upon Listing (issued);
- (k) from the Listing date, pay PMPL an annual option fee of \$150,000 AU (\$144,000) per year until the second option is completed; and
- (l) meet the exploration expenditure requirements to maintain the licences in good standing for a period of two years after listing on a recognized stock exchange and for a period of 12 months should the Company elect not to exercise the second option. Annual exploration expenditure requirements are approximately K60,000 (\$24,000).

To exercise the second option and earn a further 34% interest in the Keveri Project, the Company must:

- (a) complete 10,000 metres of diamond drilling during the period of the second option; and
- (b) make the following payments in cash or shares of the Company as follows:
 - (i) \$500,000 AU (\$479,000) within 48 months of Listing
 - (ii) \$1,000,000 AU (\$959,000) within 60 months of Listing
 - (iii) \$1,500,000 AU (\$1,438,000) within 72 months of Listing

The Company must pay the applicable ground rent and mineral right fees, which are payable to the Government of Papua New Guinea pursuant to the Prospecting License, and becoming due during the option period. The Company is also obligated to meet PML's statutory and administrative expenses during the option period. These costs are estimated to be approximately \$10,000 annually.

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

5. Exploration and evaluation expenses (continued)

The Project is subject to a 2.0% net smelter royalty (“NSR Royalty”) in the Keveri Property, 1/2 of which the Company has the right to purchase (1.0%) at any time for \$1,500,000.

The government of Papua New Guinea holds the right to acquire up to a 30% interest in the licences at any time prior to the commencement of mining by paying to the Company the prorata amount of accumulated exploration expenditures incurred. The government would then further contribute to the development on a prorata basis unless otherwise agreed. They are also entitled to a levy of 0.25% of mine revenue. Two directors of the Company control PMPL. See Note 9.

6. Equipment

	Computer hardware	Furniture and equipment	Vehicles	Total
	\$	\$	\$	\$
Cost December 31, 2019	19,045	7,589	-	26,634
Additions	-	-	-	-
March 31, 2020	19,045	7,589	-	26,634
Accumulated depreciation				
Charges for the year	5,237	759	-	5,996
December 31, 2019	5,237	759	-	5,996
Charges for the year	1,899	342	-	2,241
March 31, 2020	7,136	1,101	-	8,237
Net book value				
March 31, 2020	11,909	6,488	-	18,397
Net book value				
December 31, 2019	13,808	6,830	-	20,638

7. Issued Capital

(i) Authorized

Authorized share capital consists of:

- (i) an unlimited number of voting and participating Class A shares without par value; and
- (ii) an unlimited number of non-voting and non-participating Class B shares without par value, redeemable for the amount paid for such shares. No Class B shares are outstanding.

(ii) Non-brokered private placements

On April 24, 2019, the Company issued 4,535,000 Class A shares at \$0.10 per share for cash consideration of \$453,500.

On May 23, 2019, the Company issued 9,070,000 Class A shares at \$0.10 per share for cash consideration of \$907,000.

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

7. Issued Capital (continued)

(ii) Non-brokered private placements (continued)

On June 30, 2019, the Company issued 14,985,000 Class A shares at \$0.10 per share for cash consideration of \$1,498,500.

On June 30, 2019, the Company issued 3,489,950 Class A shares at \$0.10 per share in exchange for extinguishment of accounts payable in the amount of \$348,995. This amount was due to directors of the Company pursuant to their consulting contracts.

On June 30, 2019, the Company issued 500,000 Class A shares at \$0.10 per share in consideration for additional contract services to a director of the Company.

On October 21, 2019, the Company issued 470,000 Class A shares at \$0.15 per share in exchange for extinguishment of accounts payable in the amount of \$70,500. This amount was due to directors of the Company pursuant to their consulting contracts. The price per share utilized was the conversion price of the special warrants, see note 8, issued at the same time.

8. Equity reserves

	No. of options #	Weighted Average Exercise Price \$	Grant Date Fair Value of options \$
December 31, 2018	3,000,000	0.10	117,000
Granted/Expensed	3,869,960	0.23	281,341
December 31, 2019	6,869,960	0.18	398,341
Granted/Expensed	505,035	0.15	56,777
March 31, 2020	7,374,995	0.15	455,118

Employee share option plan

The Company has a share option plan to assist the Company in attracting, retaining and motivating directors, key officers, employees and consultants of the Company and to closely align the personal interests of such parties with those of the shareholders by providing them with the opportunity, through options, to acquire common shares of the Company.

The following share option arrangements were in existence as at March 31, 2020:

Date Granted	Options Granted	Options Exercisable	Exercise Price \$	Expiry Date
October 4, 2018	3,000,000	3,000,000	0.10	October 3, 2022
June 30, 2019	3,154,995	3,154,995	0.25	June 30, 2023
October 21, 2019	714,965	178,741	0.15	October 21, 2023
March 2, 2020	505,035	126,259	0.15	March 2, 2024
	7,374,995	6,459,995	0.16	

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

8. Equity reserves (continued)

The fair value of share options granted has been estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	Expected dividend yield %	Risk-free interest rate %	Expected volatility %	Expected life	Estimated grant date fair value \$	Share price \$
October 4, 2018	0	2.46	135	4 years	117,000	0.051
June 30, 2019	0	2.46	135	4 years	234,000	0.100
October 21, 2019	0	1.61	134	4 years	89,000	0.150
March 2, 2020	0	1.07	134	4 years	62,000	0.150

The weighted average remaining contractual life of options outstanding at March 31, 2020 is 3.02 years (December 31, 2019 - 3.21 years).

Effective October 21, 2019, the Company issued 5,679,666 special warrants at \$0.15 per warrant for aggregate consideration of \$851,950. 258,000 of the special warrants issued were issued to related parties of the Company, described in note 9. On March 2, 2020, the Company completed a liquidity event and the special warrants were converted to 5,679,666 Class A shares of the Company.

9. Related party information

The following transactions were entered into with related parties during the periods ended March 31, 2020 and 2019:

	2020 \$	2019 \$
With a person related to a director of the Company:		
Rent	1,500	-
With directors of the Company:		
Wages	46,969	-
Management fees	43,750	91,678
Exploration and evaluation expenses	-	24,000
	90,719	115,678
With a partnership in which an officer of the Company is a partner:		
Accounting services	24,062	11,568
With a corporation whose directors are directors of the Company:		
Keveri acquisition payments (see note 12a)	667,305	95,575

Accounts receivable as at March 31, 2020 include amounts owing from a related corporation in the amount of \$20,000 (March 31, 2019 - \$nil). The company is related through common management. The amount receivable is unsecured, non-interest bearing and has no fixed terms of repayment.

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

9. Related party information (continued)

Accounts payable and accrued liabilities as at March 31, 2020 include amounts owing to directors and officers in the amount of \$8,624 (March 31, 2019 - \$319,396). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

In the June 30, 2019 non-brokered private placements described in note 7(ii), directors subscribed for 4,289,950 Class A shares in exchange for the extinguishment of accounts payable of \$398,995 and cash consideration of \$30,000.

Directors subscribed for all of the shares in the October 21, 2019 non-brokered private placements described in note 7(ii) in exchange for the extinguishment of accounts payable totalling \$70,500.

In the October 21, 2019 special warrant issuance described in note 8, directors and officers of the Company and members of their families subscribed for 258,000 special warrants for cash consideration of \$38,700.

Short-term benefits	46,969	-
Share-based payments	42,316	-

10. Commitments and contingencies

Effective October 1, 2019 the Company amended the consulting agreement with the Company's president to provide for an annual fee of \$175,000. In addition, the president shall receive stock options as determined by the board of directors pursuant to the Company stock option plan.

Effective October 1, 2019 the Company cancelled the consulting agreement with the Company's chief administrative officer and entered into an employment agreement with the chief administrative officer to provide for an annual fee of \$175,000. In addition, the chief administrative officer shall receive stock options as determined by the board of directors pursuant to the Company stock option plan.

Minimum commitments under these contracts total \$350,000 and are due within one year.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Golden Birch Resources Inc.

Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2020 and 2019

(expressed in Canadian dollars unless otherwise noted)

11. Capital management

The capital of the Company consists of issued capital, warrants and options. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of its exploration and evaluation assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the risks, objectives, policies and procedures in 2019 or 2020.

12. Subsequent events

(a) Issuance of Class A shares

On May 14, 2020, the Company completed the first tranche of its non-brokered private placement financing. This tranche consisted of the sale of 7,500,000 units at a price of \$0.15 per unit for gross proceeds of \$1,125,000, with each unit being comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the company at a price of \$0.20 per common share until May 14, 2025. The Company paid a finder's fee of \$101,250 in cash and 750,000 non-transferable finder's warrants, with each such finder's warrant entitling the holder thereof to acquire one unit of the Company at a price of \$0.15 per share and one finder's unit warrant. If issued, each finder's unit warrant entitles the holder to purchase one common share at a price of \$0.20 per common share until May 14, 2025.