INTACT GOLD CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been previously prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

INTACT GOLD CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	**June 30, 2020**	March 31, 2020
	(Unaudited)	(Audited)
	$	$
ASSETS		
CURRENT ASSETS		
Cash	**422,997**	833,733
Taxes receivable	**21,503**	5,977
Prepaid expenses and deposits (Note 5)	**11,384**	6,327
Investment (Note 7)	**17,500**	17,500
	473,384	863,537
Exploration and evaluation property interests (Note 9)	**516,792**	516,792
Right-of-use asset (Note 8)	**55,764**	-
	1,045,940	1,380,329
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Notes 10,15)	**84,022**	404,405
Loans payable (Notes 11,15)	**52,900**	61,400
	136,922	465,805
Lease liability (Note 8)	**56,571**	-
	193,493	465,805
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	**5,611,631**	5,611,631
Deficit	**(4,759,184)**	(4,697,107)
	852,447	914,524
	1,045,940	1,380,329

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on August 27, 2020.

On Behalf of the Board:

"Yari Nieken" | "Ron Coulson"

Yari Nieken, Director | Ron Coulson, Director

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

INTACT GOLD CORP.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars - Unaudited)

	For the three months ended June 30,	
	2020	2019
ADMINISTRATIVE EXPENSES		
Depreciation (Notes 6, 8)	**$ 7,966**	$ 50
Filing and transfer agent fees	**2,285**	15,509
Management and director fees (Note 15)	**27,000**	39,500
Office and miscellaneous (Note 15)	**7,238**	17,571
Professional fees (Note 15)	**15,005**	5,849
Travel and related expenses	**2,570**	3,717
	(62,064)	(82,196)
OTHER ITEMS		
Foreign exchange loss	**(13)**	(5)
Unrealized loss on investment (Note 7)	**-**	(17,500)
	(13)	(17,505)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ (62,077)**	$ (99,701)
Basic and diluted loss per common share (Note 13)	**$ (0.00)**	$ (0.01)
Weighted average common shares outstanding	**18,182,651**	18,182,651

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

INTACT GOLD CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars - Unaudited)

	Share Capital		Reserves				
	Number	**Amount**	**Stock Options**	**Warrants**	**Total**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**	**$**
Balance as at March 31, 2019	18,182,651	5,611,631	213,586	149,696	363,282	(4,392,359)	1,582,554
Loss for the period	-	-	-	-	-	(99,701)	(99,701)
Balance as at June 30, 2019	**18,182,651**	**5,611,631**	**213,586**	**149,696**	**363,282**	**(4,492,060)**	**1,482,853**
Balance as at March 31, 2020	18,182,651	5,611,631	-	-	-	(4,697,107)	914,524
Loss for the period	-	-	-	-	-	(62,077)	(62,077)
Balance as at June 30, 2020	**18,182,651**	**5,611,631**	**-**	**-**	**-**	**(4,759,184)**	**852,447**

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

INTACT GOLD CORP.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars - Unaudited)

	For the three months ended June 30, 2020	2019
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	**(62,077)**	(99,701)
Adjustments for non-cash items:		
Depreciation	**7,966**	50
Unrealized loss on investment	**-**	17,500
Changes in non-cash operating working capital items:		
Taxes receivable	**(15,526)**	(4,545)
Prepaid expenses and deposits	**(5,057)**	(44,359)
Accounts payable and accrued liabilities	**(320,383)**	(290,531)
	(395,077)	(421,586)
CASH FLOWS USED IN INVESTING ACTIVITY		
Exploration and evaluation property expenditures	**-**	(32,028)
	-	(32,028)
CASH FLOWS USED IN FINANCING ACTIVITY		
Loan repayment	**(8,500)**	-
Payments on lease, net	**(7,159)**	-
	(15,659)	-
CHANGE IN CASH	**(410,736)**	(453,614)
CASH, BEGINNING OF PERIOD	**833,733**	1,674,602
CASH, END OF PERIOD	**422,997**	1,220,988

Supplemental disclosures with respect to cash flows (Note 14).

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Nature of operations

Intact Gold Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 3, 2007. The Company's business is to acquire and explore interests in mining projects.

The Company's head office and principal address is 400 - 837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6. The Company's registered and records office is located at 400 - 837 West Hastings Street, Vancouver, British Columbia, Canada, V6C 3N6. Its shares are trading on TSX Venture Stock Exchange on symbol ITG.

Going concern

The Company's mineral property is at the exploration stage and is without a known body of commercial ore. The business of exploring for minerals and mining involves a high degree of risk. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as exploration and evaluation property interests represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation property interests is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These condensed interim 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 is not expected to continue operations for the foreseeable future. As at June 30, 2020, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company may require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities and there are no assurances that the Company will be successful in raising additional capital on commercially reasonable terms or at all. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with current cash on hand and further private placements, if available.

The condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipate this outbreak might increase the difficulty in capital raising which may negatively impact the Company's business and financial condition.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent 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”).

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial reporting and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended March 31, 2020.

These unaudited condensed interim financial statements of the Company for the three months ended June 30, 2020 were approved and authorized for issue by the Board of Directors on August 27, 2020.

Basis of preparation

These condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar and was determined through an analysis of the consideration factors identified in International Accounting Standards (“IAS”) 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method. The depreciation rates applicable to equipment is 30% declining balance

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation property interests

i. Pre-license expenditures

Pre-license expenditures are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

ii. Exploration and evaluation expenditures

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets (“E&E”) according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and or probable mineral reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity.

When this is no longer the case, impairment costs are charged to exploration and evaluation expense. Upon determination of mineral reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

The Company has not established any NI 43-101 compliant proven or probable reserves on any of its mining properties which have been determined to be economically viable.

iii. Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value 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 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 the profit or loss for the period.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation property interests (continued)

iii. Impairment (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation property interests along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

As at June 30, 2020 and March 31, 2020, there were no significant restoration and environmental obligations.

Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Deferred tax is provided using the statement of financial position method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused income tax credits and any unused income tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused income tax credits and unused income tax losses can be utilized.

Share capital

Financial instruments issued by the Company are classified as shareholders' equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, and options are classified as equity instruments.

Share capital and warrants

Common shares and warrants are classified in equity. Issue costs that are directly attributable to the issuance of shares and warrants are recognized in equity as a deduction from the issue proceeds during the period when these transactions occur.

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 fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing price on the issuance date. The excess, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded to reserves. The Company transfers the value of expired unexercised warrants to deficit from reserves.

Flow-through placements

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures 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 qualifying expenses being incurred, the Company derecognizes the liability on a pro-rata basis and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may also be subjected to a 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 a financial expense until paid.

Reserves

Reserves includes, among other things, charges related to stock options expenses until the exercise of these options.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

The Company operates an employee stock option plan. Share-based compensation to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using a Black-Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company transfers the value of cancelled stock options or expired unexercised vested stock options to deficit from reserves on the date of cancellation or expiration.

Loss per share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are 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 the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. As at June 30, 2020, all of the Company’s Nil (2019 - 92,500) stock options and Nil (2019 - Nil) warrants were anti-dilutive and therefore excluded from the diluted loss per share calculation.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows classification of its financial instruments:

Financial assets/liabilities	Classification
Cash	FVTPL
Receivables	Amortized cost
Investment	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

(ii) Measurement

<u>Financial assets at FVTOCI</u>
Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Measurement (continued)

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the statements of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss.

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation property interests) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Leases

IFRS 16 *Leases*

IFRS 16 replaces IAS 17. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The standard becomes effective April 1, 2019. The adoption of IFRS 16 had no transitional impact on the Company’s condensed interim financial statements.

From April 1, 2019, leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use, with the exception of leases of low-value assets or leases with a term of 12 months or less, which are recognized on a straight-line basis as an expense. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to the statement of net income (loss) and comprehensive income (loss) over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset’s useful life and the lease term. Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. See Note 8.

Option agreement on mining properties

Options on interests in mining properties acquired by the Company are recorded at the value of disbursed cash consideration, including any economic benefit transferred, but excluding future spending commitment. Since the commitment of future expenditures does not meet the definition of a liability, it is not recognized. Expenditures are recorded only when they are incurred by the Company.

When the Company sells its interests in mineral properties, it uses the book value of the property before the sale of the option as part of the carrying value of the property and credits any monetary consideration received and the fair value of other financial assets against the carrying value of this property. Any surplus is recorded in net income.

Provisions, Contingent Liabilities and Contingent Assets

A present obligation arises from the presence of legal or constructive commitment that has resulted from past events, such as legal disputes, liabilities related to decommissioning, restoration and similar liabilities or onerous contracts. The evaluation of provisions corresponds to the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the date of presentation of financial information, including risks and uncertainties relating to the obligation. When there is a large number of similar obligations, the likelihood that an outflow of resources will be required to settle these obligations is determined by considering the class of obligations as a whole. Provisions are discounted when the time value of money is significant. Any reimbursement that the Company can be virtually certain to collect from a third party to the obligation is recognized as a separate asset. However, this asset should not exceed the amount of the related provision. Provisions are reviewed at each reporting

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions, Contingent Liabilities and Contingent Assets (continued)

date for financial information and adjusted to reflect current best estimates at that date. When a possible outflow of resources of economic benefits as a result from present obligations is considered either improbable or a low probability is determined, no liability is recorded unless it was assumed in the course of a business combination. In a business combination, contingent liabilities related to a present obligation is recognized in the allocation of the purchase price of the assets acquired and liabilities are assumed as part of the business combination. They are subsequently measured at the highest amount of a comparable provision, as described above, and the amount initially recognized, net of depreciation.

Entries that are probable economic benefits to the Company that do not yet meet the recognition criteria of an asset are treated as contingent assets. The Company's operations are governed by laws and government regulations concerning environmental protection. The environmental consequences are difficult to identify, whether the amounts are based on timing or outcome. The Company currently operates in accordance with the laws and regulations currently in force. Any payment that may result from the restoration of mining properties, if any, will be recorded in cost of mining properties when it will be possible to make a reasonable estimate.

Government grants

Grants from governments are recognized as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants that become receivable as compensation for expenses incurred shall be recognized in profit and loss of the period in which it becomes receivable and presented under "Other items". The junior mining exploration assistance programs are designed to assist the Company to conduct advanced mining exploration.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive 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.

Information about assumptions, critical accounting estimates and 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 are discussed below:

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation assets</u>

The application of the Company's accounting policy for exploration and evaluation expenditure 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 the profit or loss in the period the new information becomes available.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Economic recoverability and probability of future economic benefits of exploration and evaluation assets (continued)

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits, including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Deferred tax

When the Company anticipates an amount of tax to pay in the future according to its estimates, a liability is recognized.

The evaluation of the probability of future taxable income involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences and the deferred unused tax credits and unused tax losses can be utilized.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases (Note 2).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating unit must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future exploitation or sale of the property when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and the renewal of permits. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amounts capitalized are written-off in profit or loss in the period in which the new information becomes available.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going concern

The Company is a going concern and will continue in operation for the foreseeable future and at least one year. The factors considered by management are disclosed in Note 1.

Fair value

All financial instruments are required to be recognized at fair value on initial recognition. Subsequent measurement of these instruments is at amortized cost or at fair value depending on their classification.

Fair value is the amount of consideration that would be agreed upon in an arm's-length transaction, between knowledgeable, willing parties who are under no compulsion to act. This is a point-in-time measurement that may be changed in subsequent reporting periods due to market conditions or other factors.

Fair value of a financial instrument is determined by reference to quoted prices in the most advantageous active market to which the Company has immediate access. In the absence of an active market, fair value is determined on the basis of internal or external valuation models, including discounted cash flow models. Fair value determined using these valuation models, requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as the number of variables. In determining these assumptions, external readily observable market inputs are considered, as applicable, otherwise the Company uses the best possible estimate.

Provisions and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are sources of estimation and uncertainty.

4. APPLICATION OF NEW AND REVISED IFRS

New and revised standards that are effective

The retrospective application of the following amendments had no impact on the Company's profit or loss or financial position.

IFRS 2 - *Share-Based Payment*

Share-based Payment has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

(Expressed in Canadian Dollars - Unaudited)

4. APPLICATION OF NEW AND REVISED IFRS (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the applied pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. The Company is currently analyzing the possible impact of this standard on its financial statements.

IFRIC 23 - *Uncertainty over income tax treatments*

In June 2017, the IASB issued IFRIC 23, Uncertainty over income tax treatments, prepared by the IFRS Interpretations Committee to clarify the accounting for uncertainties over income tax treatments.

The interpretation applies to the determination of taxable income (tax loss), tax values, unused tax losses, unused tax credits and tax rates when there is doubt as to income tax treatments to be used in accordance with IAS 12. The new standard is effective for annual periods beginning on or after January 1, 2019.

5. PREPAID EXPENSES AND DEPOSITS

The following table shows the breakdown of the Company's prepaid expenses as of June 30, 2020 and March 31, 2020:

	June 30, 2020	March 31, 2020
	$	$
Filing and transfer agent fees	**4,844**	5,666
Insurance	**6,540**	661
Total prepaid expenses	**11,384**	6,327

6. EQUIPMENT

	Computer equipment
	$
Cost:	
Balance as at March 31, 2019, 2020 and June 30, 2020	3,236
Accumulated depreciation:	
Balance as at March 31, 2019	3,169
Charge for the year	67
Balance as at March 31, 2020 and June 30, 2020	3,236
Net book value:	
Balance as at March 31, 2019	67
Balance as at March 31, 2020 and June 30, 2020	**-**

(Expressed in Canadian Dollars - Unaudited)

7. INVESTMENT

The following table shows the movement of the Company's investment as at June 30, 2020:

	Berkwood Resources Ltd.
	$
Balance as at March 31, 2019	-
Additions	61,250
Change in market value	(43,750)
Balance as at March 31, 2020	17,500
Change in market value	-
Balance as at June 30, 2020	**17,500**

On April 18, 2019, Berkwood has exercised its right to buy back the 2.5% interest in the Lac Gueret South graphite property. As a result of the exercised rights, Berkwood has issued to the Company 875,000 units valued at $61,250 (Note 9). Each unit entitle the Company to receive one share and one-half of a common share purchase warrant of Berkwood.

During the three months ended June 30, 2020, the market value of the investment did not change and an unrealized loss of $Nil (2019 - $17,500) was recognized in statement of loss and comprehensive loss.

As at June 30, 2020, the Company held 1.3% of Berkwood's issued shares.

8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On April 1, 2020, the Company entered into a two-years lease agreement for an office space, an amount of $72,000 for rent before March 2022. The payments are as follows over the next two years: 2021 - $36,000; 2022 - $36,000. Under IFRS 16, the Company recognizes lease liabilities measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The Company's weighted-average incremental borrowing rate applied to the lease liabilities on April 1, 2020 was 12%. The right-of-use asset of $63,730 recognized during the period was measured at an amount equal to the recognized lease liabilities and comprises of a real estate premise. The details of the right-of-use assets and lease liabilities recognized as at June 30, 2020 are as follows:

Right-of-use asset

	June 30, 2020
	$
Beginning balance	-
Present value of lease payments	63,730
Amortization	(7,966)
Ending balance	**55,764**

Lease liability

	June 30, 2020
	$
Beginning balance	-
Present value of lease payments	63,730
Accrued interest	1,841
Cash payment	(9,000)
Ending balance	**56,571**

9. EXPLORATION AND EVALUATION PROPERTY INTERESTS

Title to mineral properties

Title to mineral property interests 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 property interests. The Company has investigated title to all of its mineral property interests and to the best of management's knowledge, title to all of its properties are in good standing and free of material defect.

Belleterre Extreme East Property and Ortona Property

On May 9, 2016, the Company entered an agreement with Caprock Ventures Corp ("Caprock"). Pursuant to the terms of the agreement, the Company may acquire a 100% in the Belletere Extreme East Property and the Ortona Property located in Quebec, Canada.

By way of consideration, the Company made cash payments totaling $25,000 and issued 150,000 shares valued at $120,000. An additional 50,000 shares may be issued to the optionor if certain targets are met. The requirement of occurring exploration expenditures of $500,000 within three years was not met. The properties are subject to a 0.5% NSR, which the Company may repurchase for $500,000.

The original vendors of the properties also retain NSRs (1% NSR on the Ortona Property, which may be repurchased for $1,000,000, and 3.5% NSR on the Belleterre Extreme East Property, whereby the Company may repurchase the first 2% for $1,000,000 and the remaining 1.5% for $750,000 at any time).

During the year ended March 31, 2019, the seven claims for Belleterre Extreme East Property have expired, and consequently a write-off of $159,635 was recognized.

Guillet Property

On April 18, 2016, the Company entered into an agreement whereby Caprock has granted the Company the option to acquire an undivided 100% interest in and to certain mineral claims (the "Guillet Property" or the "Property"), located near the town of Belleterre, Temiscamingue, Quebec.

The Company paid to Caprock an aggregate amount of $50,000 and issued 100,000 shares valued at $160,000. The requirement of occurring $500,000 in exploration expenditures by December 31, 2019 was not met. The property is subject to a 0.5% NSR on future gold production, which includes advance royalty payments of $25,000 annually beginning on December 31, 2020, to Caprock. The Company has the option at any time to purchase 0.5% of the NSR for payment of $500,000 to Caprock.

The original vendors of the property will retain a 3.5% NSR on the Guillet Property. The Company has the right to repurchase the first 1% for $1,000,000, the second 1% for $1,500,000 and the third 1% for $2,000,000 at any time.

During the year ended March 31, 2019, the claims for Guillet Property expired, and consequently a write-off of $210,000 was recognized.

Gold Hill - Blackjack Property

On February 3, 2016, the Company entered into an agreement with King's Bay Gold Corporation to acquire an undivided 100% interest in and to certain mineral claims (collectively, the "Gold Hill - Blackjack Property"), located in the Kenora Mining Division of Ontario.

9. EXPLORATION AND EVALUATION PROPERTY INTERESTS (continued)

Gold Hill - Blackjack Property (continued)

As per property acquisition agreement, the consideration paid by the Company comprised the payment of $10,000 upon TSX-V approval, the issuance of 20,000 common shares within 10 days of TSX-V approval, and the issuance of 20,000 warrants exercisable at $1.725 over a period of two years. During the year ended March 31, 2017, the Company made the payment and issued the shares and warrants. These shares and warrants were valued at $20,000 and $10,910, respectively.

An NSR of 2% is payable on future gold production whereby the Company can buy back one half of the NSR at any time by paying $1,000,000 to the original vendors.

The Company entered into an option agreement on May 9, 2017 with Westridge Resources Inc. ("Westridge"), a B.C. company, to option out a 100% right, title and interest in Blackjack gold property.

Under the terms of the agreement, the Company irrevocably grants to Westridge the sole and exclusive right and option to acquire a 100% right, title and interest in the property, free of all encumbrances, on the following terms:

Westridge will pay the Company up to $155,000 in cash on the following schedule:

(i) $50,000 upon the effective date of this agreement; (received)
(ii) $5,000 after 12 months; and
(iii) $50,000 every 12 months thereafter for two years.

Westridge will issue to the Company up to 100,000 common shares in the capital of Westridge on the following schedule:

(i) 50,000 common shares 12 months after the effective date of this agreement; and
(ii) 50,000 common shares every 12 months thereafter for two years.

In May 2018, Westridge failed to issue shares and make payment as per schedule. Since then, the Company considered this option agreement as terminated. The Company still owns 100 % right, title and interest in Blackjack Gold property (15 claims).

Little Phoenix Property

On December 27, 2018, the Company acquired, by map staking, the Little Phoenix claims located in British Columbia, Canada.

Lac Gueret South Property

On December 31, 2018, Berkwood Resources Ltd. ("Berkwood") has concluded an agreement to finance with the Company. The terms of the agreement allow the Company to earn a 2.5% interest to the Lac Gueret South graphite property, located in Quebec, in exchange for expenditure of $125,000 on the project by December 31, 2018 (incurred).

During a period of six months, either party will have the right to execute a buyback scenario, in which Berkwood would purchase the 2.5% back by paying the Company 875,000 units in Berkwood. Each unit will entitle the Company to receive one share and one-half of a common share purchase warrant of Berkwood.

On January 24, 2019, the TSX Venture Exchange has accepted for filing a letter of intent between Berkwood and the Company. On April 18, 2019, Berkwood exercised its right to buy back 2.5% interest in the Lac Gueret South graphite property and issued 875,000 units in Berkwood.

(Expressed in Canadian Dollars - Unaudited)

9. EXPLORATION AND EVALUATION PROPERTY INTERESTS (continued)

Lac Gueret South Property (continued)

During the year ended March 31, 2019, a write-off of $64,516 was recognized to write down the property to $61,250.

Expenditures related to the Company's exploration and evaluation property interests are as follows:

	Belleterre/ Ortona Property	Gold Hill - Blackjack Property	Little Phoenix Property	Lac Gueret South Property	Total
	$	$	$	$	$
Balance as at March 31, 2019	**342,074**	**36,134**	**103,052**	**61,250**	**542,510**
Exploration expenditures					
Equipment rental	4,384	-	-	-	4,384
Report writing and data compilation	6,390	-	-	-	6,390
Staking cost	19,636	-	5,122	-	24,758
	30,410	**-**	**5,122**	**-**	**35,532**
Buy back of 2.5% interest in the Lac Gueret South Property	-	-	-	(61,250)	(61,250)
Balance as at March 31, 2020 and June 30, 2020	**372,484**	**36,134**	**108,174**	**-**	**516,792**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following table shows the breakdown of the Company's accounts payable and accrued liabilities as of June 30, 2020 and March 31, 2020:

	June 30, 2020	March 31, 2020
	$	$
Accounts payable (Note 14)	**73,522**	384,405
Accrued liabilities	**10,500**	20,000
Total	**84,022**	404,405

During the year ended March 31, 2020, the Company write-off an account payable of $25,000 considering litigation of invoice.

11. LOANS PAYABLE

The following table summarizes the outstanding balance and changes in loans payable during the three months ended June 30, 2020 and year ended March 31, 2020:

	June 30, 2020	March 31, 2020
	$	$
Beginning	**61,400**	96,200
Repayment	**(8,500)**	(34,800)
Ending	**52,900**	61,400

(Expressed in Canadian Dollars - Unaudited)

11. LOANS PAYABLE (continued)

During the year ended March 31, 2018, the Company received a loan of $113,900 from third parties and $110,200 from related parties (Note 15). The Company repaid $127,900 in 2018, $34,800 in 2020 and $8,500 in 2021 in loans payable. These loans are non-interest bearing with no specified terms of repayment.

12. SHARE CAPITAL AND RESERVES

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued share capital

There were no shares issued during the three months ended June 30, 2020 and year ended March 31, 2020.

Share purchase warrants

A summary of share purchase warrant activities are as follows:

	Number of warrants	Weighted average exercise price
Outstanding and exercisable as at March 31, 2019	**12,503,600**	**$0.21**
Warrants expired	(12,503,600)	0.21
Outstanding and exercisable as at March 31, 2020 and June 30, 2020	**-**	**$ -**

During the year ended March 31, 2020, 12,503,600 (2019 - 1,025,149) warrants expired without being exercised. The fair value in the amount of $149,696 (2019 - $Nil) attributed to these warrants was reclassified to deficit.

There were no share purchase warrants outstanding as at June 30, 2020 and March 31, 2020.

Stock options

A summary of stock options activities are as follows:

	Number of options	Weighted average exercise price
Outstanding and exercisable as at March 31, 2019	**92,500**	**$3.37**
Cancelled	(92,500)	3.37
Outstanding and exercisable as at March 31, 2020 and June 30, 2020	**-**	**$ -**

During the year ended March 31, 2020, 92,500 (2019 - Nil) stock options were cancelled. The fair value in the amount of $213,586 (2019 - $Nil) attributed to these stock options was reclassified to deficit.

There were no stock options outstanding as at June 30, 2020 and March 31, 2020.

13. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted earnings per share, dilutive potential ordinary shares such as warrants and share options have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be anti-dilutive. Details of warrants and share options issued that could potentially dilute earnings per share in the future are given in Note 12.

The calculation of basic and diluted loss per share for the three months ended June 30, 2020 was based on the loss attributable to common shareholders of $62,077 (2019 - $99,701) and the weighted average number of common shares outstanding of 18,182,651 (2019 - 18,182,651).

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the three months ended June 30, 2020, there was no significant non-cash transactions that affected cash flows from operating, investing and financing activities.

During the three months ended June 30, 2019, the Company:

- Received 875,000 shares for the buyback of 2.5% interest in the Lac Gueret South Property valued at $61,250.

15. RELATED PARTY TRANSACTIONS

Income Statement

During the three months ended June 30, 2020 and 2019, the Company entered into the following transactions with key management personnel (senior officers and directors) and controlled entities, not disclosed elsewhere in these financial statements:

a) Paid or accrued management fees of $3,000 (2019 - $500) to a director of the Company.
b) Paid or accrued management fees of $Nil (2019 - $15,000) to a former director of the Company.
c) Paid or accrued management fees of $24,000 (2019 - $24,000) to companies controlled by the former CEO and director of the Company.
d) Paid or accrued professional fees of $750 (2019 - $Nil) to the CFO of the Company.
e) Paid or accrued professional fees of $Nil (2019 - $3,000) to the former CFO of the Company.
f) Paid or accrued office rent of $Nil (2019 - $9,000) to a company controlled by the former CEO and director of the Company.

Financial position statement

As at June 30, 2020, accounts payable include $2,898 (March 31, 2020 - $311,813) due to the CFO and former CEO and director of the Company. The amounts are non-interest bearing and unsecured, with no fixed terms of repayment.

As at June 30, 2020, loans payable includes $Nil (March 31, 2020 - $8,500) due to a company controlled by the former CEO and director of the Company. The Company also has loans payable of $52,900 (March 31, 2020 - $52,900) to an individual who became and resigned as a director of the Company during 2019. The loans are non-interest bearing with no specific terms of interest or repayment (Note 11).

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

The fair value of the Company’s receivables, accounts payable and loans payable approximate their carrying values. The Company’s other financial instruments, being cash and investment, are measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote. The majority of the Company’s receivables are amounts receivable from the Canada Revenue Agency for excise tax credits and as such, the credit risk is minimal.

(b) 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 approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities and loans are due within the current operating period. The Company’s liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities and loans. The Company will require additional financing for the upcoming fiscal year in order to maintain its operations and satisfy its liabilities.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

17. CAPITAL DISCLOSURE AND MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the period.

18. SIGNIFICANT TRANSACTIONS

During the year ended March 31, 2019, the Company paid $250,000 as a consulting fee. The economic benefits associated with this payment are unmeasurable and accordingly the payment has been written off. The Company also incurred finders' fees of $119,728 on the issuance of common shares. These amounts were transacted with entities referenced in the Temporary Order and Notice of Hearing issued by the BC Securities Commission dated November 26, 2018. The amount of $119,728 incurred as finders' fees was paid as at March 31, 2020.