METALLIS RESOURCES INC.

Condensed Interim Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

METALLIS RESOURCES INC.

Index to Condensed Interim Financial Statements

For the three-month period ended March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

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

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

These condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Company has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

METALLIS RESOURCES INC.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

	March 31, 2020 (unaudited)	*December 31, 2019 (audited)*
ASSETS		
Current assets		
Cash and cash equivalents	**$ 1,859,316**	**$ 1,593,629**
Receivables *(Note 3)*	**313,059**	**862,775**
Deposits and prepaid expenses *(Note 4)*	**12,381**	**15,217**
Due from related party *(Note 10)*	**9,334**	**-**
Total current assets	**2,194,090**	**2,471,621**
Property and equipment (*Note 5*)	**51,495**	**57,150**
Exploration and evaluation assets (*Notes 6 and 10*)	**6,405,852**	**6,294,644**
Net investment in sublease *(Note 7)*	**41,848**	**46,051**
Total assets	**$ 8,693,285**	**$ 8,869,466**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities *(Note 7)*	**$ 41,901**	**$ 71,131**
Due to related party *(Note 10)*	**1,890**	**943**
Flow-through premium liability *(Note 8)*	**214,638**	**227,786**
Lease liability *(Note 7)*	**35,352**	**34,654**
Total current liabilities	**293,781**	**334,514**
Lease liability *(Note 7)*	**48,344**	**57,448**
Total liabilities	**342,125**	**391,962**
EQUITY		
Share capital *(Note 9)*	**15,258,506**	**15,258,506**
Equity reserves	**3,478,431**	**3,478,431**
Deficit	**(10,385,777)**	**(10,259,433)**
Total equity	**8,351,160**	**8,477,504**
Total liabilities and equity	**$ 8,693,285**	**$ 8,869,466**

Nature and Continuance of Operations and Going Concern *(Note 1)*
Events After the Reporting Period (*Note 14*)

Approved and authorized on behalf of the Board on May 28, 2020

Fiore Aliperti Director

Michael Sikich Director

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

METALLIS RESOURCES INC.

Condensed Interim Statements of Operations and Comprehensive Loss

For the three-month periods ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

	2020	*2019*
Operating Expenses:		
Advertising, marketing, promotion	**$ 19,452**	$ 14,740
Consulting fees *(Note 10)*	**76,500**	85,500
Depreciation *(Note 5)*	**5,655**	3,008
Investor relations	**13,500**	10,500
Office and general	**17,638**	17,017
Professional fees	**163**	62
Regulatory and transfer agent fees	**10,383**	7,871
Rent	**3,827**	2,711
Travel	**8,860**	8,323
Total operating expenses	**(155,978)**	(149,732)
Interest income	**17,346**	13,034
Finance income on sublease	**859**	-
Amortization of discount	**(1,719)**	(345)
Other income on settlement of flow-through premium liability *(Note 8)*	**13,148**	-
Unrealized gain (loss) on marketable securities	**-**	(23,250)
Loss and comprehensive loss for the period	**$ (126,344)**	$ (160,293)
Basic and diluted loss per common share	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding- basic and diluted	**36,155,767**	32,986,079

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

METALLIS RESOURCES INC.

Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Share Capital				
	Number of Shares	*Amount*	*Equity Reserves*	*Deficit*	*Total*
Balance at December 31, 2018	**32,986,079**	**$ 13,458,267**	**$ 3,478,431**	**$ (9,899,032)**	**$ 7,037,666**
Loss for the period	-	-	-	(160,293)	(160,293)
Balance at March 31, 2019	**32,986,079**	**$ 13,458,267**	**$ 3,478,431**	**$ (10,059,325)**	**$ 6,877,373**
Proceeds from private placement	2,108,638	1,855,601	-	-	1,855,601
Share issuance costs	-	(13,009)	-	-	(13,009)
Proceeds from exercise of warrants	1,061,050	419,770	-	-	419,770
Flow-through share premium liability	-	(462,123)	-	-	(462,123)
Loss for the period	-	-	-	(200,108)	(200,108)
Balance at December 31, 2019	**36,155,767**	**$ 15,258,506**	**$ 3,478,431**	**$ (10,259,433)**	**$ 8,477,504**
Loss for the period	**-**	**-**	**-**	**(126,344)**	**(126,344)**
Balance at March 31, 2020	**36,155,767**	**$ 15,258,506**	**$ 3,478,431**	**$ (10,385,777)**	**$ 8,351,160**

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

METALLIS RESOURCES INC.

Condensed Interim Statements of Cash Flows
For the three-month periods ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

		2020		*2019*
Cash flows provided by (used in) operating activities				
Loss for the period	**$**	**(126,344)**	$	(160,293)
Items not affecting operating cash:				
Interest income		**(17,346)**		(13,034)
Finance income		**(859)**		-
Other income on settlement of flow-through share premium liability		**(13,148)**		-
Unrealized (gain) loss on marketable securities		**-**		23,250
Depreciation		**5,655**		3,008
Changes in non-cash working capital items:				
Receivables		**30,089**		20,807
Deposits and prepaid expenses		**2,836**		12,076
Accounts payable and accrued liabilities		**(33,662)**		(4,487)
Due from related party		**(853)**		-
Due to related party		**(9,334)**		-
Net cash used in operating activities		**(162,966)**		(118,673)
Cash flows provided by (used in) investing activities				
Investment in exploration and evaluation assets		**(104,976)**		(154,912)
Tax credit received		**526,293**		-
Interest received		**10,680**		1,284
Net proceeds from investment in sublease		**5,062**		-
Net cash provided by (used in) investing activities		**437,059**		(153,628)
Cash flows provided by (used in) financing activities				
Payment of lease liability		**(8,406)**		(2,655)
Net cash used in financing activities		**(8,406)**		(2,655)
Increase (decrease) in cash and cash equivalents during the period		**265,687**		(274,956)
Cash and cash equivalents, beginning of period		**1,593,629**		2,342,510
Cash and cash equivalents, end of period	**$**	**1,859,316**	$	2,067,554

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

METALLIS RESOURCES INC.

Notes to the Condensed Interim Financial Statements
For the three-month period ended March 31, 2020
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Metallis Resources Inc. ("the Company") was incorporated under the Business Corporations Act (British Columbia) on June 19, 2007. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "MTS", on the OTCQB Venture Market under the symbol "MTLFF", and on the Frankfurt Borse under the symbol "0CVM". The Company's registered and head office is located at Suite #515 – 850 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1E1, and its website is at www.metallisresources.com.

The Company is engaged in the exploration of mineral properties and has not yet determined whether any of its properties contain economically recoverable reserves. To date, the Company has not earned any operating revenues and is in the exploration stage. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

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

These condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

Going Concern of Operations

On March 11, 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak has continued to spread resulting in adverse public health developments. It has adversely affected global workforces, economies, and financial markets, triggering an economic downturn. It is not possible at this time for the Company to predict the duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations. Nevertheless, these condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company has incurred net operating losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing when required and to ultimately develop profitable operations.

In October 2019, the Company completed a flow-through private placement raising $1,855,601. The private placement consisted of the issuance of a total of 2,108,638 flow-through shares issued at a price of $0.88 per flow-through share, with all the funds to be spent on qualifying exploration expenses. This late-season financing will enable the Company to conduct a 2020 drilling campaign.

Other fundraising may be undertaken from time to time, and may include private placements, convertible debentures, third party earn-ins or joint ventures using debt or equity financing structures. To the extent future financing is not available, future working capital commitments beyond 2020 may not be satisfied and future exploration programs may face curtailment and could result in a loss of property ownership or earning opportunities for the Company. In addition, should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. These condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies have been applied consistently to all periods presented in these condensed interim financial statements.

Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are recorded at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim financial statements should be read in conjunction with the Company's annual financial statements and notes thereto for the year ended December 31, 2019. These condensed interim financial statements do not include all disclosures required in annual financial statements but rather they follow recommendations for condensed interim financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements follow the same accounting policies and methods of their application as those followed in the December 31, 2019 annual financial statements.

3. RECEIVABLES

	March 31, 2020	December 31, 2019
BC Mineral Exploration Tax Credits	**$ 293,855**	$ 820,148
Recoverable sales taxes - Canada	**12,027**	41,540
Accrued interest	**7,177**	511
Other receivables	**-**	576
Total receivables	**$ 313,059**	$ 862,775

4. DEPOSITS AND PREPAID EXPENSES

The deposits and prepaid expenses of the Company consist of the following:

	March 31, 2020	December 31, 2019
Rental deposit	**$ 6,040**	$ 6,040
Prepaid insurance	**5,933**	8,158
Prepaid storage	**408**	1,019
	$ 12,381	$ 15,217

METALLIS RESOURCES INC.

Notes to the Condensed Interim Financial Statements
For the three-month period ended March 31, 2020
(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	Right-of-use assets	*Furniture & fixtures*	*Computers and software*	*Total*
Cost:				
Balance, December 31, 2018	$ -	$ -	$ 18,024	$ 18,024
Initial recognition of ROU asset upon adoption of IFRS 16	18,139	-	-	18,139
Balance, March 31, 2019	18,139	-	18,024	36,163
Additions	115,038	3,692	1,272	120,002
Derecognition due to sublease	(54,210)	-	-	(54,210)
Lease termination	(18,139)	-	-	(18,139)
Balance, December 31, 2019 and March 31, 2020	$ 60,828	$ 3,692	$ 19,296	$ 83,816
Accumulated depreciation:				
Balance, December 31, 2018	$ -	$ -	$ 12,635	$ 12,635
Depreciation for the period	2,267	-	741	3,008
Balance, March 31, 2019	2,267	-	13,376	15,643
Depreciation for the period	13,313	462	2,690	16,465
Lease termination	(5,442)	-	-	(5,442)
Balance, December 31, 2019	10,138	462	16,066	26,666
Depreciation for the period	5,069	142	444	5,655
Balance, March 31, 2020	$ 15,207	$ 604	$ 16,510	$ 32,321
Net book values:				
December 31, 2019	$ 50,690	$ 3,230	$ 3,230	$ 57,150
March 31, 2020	**$ 45,621**	**$ 3,088**	**$ 2,786**	**$ 51,495**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS – Kirkham Property

Balance, December 31, 2018	$ 4,063,688
Additions:	
Accommodations and camp	315,091
Assays and lab analysis	132,168
Community relations	42,664
Drilling	908,328
Field expenses and core shack	24,270
Geological and geophysical	357,171
Helicopters and aircraft support	733,201
Licenses, claim fees and permits	34,265
Recovery of expenses	(316,202)
Balance, December 31, 2019	$ 6,294,644
Assays and lab analysis	7,851
Community relations	42,803
Geological and geophysical	59,943
Licenses, claim fees and permits	611
Balance, March 31, 2020	**$ 6,405,852**

Kirkham Property – Golden Triangle, Skeena Mining Division, British Columbia, Canada

The Kirkham Property (the "Property") is comprised of 30 mineral claims forming a contiguous block of 10,610 hectares situated in the "Golden Triangle" region of north-western British Columbia, Canada. The Property was assembled through a series of transactions between 2013 and 2015 including staking, re-staking and acquisitions from third parties. Twenty (20) of the mineral claims are subject to third-party Net Smelter Return ("NSR") royalties of 2%.

Recovery of expenses is primarily composed of BC Mineral Exploration Tax Credits receivable or received, but also includes provincial tax overpayments or vendor credits.

No impairments on the Property were observed during the period ended March 31, 2020 or the year ended December 31, 2019.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. To the best of its knowledge, the Company's title to all its mineral claims and properties are in good standing.

(Expressed in Canadian Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND LEASE LIABILITY

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

	March 31, 2020	December 31, 2019
Accounts payable	**$ 41,901**	$ 41,131
Accrued liabilities	**-**	30,000
	$ 41,901	$ 71,131

Lease liability as calculated as follows:

	March 31, 2020	December 31, 2019
Balance at inception July 1, 2019	$ 108,420	$ 108,420
Lease payments	(30,375)	(20,250)
Amortization of discount	5,651	3,932
Balance, March 31, 2020	$ 83,696	$ 92,102
Short-term portion of lease liability	$ 35,352	$ 34,654
Long-term portion of lease liability	48,344	$ 57,448
	$ 83,696	$ 92,102

Maturity analysis of lease payments payable as at March 31, 2020:

	2020	*2021*	*2022*	*Total*
Lease liability repayments by year	$ 26,248	$ 37,530	$ 19,918	$ 83,696

Maturity analysis of lease payments receivable reconciled to net investment in sublease as at March 31, 2020:

	2020	*2021*	*2022*	*Total*
Undiscounted lease payments receivable	$ 26,168	$ 34,891	$ 17,445	$ 78,504
Variable cost portion	(10,981)	(14,641)	(7,320)	(32,942)
Undiscounted finance lease payments	15,187	20,250	10,125	45,562
Finance income	(2,063)	(1,485)	(166)	(3,714)
Net investment in sublease	$ 13,124	$ 18,765	$ 9,959	$ 41,848

8. FLOW-THROUGH PREMIUM LIABILITY

During the year ended December 31, 2019, the Company issued 2,108,638 flow-through shares at a price of $0.88 per share for gross proceeds of $1,855,601 and recognized a flow-through premium liability of $462,123, as the difference between the amounts recognized in common shares and the amounts the investors paid for the shares.

As at March 31, 2020 the flow-through premium liability outstanding relating to these flow-through shares was $214,638 (December 31, 2019 - $227,786). The Company is required to spend $861,856 in additional eligible exploration expenditures over the remainder of 2020. During the period ended March 31, 2020, the Company recognized other income on settlement of flow-through share premium liability of $13,148 (March 31, 2019 - $Nil).

9. SHARE CAPITAL

Authorized: Unlimited common shares, without par value

Issued: 36,155,767 common shares (December 31, 2019 – 36,155,767 common shares)

Transactions in 2020:

For the period ended March 31, 2020, $13,148 of the flow-through premium liability was amortized to other income on settlement of flow-through premium liability as a result of the Company's flow-through qualifying property expenditures incurred in the current period.

Transactions in 2019:

a) During the year ended December 31, 2019, a total of 1,061,050 warrants were exercised for total proceeds of $419,770.

b) On October 15, 2019, the Company closed a private placement of 2,108,638 flow-through common shares at a price of $0.88 per flow-through share, raising gross proceeds of $1,855,601. The Company recorded a flow-through premium liability of $462,123 as a deduction from share capital and incurred total issuance costs of $13,009. No finders' fees were paid in connection with this private placement, which closed in three tranches as follows:

    i) On September 24, 2019, the Company closed the first tranche in the amount of $1,003,200 by issuing 1,140,000 flow-through common shares;
    ii) On October 8, 2019, the Company closed the second tranche in the amount of $752,400 by issuing 855,000 flow-through common shares; and
    iii) On October 15, 2019, the Company closed the third and final tranche in the amount of $100,001 by issuing 113,638 flow-through common shares.

c) For the year ended December 31, 2019, $234,337 of the flow-through premium liability was amortized to other income on settlement of flow-through premium liability as a result of the Company's flow-through qualifying property expenditures incurred subsequent to the private placement, up to December 31, 2019.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

Stock options:

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants. At the Company's Annual General Meeting held on June 26, 2019, the shareholders re-approved the adoption of a 10% Rolling Stock Option Plan. The exercise price of each stock option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors at the time of grant.

Stock options granted to employees or consultants in respect of investor relations activities must follow the vesting provisions of the TSX-V, which allow for vesting of options as to no more than 25% of the grant vesting each three months, measured from the date of grant.

The Company has not granted any stock options since August 2018.

Stock option transactions are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2018	3,085,000	$ 0.63
Options terminated	(50,000)	1.35
Balance, December 31, 2019 and March 31, 2020	3,035,000	$ 0.62

As at March 31, 2020 the following incentive stock options were outstanding and exercisable:

Expiry Date	Number of Options	Vested and exercisable	Exercise Price ($)	Weighted remaining contractual life (years)
April 23, 2021	1,175,000	1,175,000	0.10	1.06
August 18, 2022	760,000	760,000	0.39	2.38
July 13, 2023	1,000,000	1,000,000	1.35	3.29
August 9, 2023	100,000	100,000	1.05	3.36
Total outstanding options	3,035,000	3,035,000		2.20

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

Warrants:

Through certain unit offerings that completed, the Company has issued warrants in addition to shares. Warrant transactions are summarized as follows:

	Number of Warrants outstanding	Weighted average exercise price
Balance at December 31, 2018	3,713,743	$ 1.08
Warrants expired	(1,704,122)	1.21
Warrants exercised	(1,061,050)	0.40
Balance at December 31, 2019 and March 31, 2020	948,571	$ 1.60

As at March 31, 2020, the following warrants are outstanding:

Expiry Date	Number of Warrants	Exercise Price	Weighted average remaining contractual life (years)
January 26, 2021	948,571	$ 1.60	0.82

10. RELATED PARTY TRANSACTIONS

The following related parties for the periods presented include directors and key management personnel, including those entities in which such individuals may hold positions that result in them having control or significant influence over the financial or operation policies of these entities:

a) Avanti Consulting Inc., a company controlled by the current Chief Executive Officer and director of the Company, provides consulting services to the Company;
b) Lever Capital Corp., a company owned by the current Chief Financial Officer and director, provides consulting services to the Company;
c) The Company’s Corporate Secretary provided general administrative services, bookkeeping and corporate secretarial services to the Company until July 2019 when she resigned as an officer;
d) D. G. Dupre and Associates Inc., is a company that is controlled by the Vice-President of Exploration of the Company which provides the Company with geological consulting services, the amounts of which are capitalized under exploration and evaluation assets; and
e) DRW Geological Consultants Ltd. is a company controlled by a director of the company and which provides occasional geological consulting services to the Company, the amounts of which are capitalized under exploration and evaluation assets.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (continued)

The aggregate value of fee-based transactions (exclusive of share-based compensation) and outstanding balances relating to the above noted related parties are as follows:

		Transactions for the period ended March 31, 2020	Transactions for the year ended December 31, 2019	**Balance payable as at March 31, 2020**	Balance payable as at December 31, 2019
Avanti Consulting Inc.	**(a)**	**$ 33,000**	$ 132,000	**$ -**	$ -
Lever Capital Corp.	**(b)**	**21,000**	84,000	**-**	-
S. Oates	**(c)**	**-**	43,800	**-**	-
D.G. Dupre and Associates Inc.	**(d)**	**15,000**	57,500	**-**	-
DRW Geological Consultants Ltd.	**(e)**	**2,200**	6,000	**1,890**	-
Total		**$ 71,200**	$ 323,300	**$ 1,890**	$ -

<u>Other related party transactions</u>

During the period ended March 31, 2020, the Company recorded receivables of $9,334 (December 31, 2019 - $Nil) from Etruscus Resources Corp. (“ETR”), a public Company related by two common directors and a common officer. ETR and the Company share an office and the Company expects general day-to-day operations to occasionally have receivables or payables due from or to ETR, respectively.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

a) As at March 31, 2020, exploration and evaluation asset costs of $40,000 were included in accounts payable and accrued liabilities; and
b) As at March 31, 2020, exploration and evaluation asset cost recoveries of $293,855 were included in receivables.

The significant non-cash investing and financing transactions during the period ended March 31, 2019 were as follows:

c) An unrealized loss on marketable securities was recorded in the amount of $23,500;
d) As at March 31, 2019, exploration and evaluation asset costs of $6,486 were included in accounts payable and accrued liabilities;
e) As at March 31, 2019, exploration and evaluation asset cost recoveries of $561,785 were included in receivables; and
f) Property and equipment additions of $18,139 were recorded concurrently with equivalent lease obligations recorded on the statements of financial position as at January 1, 2019 following the adoption of IFRS 16.

12. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits and accounts payable. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (loss).

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes attributable to changes in credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income and any fair value change in excess of the amount attributable to changes in credit risk is recognized in profit and loss.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Except for cash and cash equivalents, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities. The fair values of cash and cash equivalents are measured at fair value through profit or loss and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur.

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values, as follows:

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair values of cash and cash equivalents are measured based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Company is normally exposed to credit risk through its cash and cash equivalents and receivables. The Company manages credit risk associated with its cash and cash equivalents by using reputable financial institutions, from which management believes the risk to be remote. Receivables primarily consist of recoverable Canadian sales taxes, Canadian mineral exploration tax credits and accrued interest, for which management believes the collectability of these amounts to be assured.

12. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Credit Risk (continued)

The Company shares an office with ETR and is expected to have immaterial amounts due from or to ETR at each period end. These amounts are considered at low risk of default, due to management having some influence over the operations of ETR and the early stage of ETR's business and exploration cycle. Accordingly, collection of amounts due from related party is also believed to be assured.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2020, the Company has cash and cash equivalents of $1,859,316 (December 31, 2019 - $1,593,629) to settle total current liabilities of $293,781 (December 31, 2019 - $334,514). Long term liabilities consist of lease liability of $48,344 (December 31, 2019 - $57,448) which matures as shown in the table in Note 7. The Company has sufficient liquidity for a field exploration program, including drilling, and working capital requirements over the ensuing year.

The Company has historically relied on equity financings and non-core asset sales to satisfy its capital requirements and expects to continue to depend upon equity capital for future sources of funding. Additionally, the Company could also enter into joint-venture earn-in arrangements or the sale of certain property interests. There can be no assurance the Company will be able to obtain its future financings on acceptable terms. The ability of the Company to continue this course will depend, in part, on the prevailing market conditions and the market interest in financing the Company's mineral property exploration programs.

Interest rate risk

The Company is not exposed to material risk in the event of interest rate fluctuations. The Company has no long-term debt other than a lease liability, has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations, and current interest rates remain historically low. For these reasons, the Company believes it is not subject to material risks should interest rates change.

Foreign currency risk

The Company's functional currency is the Canadian dollar and an immaterial amount of transactions are in other currencies. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

13. CAPITAL MANAGEMENT

Capital is defined as the Company's share capital. The Company endeavors to maintain sufficient capital balances over the periods to alleviate unexpected cash flow shortfalls. It's objectives when managing capital are to fund critical exploration work, meet its on-going liabilities, continue as a going concern, maintain creditworthiness and to ultimately maximize returns for shareholders over the long term. Meeting current and future liabilities and obligations as a non-revenue early-stage exploration company primarily requires the proactive execution of equity financings for future cash needs while balancing the Company's internal, exploration and financing risks at any particular time.

13. CAPITAL MANAGEMENT (continued)

The capital for operations and property exploration has primarily come from the issuance of common shares through private placements. In 2017 and 2018, higher equity prices and trading liquidity provided opportunities for the Company to complete several private placements at successively higher prices which served to mitigate excessive shareholder dilution. A $1.85 million financing at $0.88 per flow-through share completed in October 2019 allows for further exploration and a Phase 1 drilling program in 2020. Additional funding may be required in 2020 depending upon the scope of exploration undertaken.

There were no changes in the Company's capital management objectives during the period ended March 31, 2020.

The Company is not subject to externally imposed capital requirements.

14. EVENTS AFTER THE REPORTING PERIOD

The effects of the COVID-19 pandemic remain far-reaching, continuing to impact economies, workforces and global trade. At the date of this writing, British Columbia was in Phase 2 of the province's economic re-activation plans and earlier, on April 24, 2020, Mineral exploration in BC, along with a range of industrial sectors, were designated as essential businesses. These developments support the likelihood that miners and mineral exploration companies will be able to execute field programs over the coming months, following the health guidelines, requirements and mandates issued by the BC government and all levels of government health authorities.

Many mines and workcamps in Canada have continued operating with new operating parameters through the pandemic, and others that suspended operations are now working with stakeholders to restart their operations under these new conditions. The Company continues to plan its 2020 exploration programs in conjunction with its stakeholders following current and future health and safety protocols.