

MAKARA MINING CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

|

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the three months ended March 31, 2020 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

MAKARA MINING CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at March 31, 2020 and December 31, 2019
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	March 31, 2020	December 31, 2019
ASSETS		
Current		
Cash and cash equivalents	\$ 498,538	\$ 338,997
Amount receivable	3,085	1,239
	<u>501,623</u>	<u>340,236</u>
Exploration and evaluation assets (Note 5)	40,000	40,000
	<u>\$ 541,623</u>	<u>\$ 380,236</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 17,398	\$ 14,567
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	419,925	419,925
Special warrants (Note 11)	209,841	-
Deficit	<u>(105,541)</u>	<u>(54,256)</u>
	<u>\$ 524,225</u>	<u>365,669</u>
	<u>\$ 541,623</u>	<u>\$ 380,236</u>

Going concern (Note 2)
Commitments (Notes 5 and 6)
Subsequent events (Notes 6 and 10)

APPROVED ON BEHALF OF THE BOARD:

"Andrew H. von Kursell" Director
Andrew H. von Kursell

"Grant Hendrickson" Director
Grant Hendrickson

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MAKARA MINING CORP.**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three months ended March 31, 2020 and

for period from September 17, 2019 (date of incorporation) to December 31, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended March 31, 2020	Period from September 17, 2019 to December 31, 2019
Administrative expenses		
Consulting fees (Note 7)	\$ 13,500	\$ 14,750
Filing fees	3,940	-
General exploration costs	-	15,000
Office and general	1,568	1,106
Rent	1,483	-
Share-based payments (Notes 6 and 7)	-	15,000
Professional fees	30,794	8,400
Net loss and comprehensive loss for the period	\$ (51,285)	\$ (54,256)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	14,998,273	5,461,866

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MAKARA MINING CORP.**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three months ended March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of Shares	Capital Stock	Special Warrants	Deficit	Total Shareholders' Equity
Balance, September 17, 2019	1	\$ -	\$ -	\$ -	\$ -
Incorporator share returned to treasury	(1)	-	-	-	-
Share issuances					
Private placement (Note 6)	1,000,000	20,000	-	-	20,000
Private placement (Note 6)	9,999,633	199,993	-	-	199,993
Private placement (Note 6)	3,998,640	199,932	-	-	199,932
Net loss for the period	-	-	-	(54,256)	(54,256)
Balance, December 31, 2019	14,998,273	\$ 419,925	\$ -	\$ (54,256)	\$ 365,669
Balance, December 31, 2019	14,998,273	\$ 419,925	\$ -	\$ (54,256)	\$ 365,669
Special warrants subscription received	-	-	209,841	-	209,841
Net loss for the period	-	-	-	(51,285)	(51,285)
Balance, March 31, 2020	14,998,273	\$ 419,925	\$ 209,841	\$ (105,541)	\$ 524,225

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MAKARA MINING CORP.**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

For the three months ended March 31, 2020 and

for the period from September 17, 2019 (date of incorporation) to December 31, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended March 31, 2020	Period from September 17, 2019 to December 31, 2019
Operating Activities		
Net loss for the period	\$ (51,285)	\$ (54,256)
Items not affecting cash:		
Share-based payments	-	15,000
Changes in non-cash working capital items related to operations:		
Amount receivable	(1,846)	(1,239)
Accounts payable and accrued liabilities	2,831	14,567
Cash used in operating activities	(50,300)	(25,928)
Investing Activity		
Mineral property acquisition	-	(40,000)
Cash used in investing activity	-	(40,000)
Financing Activities		
Shares issued for cash	-	404,925
Special warrants received	209,841	-
Cash provided by financing activities	209,841	404,925
Change in cash during the period	159,541	338,997
Cash and cash equivalents, beginning of period	338,997	-
Cash and cash equivalents, end of the period	\$ 498,538	\$ 338,997
Cash and cash equivalents consist of:		
Cash	\$ 488,764	\$ 322,556
Cash held in trust	9,774	16,441
	\$ 498,538	\$ 338,997
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MAKARA MINING CORP.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

1. CORPORATE INFORMATION

The Company is a mineral property exploration company whose common shares trade on the Canadian Securities Exchange (“CSE”). On April 28, 2020, the Company received a receipt from the British Columbia Securities Commission for its long -form prospectus dated April 27, 2020 and commenced trading on the CSE on May 4, 2020 under the trading symbol “MAKA”.

The Company has an option agreement to earn an interest in a mineral property located in the Kenora Mining Region, Ontario (Note 5) and has not yet determined whether this property contains reserves that are economically recoverable. The recoverability of amounts from the property is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying property, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property option agreement and to complete the development of the property and upon future profitable production or proceeds for the sale thereof.

The Company was incorporated on September 17, 2019 in British Columbia. The head office of the Company is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 1T2 and its registered and records office is located at 6th Floor, 905 West Pender Street, Vancouver, British Columbia, Canada, V6C 1L6.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The condensed interim financial statements were authorized for issue by the Board of Directors on May 28, 2020.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At March 31, 2020, the Company has not achieved profitable operations, has accumulated losses of \$105,541 since inception and expects to incur further losses in the development of its business.

MAKARA MINING CORP.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

2. BASIS OF PREPARATION – (cont'd)

(c) Going Concern – (cont'd)

During the month of March 2020, there was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at December 31, 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

MAKARA MINING CORP.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – (cont'd)

Exploration and Evaluation Asset and Impairment

The application of the Company's accounting policy for exploration and evaluation assets and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgement. See Note 2(c).

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title or interest therein. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

5. EXPLORATION AND EVALUATION ASSETS

By a mineral property option agreement dated November 24, 2019, the Company may acquire up to a 100% interest in the Kenora Gold Property. This property consists of 40 mineral tenures and is located in the Kenora Mining Region, Ontario. As consideration, the Company will pay cash of \$110,000, issue 700,000 common shares of the Company and incur \$360,000 in exploration expenditures as follows:

- a) Cash payment of \$40,000 within seven days of signing of the Agreement (paid);
- b) Incur a minimum of \$110,000 in exploration expenditures within the first year from the agreement date (November 24, 2020);
- c) Cash payment of \$30,000 and issuance of 300,000 common shares of the Company on the first anniversary of the listing of the Company on the CSE; and
- d) Cash payment of \$40,000, issuance of 400,000 common shares of the Company and incur a minimum of \$250,000 in exploration expenditures on or before the second anniversary date of the agreement (November 24, 2021).

Should the Company acquire 100% of the property, the optionor will retain a 1% net smelter returns royalty, one half of which may be purchased by the Company for \$500,000. The property is also subject to an aggregate of 4.5% in net smelter returns royalties in favour of previous owners of the property.

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

MAKARA MINING CORP.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

6. SHARE CAPITAL – (cont'd)**(b) Issued**

During the period ended December 31, 2019:

On September 17, 2019, the Company issued 1 common share for total proceeds of \$0.10, which was returned to treasury on October 4, 2019.

On October 4, 2019, the Company issued 1,000,000 common shares at \$0.005 per share for total proceeds of \$5,000 and recognized a share-based payment of \$0.015 per share for a total of \$15,000. The 1,000,000 common shares will be held in escrow for two years from the date the Company's shares commence trading on the CSE (May 4, 2020).

On November 21, 2019, the Company issued 9,999,633 common shares at \$0.02 per share for total proceeds of \$199,993.

On December 12, 2019, the Company issued 3,998,640 units at \$0.05 per unit for total proceeds of \$199,932. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at \$0.10 per share expiring two years from the date the Company's shares commence trading on the CSE (May 4, 2020).

(c) Share Purchase Warrants

The changes in warrants were as follows:

	March 31, 2020	Weighted Average Exercise Price	December 31, 2019	Weighted Average Exercise Price
Balance, beginning of period	3,998,640	\$0.10	-	\$0.00
Issued	-	-	3,998,640	\$0.10
Balance, end of period	3,998,640	\$0.10	3,998,640	\$0.10

As at March 31, 2020, the Company had 3,998,640 share purchase warrants exercisable at \$0.10 per share expiring two years from the date the Company's shares commence trading on the CSE (May 4, 2020).

(d) Escrow Shares

Pursuant to the subscription agreements pursuant to which such shares were issued by the Company, the 1,000,000 common shares issued on October 4, 2019 will be held in escrow for two years from the date the Company's shares commence trading on the CSE. In addition, pursuant to an escrow agreement to be entered into between the Company and the holders of such shares, such shares will be placed into escrow to be released as to 10% on the Listing Date with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the Listing Date. On May 4, 2020, 100,000 common shares were released from escrow.

MAKARA MINING CORP.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

6. SHARE CAPITAL – (cont'd)

(e) Special Warrants

On February 7, 2020, the Company issued an aggregate of 2,098,413 Special Warrants at a price of \$0.10 per Special Warrant and received gross proceeds of \$209,841. Each Special Warrant entitles the holder to acquire, without further payment, one unit. Each unit will be comprised of one common share of the Company and one warrant, exercisable into one common share of the Company at an exercise price of \$0.20 for two years from the date the Company's shares commence trading on the CSE. Each Special Warrant will automatically convert at 5:00 p.m. (Vancouver time) on the date that is the earlier of: (a) the third business day after the date on which a receipt for a final prospectus to qualify for distribution the units is received by the Company from the British Columbia Securities Commission; and (b) one year from the issuance date. On May 4, 2020, these Special Warrants were converted to 2,098,413 units.

7. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

		For the three months ended March 31, 2020	Period from September 17, 2019 to December 31, 2019
Consulting fees	Andrew H. von Kursell, CFO	\$ 6,000	\$ 6,000
Share-based payments	Andrew H. von Kursell, CFO	-	12,000
	Grant A. Hendrickson, President and CEO	-	3,000
		-	15,000
		\$ 6,000	\$ 21,000

On November 1, 2019, the Company entered into a consulting agreement with Andrew von Kursell for consulting services for a period of one year at a monthly rate of \$2,000 per month which shall automatically be renewed on the same terms and conditions from month to month until terminated.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and cash equivalents and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

MAKARA MINING CORP.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

8. CAPITAL MANAGEMENT – (cont'd)

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the period.

9. FINANCIAL INSTRUMENTS AND RISKS

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at March 31, 2020 the Company had a working capital of \$484,225.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Interest rate risk

The Company is not exposed to significant interest rate risk.

MAKARA MINING CORP.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

9. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)**Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit Risk

Financial instruments that potentially expose the Company to credit risk is cash and cash equivalents. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Fair Values

The Company's financial instruments include cash and cash equivalents and accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of secondary market and the significant cost of obtaining external appraisals. The fair value of these financial instruments approximates their carrying value under the effective interest method.

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

MAKARA MINING CORP.

Notes to the Condensed Interim Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

10. SUBSEQUENT EVENTS

On May 11, 2020, the Company entered into an option agreement to acquire an undivided 70% interest in the Rude Creek property in the Yukon. The property consists of 4,157 hectares located in west-central Yukon. As consideration the Company agrees to pay cash payments of \$125,000 (paid \$50,000 on signing) ; issue 3,750,000 common shares and incur an aggregate expenditure of \$3,175,000 over three years.

On May 22, 2020, the Company completed a non-brokered private placement of 6,814,332 units at a price of \$0.25 per unit for total proceeds of \$1,703,583. Each unit consist of one common share and one share purchase warrant. Each share purchase warrant is exercisable at \$0.50 per share expiring three years from the date of issuance. In connection with the private placement the Company paid a cash finder's fee \$34,860 and issued 139,440 finders' warrants exercisable at \$0.50 for a period of three years from the date of issuance.