



**WINSHEAR GOLD**

**(formerly Helio Resource Corp.)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the years ended March 31, 2020 and 2019**

**Expressed in Canadian dollars**

*Audit. Tax. Advisory.*

## Independent Auditor's Report

To the Shareholders of Winshear Gold Corp.

### Opinion

We have audited the consolidated financial statements of Winshear Gold Corp. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2020 and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in deficit and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter

The consolidated financial statements of the Company for the year ended March 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on July 29, 2019.

### Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred continuing losses during the year ended March 31, 2020 and has limited working capital as of that date. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

**McGovern Hurley LLP**



**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
July 28, 2020

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Consolidated Statements of Financial Position

Canadian Dollars

| ASSETS                                        | March 31, 2020    | March 31, 2019    |
|-----------------------------------------------|-------------------|-------------------|
| <b>Current assets</b>                         |                   |                   |
| Cash                                          | \$ 232,933        | \$ 16,221         |
| Receivables and prepaids (Note 7)             | 61,102            | 110,204           |
| Marketable securities (Note 8)                | 10,000            | 25,000            |
| <b>Total current assets</b>                   | <b>304,035</b>    | <b>151,425</b>    |
| <b>Non-current assets</b>                     |                   |                   |
| Property and equipment (Note 9)               | -                 | 436               |
| <b>Total assets</b>                           | <b>\$ 304,035</b> | <b>\$ 151,861</b> |
| <b>LIABILITIES</b>                            |                   |                   |
| <b>Current liabilities</b>                    |                   |                   |
| Accounts payable                              | \$ 133,262        | \$ 199,269        |
| Accrued liabilities                           | 79,556            | 57,790            |
| Due to related parties (Note 14)              | 47,570            | 110,843           |
| <b>Total liabilities</b>                      | <b>260,388</b>    | <b>367,902</b>    |
| <b>EQUITY (DEFICIT)</b>                       |                   |                   |
| Share capital (Note 12)                       | 47,125,811        | 45,852,687        |
| Shares to be issued (Notes 10, 12a, & 14)     | 300,000           | -                 |
| Contributed surplus                           | 11,806,636        | 11,747,472        |
| Deficit                                       | (59,188,800)      | (57,816,200)      |
| <b>Total equity (deficit)</b>                 | <b>43,647</b>     | <b>(216,041)</b>  |
| <b>Total liabilities and equity (deficit)</b> | <b>\$ 304,035</b> | <b>\$ 151,861</b> |

Going Concern (Note 2)

Commitments and contingencies (Notes 10 & 16)

ON BEHALF OF THE BOARD OF DIRECTORS:

signed "Richard Williams"  
Director

signed "Andrew Thomson"  
Director

- See accompanying notes -

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Consolidated Statements of Loss and Comprehensive Loss

Canadian Dollars

|                                                                  | For the year<br>ended March 31, |             |
|------------------------------------------------------------------|---------------------------------|-------------|
|                                                                  | 2020                            | 2019        |
| <b>Expenses</b>                                                  |                                 |             |
| Amortization (Note 9)                                            | \$ 436                          | \$ 1,682    |
| Exploration costs (Note 11)                                      | 1,119,244                       | 216,370     |
| Filing and transfer agent fees                                   | 17,997                          | 11,323      |
| Professional fees                                                | 52,932                          | 62,545      |
| Marketing                                                        | 42,235                          | 6,485       |
| Office and miscellaneous                                         | 33,575                          | 19,968      |
| Salaries, directors fees and consulting (Note 14)                | 29,232                          | 106,052     |
| Share based payments (Note 12)                                   | 49,961                          | -           |
| Travel                                                           | 5,889                           | 13,546      |
| Total expenses before other income (loss)                        | (1,351,501)                     | (437,971)   |
| <b>Other income / (loss)</b>                                     |                                 |             |
| Interest income                                                  | 668                             | 5,181       |
| Foreign exchange loss                                            | (3,919)                         | (3,231)     |
| Gain on debt settlement (Notes 11 & 12.a)                        | -                               | 304,201     |
| Unrealized loss on marketable securities                         | (15,000)                        | -           |
| Provision for VAT receivable (Note 7)                            | (2,848)                         | (8,153)     |
| Recovery of GST receivable (Note 7)                              | -                               | 67,752      |
| Total other income (loss)                                        | (21,099)                        | 365,750     |
| <b>Net and comprehensive loss</b>                                | \$ (1,372,600)                  | \$ (72,221) |
| <b>Net loss per share: basic &amp; diluted</b>                   | \$ (0.06)                       | \$ (0.01)   |
| <b>Weighted average<br/>number of common shares outstanding:</b> | 22,376,716                      | 10,847,948  |

- See accompanying notes -

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Consolidated Statements of Changes in Equity (Deficit)

Canadian Dollars

|                                            | Number of<br>common shares | Share capital<br>(Note 12) | Shares to be<br>issued (Note 10) | Contributed<br>surplus | Deficit         | Total        |
|--------------------------------------------|----------------------------|----------------------------|----------------------------------|------------------------|-----------------|--------------|
| March 31, 2018                             | 10,449,318                 | \$ 45,805,187              | \$ -                             | \$ 11,747,472          | \$ (57,743,979) | \$ (191,320) |
| Shares issued to settle debt               | 500,000                    | 47,500                     | -                                | -                      | -               | 47,500       |
| Loss for the year                          | -                          | -                          | -                                | -                      | (72,221)        | (72,221)     |
| March 31, 2019                             | 10,949,318                 | \$ 45,852,687              | \$ -                             | \$ 11,747,472          | \$ (57,816,200) | \$ (216,041) |
| Private placement                          | 15,000,000                 | 900,000                    | -                                | -                      | -               | 900,000      |
| Share issuance costs                       | -                          | (16,876)                   | -                                | -                      | -               | (16,876)     |
| Shares issued to settle debt               | 1,500,000                  | 90,000                     | -                                | -                      | -               | 90,000       |
| Mineral property<br>acquisition (Note 10a) | 5,000,000                  | 300,000                    | 300,000                          | -                      | -               | 600,000      |
| Stock option vesting                       | -                          | -                          | -                                | 59,164                 | -               | 59,164       |
| Loss for the year                          | -                          | -                          | -                                | -                      | (1,372,600)     | (1,372,600)  |
| March 31, 2020                             | 32,449,318                 | \$ 47,125,811              | \$ 300,000                       | \$ 11,806,636          | \$ (59,188,800) | \$ 43,647    |

- See accompanying notes -

- See accompanying notes -

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Consolidated Statements of Cash Flows

Canadian Dollars

|                                                                        | For the year ended<br>March 31, |             |
|------------------------------------------------------------------------|---------------------------------|-------------|
|                                                                        | 2020                            | 2019        |
| <b>Cash flows from operating activities</b>                            |                                 |             |
| Loss for the year:                                                     | \$ (1,372,600)                  | \$ (72,221) |
| Non-operating interest income                                          | (668)                           | (5,181)     |
| Items not affecting cash:                                              |                                 |             |
| Amortization                                                           | 436                             | 1,682       |
| Provision for VAT receivable                                           | 2,848                           | 8,153       |
| Recovery of GST receivable                                             | -                               | (67,752)    |
| Gain on debt settlement                                                | -                               | (304,201)   |
| Loss on marketable securities                                          | 15,000                          | -           |
| Mineral property acquisition costs payable in shares                   | 600,000                         | -           |
| Share-based payments                                                   | 59,164                          | -           |
| Changes in non-cash working capital:                                   |                                 |             |
| Receivables and prepaids                                               | 46,254                          | (24,845)    |
| Accounts payable and accrued liabilities                               | (44,241)                        | 122,403     |
| Due to / from related parties                                          | 26,727                          | 24,884      |
| Cash flows from operating activities                                   | (667,080)                       | (317,078)   |
| <b>Cash flows from investing activities</b>                            |                                 |             |
| Interest received                                                      | 668                             | 5,181       |
| Mineral property acquisition costs                                     | -                               | -           |
| Cash flows from investing activities                                   | 668                             | 5,181       |
| <b>Cash flows from financing activities</b>                            |                                 |             |
| Proceeds from the issuance of shares<br>on private placement financing | 900,000                         | -           |
| Share issuance costs                                                   | (16,876)                        | -           |
| Cash flows from financing activities                                   | 883,124                         | -           |
| <b>Net change in cash</b>                                              | 216,712                         | (311,897)   |
| <b>Cash - beginning of year</b>                                        | 16,221                          | 328,118     |
| <b>Cash - end of year</b>                                              | \$ 232,933                      | \$ 16,221   |
| <b>Supplemental information:</b>                                       |                                 |             |
| Shares issued for mineral property acquisition                         | \$ 300,000                      | \$ -        |
| Shares to be issued for mineral property acquisition                   | \$ 300,000                      | \$ -        |
| Shares issued for debt settlement                                      | \$ 90,000                       | \$ 47,500   |

- See accompanying notes -

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

*Expressed in Canadian dollars*

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### 1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Winshear Gold Corp. (formerly Helio Resource Corp.) (the “Company” or “Winshear”) was incorporated on November 8, 1998 under the Business Corporations Act of British Columbia. The Company is listed for trading on the TSX Venture Exchange as a Tier 2 mining issuer under the symbol “WINS-V”. The Company’s head and registered office is located at Suite 580 - 625 Howe Street, Vancouver, British Columbia, Canada. The Company is principally engaged in the exploration and development of the Gaban Gold project and the Tinka Iron Oxide Copper Gold project in Peru. Winshear has filed an international arbitration claim to seek compensation from the government of Tanzania for its expropriation of the Company’s project in Tanzania (the SMP Gold project) (Note 10.b).

### 2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material as realizable values may be substantially different from carrying values disclosed in the financial statements.

The Company holds interests in mineral properties in Peru and is focused on the exploration and evaluation of these properties. Title to the Company’s Tanzanian licences has been expropriated by the Tanzanian government (Note 10.b). The Company has not yet determined whether its Peruvian mineral property interests contain mineral reserves that are economically recoverable. As at March 31, 2020, the Company has limited working capital, no source of revenue, a deficit of \$59,188,800, had negative cashflow from operations of \$667,080 for the year then ended, and expects to incur further losses in the exploration and evaluation of its mineral properties which will require additional financing from external sources. All of these factors indicate that material uncertainties exist which cast significant doubt upon the Company’s ability to continue as a going concern.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. Loss of title to a material mineral property interest could be a significant impediment to the Company.

The Company’s ability to continue as a going concern is dependent upon the ability of the Company to continue to obtain the necessary financing to complete the exploration and evaluation of its mineral property interests, the discovery of economically recoverable mineral reserves, the pursuit of just compensation for expropriated properties, or the profitable disposition of its mineral property interests. Although the Company has been successful in obtaining financing in the past, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company.

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

Expressed in Canadian dollars

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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are consistent with interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on IFRS's in effect as at March 31, 2020. These consolidated financial statements were approved for issuance by the Company's Board of Directors on July 28, 2020.

#### b) Basis of presentation

These consolidated financial statements include the accounts of Winshear Gold Corp. and its wholly owned subsidiaries, BAFEX Holdings Ltd., BAFEX Tanzania Limited and Winshear de Peru SAC. All intercompany balances, transactions, and gains and losses from intercompany transactions have been eliminated on consolidation.

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### c) Basis of measurement

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### d) Cash

Cash includes deposits held with banks that are available on demand. Cash also includes cash equivalents, if any, which are defined as financial instruments that are readily convertible to a known amount of cash and are subject to insignificant changes in value.

#### e) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Where appropriate, the Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and amortizes each such part separately. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

The Company provides for amortization on a straight-line basis at the following annual rates:

|                  |              |
|------------------|--------------|
| Field equipment  | 4 years      |
| Office equipment | 3 to 7 years |

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in other gains and losses in the consolidated statement of comprehensive income (loss).

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

*Expressed in Canadian dollars*

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Exploration and evaluation costs

The costs of acquiring and exploring a mineral property are expensed as incurred up to the time a decision is made to proceed with the development of the related mineral property due to the existence of economically recoverable reserves. A mineral resource is considered to have economic potential when it is expected that a documented resource can be legally and economically developed considering forecast metal prices.

g) Impairment of non-financial assets

The Company performs impairment tests on property and equipment when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on a project-by-project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized if the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's value in use or the asset's fair value less costs to sell.

h) Foreign currency translation

(i) Functional and presentation currency

The functional currency of the Company and of each subsidiary of the Company is the currency of the primary economic environment in which it operates. The functional currency of the Company and its subsidiaries is Canadian dollars. The consolidated financial statements are presented in Canadian dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are revalued every reporting period. Foreign exchange gains and losses result from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity's functional currency. These gains and losses are recognized in the consolidated statement of comprehensive income (loss).

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

Expressed in Canadian dollars

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i) Financial Instruments – recognition and measurement

The following is the Company's accounting policy for financial instruments under IFRS 9:

##### (i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and 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 if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial instruments under IFRS 9:

| Financial assets / liabilities | Classification |
|--------------------------------|----------------|
| Cash                           | Amortized cost |
| Receivables                    | Amortized cost |
| Marketable securities          | FVTPL          |
| Accounts payable               | Amortized cost |
| Due to related parties         | Amortized cost |

##### (ii) Measurement

###### 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 transaction costs are expensed in the statements of comprehensive (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive income (loss) in the period in which they arise.

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

Expressed in Canadian dollars

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i) Financial Instruments – recognition and measurement

##### (ii) Measurement (Continued)

###### Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

##### (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 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 comprehensive (loss) income, 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.

###### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

#### j) Share Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issue costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred share issue costs related to financing transactions that are not completed are charged to expenses.

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

Expressed in Canadian dollars

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### k) Share-Based Payments

The Company applies the fair value method of accounting for all stock option awards. Under this method, compensation expense attributed to the award of options to employees is measured at the fair value of the award on the date of grant, and is recognized over the vesting period of the award. The fair value of the award is determined using the Black-Scholes Option Pricing Model. Share-based payments to non-employees are valued based on the fair value of the service received on the date at which the Company receives the service. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

The fair value of the instruments granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

#### l) Income Tax

Income taxes are accounted for using the asset and liability method. Temporary differences arise from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position. Deferred income tax liabilities or assets are calculated using enacted or substantively enacted statutory tax rates applicable to the periods that the temporary differences are expected to reverse. Deferred tax assets are recognized to the extent that realization of such benefits is considered to be more likely than not.

#### m) Loss per Common Share

Basic loss per share is calculated by dividing net loss for the period by the weighted average number of common shares outstanding during the period. The Company follows the "treasury stock" method in the calculation of diluted earnings per share. The treasury stock method is a method of recognizing the use of proceeds that could be obtained upon exercise of options and warrants in computing diluted loss per share. It assumes that any proceeds would be used to purchase common shares at the average market price during the period. Since the Company has losses, the exercise of outstanding options and warrants has not been included in the calculation as increasing the number of shares outstanding would be anti-dilutive.

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

Expressed in Canadian dollars

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### n) New Accounting Standards

The following new standards, and amendments to standards and interpretations, were first effective for the year ended March 31, 2020, and so have been applied in preparing these consolidated financial statements.

IFRS 16, Leases: This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. Since the Company currently has no leases, the new standard did not have any impact on the Company's financial statements.

There are no upcoming changes to IFRS that have been announced and would be most likely to have a significant impact on the Company's financial statements in future years.

#### o) Changes in Accounting Policies

During the year ended March 31, 2020, the Company changed its accounting policy to expense all acquisition costs related to exploration and evaluation properties. Previously these costs were capitalized. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. There was no impact to the financial statements as at and for the year ended March 31, 2019 as a result of this change.

### 4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Significant estimates and assumptions:

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. These estimates and assumptions may impact the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the valuation of receivables, fair value measurements for financial instruments, share-based payments and warrants, and the recoverability and measurement of deferred tax assets.

Significant judgments:

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include: the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty in relation to this assessment; and the classification of financial instruments.

# Winshear Gold Corp.

(formerly Helio Resource Corp.)

## Notes to the Consolidated Financial Statements

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### 4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

a) Going concern

These statements have been prepared on the assumption that the Company is able to continue as a going concern (Note 2).

b) Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

c) Receivables and VAT receivable

The Company is continuing to pursue refunds of VAT paid in Tanzania. The Company has been successful in obtaining refunds in the past, but delays in processing refunds introduce additional costs and uncertainty. As a result, the Company has taken significant provisions against these receivables. Management's estimation of recoverability of VAT receivable is subject to risks and uncertainties based on global economic factors and on possible future tax assessments in Tanzania. Carrying amounts of Receivables and VAT receivable are detailed in Note 7.

d) Valuation of financial instruments, share-based payments and warrants

The Company holds marketable securities of a public company that, at times, experiences low trading volumes, and may be subject to periods where its securities are halted from trading, particularly in advance of completing a significant transaction. As such, the last traded price, which is used to determine the fair value of publicly traded marketable securities, may not be an accurate measure of the recoverable value of the underlying securities.

In addition, the Company uses the Black-Scholes Option Pricing Model in order to calculate the fair value of stock options granted and warrants issued. Option pricing models require the input of highly subjective assumptions including the expected price volatility, forfeiture rate and expected life. Historical price volatility, forfeiture rate and option life were used as a starting point for the development of future expectations. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options at the date of grant.

e) Recoverability and measurement of deferred tax assets

The Company holds losses carried forward and other amounts that may be deducted from future taxable income. Since the Company does not consider it more likely than not that it will have taxable net income in the near future, the deferred tax assets have not been recognized for accounting purposes, but are further described in Note 15.

f) Classification of financial instruments

The classification of a financial instrument depends on its nature, as well as on management's judgment regarding future circumstances. This is especially relevant when determining whether financial assets are to be treated as amortized cost, or as financial assets at fair value through profit or loss.

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### 4. CAPITAL MANAGEMENT

The Company manages its common shares, options and warrants as capital. As the Company is in the exploration and evaluation stage, its principal source of funds is from the issuance of common shares (See Note 2, Going Concern). When managing the capital structure, the Company's competing objectives are to safeguard its ability to continue as a going concern in order to actively pursue the exploration, evaluation and eventual development of its projects and to minimise the number of shares issued. The Company has not established any quantitative capital management criteria as the competing objectives require subjective analysis. The Company is not subject to any externally imposed capital requirements.

### 5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Risk management

As a result of its use of financial instruments, the Company is subject to liquidity risk, credit risk, interest rate risk, and currency risk.

#### i) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at March 31, 2020, the Company's only financial liabilities are accounts payable, due to related parties, and accrued liabilities. These amounts are primarily due within 30 days of invoicing. The Company manages the liquidity risk inherent in these financial liabilities by ensuring that the Company has funds available to pay suppliers prior to engaging them to provide goods or services. As at March 31, 2020, the Company has working capital of just \$43,647, while having negative cashflow from operations of \$667,080 for the year then ended, indicating a high liquidity risk. See also Note 2, Going Concern.

#### ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial assets and liabilities and other monetary items exposed to credit risk include:

|                                                                                    | March 31, 2020    | March 31, 2019    |
|------------------------------------------------------------------------------------|-------------------|-------------------|
| <i>Financial instruments exposed to credit risk:</i>                               |                   |                   |
| Cash                                                                               | \$ 232,933        | \$ 16,221         |
| Receivables                                                                        | 16,283            | 14,747            |
| <i>Amounts that are not financial instruments, but are subject to credit risk:</i> |                   |                   |
| VAT and GST Receivables                                                            | 8,522             | 69,843            |
|                                                                                    | <u>\$ 257,738</u> | <u>\$ 100,811</u> |

The maximum exposure to credit risk on financial assets and liabilities and other monetary items as at March 31, 2020 is \$257,738 (2019 – \$100,811). The Company monitors its exposure to credit risk by monitoring the various financial instrument balances and other monetary items held by each creditor.

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### 6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Risk Management (continued)

ii) Credit risk (continued)

The Company manages credit risk by holding a majority of cash with Canadian chartered banks and credit unions, each considered an extremely low credit risk. Similarly, short-term deposits are held as fixed-rate cashable Guaranteed Investment Certificates (GIC's) issued by Canadian chartered banks and credit unions covered by deposit insurance (CDIC or CUDIC).

iii) Interest rate risk

Interest rate risk is the risk that either the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Amounts subject to interest rate risk are primarily the short-term deposits held in fixed-rate cashable GIC's from time to time. The Company has previously maintained short term deposits but did not have any short-term deposits during the years ended March 31, 2019 or 2020 and so was not subject to any material interest rate risk during those periods.

iv) Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be beneficially or adversely impacted by exchange rate fluctuations. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations. Amounts subject to currency risk are primarily the cash and receivables that are denominated in foreign currencies, offset by those accounts payable denominated in foreign currencies. Together they create a net exposure to currency fluctuations.

The Company raises funds in Canadian dollars and spends funds primarily in Canadian dollars (CAD), US dollars (USD), and Tanzanian shillings (TZS). The Company is exposed to currency risk primarily on settlements of purchases that were denominated in currencies other than the Canadian dollar, and on holding VAT receivable amounts in TZS. In order to change the Company's exposure to currency risk on net payables balances, the Company periodically increases or decreases the amount of funds held in foreign currencies.

The following is a break-down of financial assets and liabilities and other monetary items denominated in foreign currencies to which the Company is exposed:

|                                                                    | March 31, 2020  |                     | March 31, 2019  |                     |
|--------------------------------------------------------------------|-----------------|---------------------|-----------------|---------------------|
|                                                                    | USD             | TZS                 | USD             | TZS                 |
| Cash                                                               | 6,802           | 12,326,198          | 2,317           | 22,618,513          |
| Accounts payable,<br>due to related party &<br>accrued liabilities | (53,748)        | (50,165,251)        | (42,863)        | (69,906,796)        |
| <b>Total in foreign currency</b>                                   | <b>(46,946)</b> | <b>(37,839,053)</b> | <b>(40,546)</b> | <b>(47,288,283)</b> |
| CAD Exchange rate                                                  | 0.7057          | 1,627.07            | 0.7655          | 1,729.19            |
| Net exposure<br>in equivalent CAD                                  | \$ (66,523)     | \$ (23,256)         | \$ (52,967)     | \$ (27,347)         |

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### 6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Risk management (continued)

#### iv) Currency risk (continued)

Based on year-end closing asset and liability balances, the Company's largest foreign currency exposure as at March 31, 2020 is to the US dollar. A 1% increase in the USD:CAD exchange rate would increase the net loss by \$530. A 1% increase in the TZS:CAD exchange rate would have a negligible impact on the net loss. In any case, there would have been no impact on other comprehensive loss.

#### v) Fair value

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As of March 31, 2020, marketable securities of \$10,000 are classified as Level 1 under the fair value hierarchy (March 31, 2019 - \$25,000).

### 7. RECEIVABLES AND PREPAIDS

|                               | March 31, 2020   | March 31, 2019    |
|-------------------------------|------------------|-------------------|
| Prepaid expenses              | \$ 36,297        | \$ 25,614         |
| Receivables                   | 16,283           | 14,747            |
| Sales tax receivable - Canada | 8,522            | 69,843            |
|                               | <u>\$ 61,102</u> | <u>\$ 110,204</u> |

Sales tax receivable is sales taxes that are expected to be recoverable from the government of Canada within the next year.

### 8. MARKETABLE SECURITIES

| Company name      | # of shares | Fair value at<br>March 31, 2020 | Fair value at<br>March 31, 2019 |
|-------------------|-------------|---------------------------------|---------------------------------|
| Damara Gold Corp. | 500,000     | \$10,000                        | \$25,000                        |

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### 9. PROPERTY AND EQUIPMENT

|                          | Field<br>equipment | Office<br>equipment | Total      |
|--------------------------|--------------------|---------------------|------------|
| <b>2020</b>              |                    |                     |            |
| Net book value           |                    |                     |            |
| At March 31, 2019        | \$ 811             | \$ 1,307            | \$ 2,118   |
| Amortization             | (811)              | (1,307)             | (2,118)    |
| At March 31, 2020        | \$ -               | \$ -                | \$ -       |
| Consisting of            |                    |                     |            |
| Cost                     | \$ 77,104          | \$ 98,797           | \$ 175,901 |
| Accumulated amortization | (77,104)           | (98,797)            | (175,901)  |
| At March 31, 2020        | \$ -               | \$ -                | \$ -       |
| <b>2019</b>              |                    |                     |            |
| Net book value           |                    |                     |            |
| At March 31, 2018        | \$ 811             | \$ 1,307            | \$ 2,118   |
| Amortization             | (807)              | (875)               | (1,682)    |
| At March 31, 2019        | \$ 4               | \$ 432              | \$ 436     |
| Consisting of            |                    |                     |            |
| Cost                     | \$ 77,104          | \$ 98,797           | \$ 175,901 |
| Accumulated amortization | (77,100)           | (98,365)            | (175,465)  |
| At March 31, 2019        | \$ 4               | \$ 432              | \$ 436     |

### 10. MINERAL PROPERTIES

#### a) Peru

The Company acquired the Gaban Gold project and the Tinka Iron Oxide Copper Gold project, both located in Peru, from Palamina Corp. ("Palamina") on September 19, 2019. In exchange, Winshear issued 5,000,000 common shares to Palamina, and will issue another 5,000,000 common shares on or before September 19, 2021. In addition, Winshear will make annual advance royalty payments to Palamina. Annual anniversary payments begin at \$25,000 on September 19, 2020 and will double every two years until Winshear has completed a total of 5,000m of drilling or has abandoned the properties.

Palamina will retain a 2% Net Smelter Return royalty on each property. Winshear will have the right to purchase 50% of each royalty by making a cash payment of USD\$1,000,000 to Palamina at any time prior to the commencement of commercial production.

#### b) SMP Licence, Tanzania

The government of Tanzania has expropriated the Company's Tanzanian Retention Licences. As a result, Winshear has initiated international arbitration proceedings in accordance with the 2013 Agreement for the Promotion and Reciprocal Protection of Investments between Canada and Tanzania. The Company is seeking compensation for the mine not being allowed to go into production, which is a direct result of the expropriation.

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### 10. MINERAL PROPERTIES (CONTINUED)

#### b) SMP Licence, Tanzania (continued)

The Company had earned a 100% interest in the Saza, Ilunga, Gap and Kwaheri Retention Licences, all within the Lupa Goldfields in southwest Tanzania, substantial portions of which have since been expropriated by the Tanzanian government. Each of the five areas is subject to a 2% net smelter royalty which can be reduced to 1% by paying \$1,000,000 in cash (per area) prior to commencement of commercial production.

### 11. EXPLORATION COSTS

Palamina is the operator of the Gaban and Tinka properties in Peru and is entitled to a 10% administrative fee on eligible expenditures.

| Year ended<br>March 31, 2020                      | Tanzania              |             | Peru          | Total        |
|---------------------------------------------------|-----------------------|-------------|---------------|--------------|
|                                                   | Saza and<br>Saza West | Makongolosi | Gaban & Tinka |              |
| Acquisition costs                                 | -                     | -           | 656,087       | 656,087      |
| Field expenses and consumables                    | 1,071                 | 2,812       | 23,411        | 27,294       |
| Geochemical survey and assay                      | -                     | -           | 3,165         | 3,165        |
| Geological consulting                             | 5,267                 | 13,886      | 40,032        | 59,185       |
| License fees                                      | 402                   | 1,752       | 64,666        | 66,820       |
| Salaries and wages                                | 20,664                | 54,083      | 155,118       | 229,865      |
| Share based compensation                          | -                     | -           | 9,203         | 9,203        |
| Transportation and travel                         | 1,619                 | 4,234       | 20,274        | 26,127       |
| Exploration office expenses                       | 9,085                 | 23,901      | 8,512         | 41,498       |
| Total costs for the year ended<br>March 31, 2020: | \$ 38,108             | \$ 100,668  | \$ 980,468    | \$ 1,119,244 |

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### 11. EXPLORATION COSTS (CONTINUED)

| Year ended<br>March 31, 2019                      | Tanzania              |             | Total      |
|---------------------------------------------------|-----------------------|-------------|------------|
|                                                   | Saza and<br>Saza West | Makongolosi |            |
| Field expenses and consumables                    | \$ 1,322              | \$ 3,279    | \$ 4,601   |
| Geological consulting                             | 19,416                | 44,864      | 64,280     |
| Licences and permits                              | 5,766                 | 3,594       | 9,360      |
| Salaries and wages                                | 20,011                | 52,374      | 72,385     |
| Transportation and travel                         | 2,167                 | 5,669       | 7,836      |
| Exploration office expenses                       | 16,955                | 40,953      | 57,908     |
| Total costs for the year ended<br>March 31, 2019: | \$ 65,637             | \$ 150,733  | \$ 216,370 |

During the year ended March 31, 2019, the Company settled certain accrued consulting fees as all unpaid portions of the accrued fees to a vendor were waived during the year, resulting in a gain on debt settlement of \$114,000.

### 12. SHARE CAPITAL

- a) Authorized share capital: Unlimited common shares without par value

On September 19, 2019, Winshear completed a private placement financing, raising \$900,000 through the issuance of 15,000,000 units at \$0.06 per unit. Each unit is comprised of one common share of Winshear and one half of a warrant. Each full warrant entitles the holder to purchase one common share of the Company for \$0.10 at any time within 12 months of closing the financing. On the same date, in order to acquire the Gaban Gold project and the Tinka Iron Oxide Copper Gold project, Winshear also issued 5,000,000 common shares with an estimated fair value of \$300,000 and committed to issue another 5,000,000 common shares. Based on the last trading price of common shares prior to the transaction, the 5,000,000-share commitment also had an initial value on September 19, 2019 of \$300,000. The commitment is shown as "shares to be issued" on the Statement of Financial Position as the Company currently intends to make the payment prior to March 31, 2021, subject to obtaining requisite approvals.

On September 19, 2019, Winshear also issued 1,500,000 common shares valued at \$90,000 in satisfaction of \$90,000 previously carried in accounts payable, some of which was due to related parties (Note 14). The shares were valued at \$0.06 per share based on the last trading price of the common shares prior to the transaction.

On June 13, 2018, the Company issued 500,000 common shares with a fair value of \$0.095 per share along with cash payment of \$25,000 to settle accounts payable of \$262,701, resulting in a gain on debt settlement of \$190,201.

Effective February 8, 2018, the Company completed a share consolidation on the basis of 25 pre-consolidation common shares for 1 post-consolidation common share. All share amounts presented have been retrospectively adjusted to reflect this consolidation.

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### 12. SHARE CAPITAL (CONTINUED)

#### b) Share-based payments

The Company has established a share purchase option plan whereby the Board of Directors may grant options to directors, officers, employees or consultants. The goal of this plan is to more closely align the interests of option-holders with the interests of shareholders.

The Company has been authorized by its shareholders to grant stock options numbering up to ten percent (10%) of the number of common shares issued and outstanding. Options granted are subject to a maximum term of ten years from the date of grant. The exercise price of an option must be determined in accordance with the share purchase option plan. Options vest after one year unless determined otherwise by the Board of Directors.

Details of stock option activity are as follows:

|                                      | Number of Options | Weighted Average exercise price |
|--------------------------------------|-------------------|---------------------------------|
| Outstanding, March 31, 2018 and 2019 | 172,000           | \$ 1.75                         |
| Expired                              | (172,000)         | \$ 1.75                         |
| Granted October 24, 2019             | 2,250,000         | \$ 0.20                         |
| Outstanding, March 31, 2020          | 2,250,000         | \$ 0.20                         |

The following table summarizes information about stock options outstanding to directors, officers, employees and consultants as at March 31, 2020:

| Grant date       | Expiry date      | Exercise price | Number of options outstanding | Remaining contractual life (years) | Number of options exercisable |
|------------------|------------------|----------------|-------------------------------|------------------------------------|-------------------------------|
| October 24, 2019 | October 24, 2024 | \$0.20         | 2,250,000                     | 4.6                                | Nil                           |

The stock options noted above will vest on October 24, 2020. These stock options have been valued using the Black-Scholes option pricing model, using a risk-free interest rate of 1.5%; an expected volatility of 117; a dividend yield of 0%; and an expected life of 4.5 years.

#### c) Share Purchase Warrants

Details of share purchase warrant activity is as follows:

|                               | Number of warrants | Weighted average exercise price |
|-------------------------------|--------------------|---------------------------------|
| As at March 31, 2018 and 2019 | Nil                | \$--                            |
| Issued September 19, 2019     | 7,500,000          | \$0.10                          |
| As at March 31, 2020          | 7,500,000          | \$0.10                          |

The outstanding warrants all expire on September 19, 2020.

There were no share purchase warrants outstanding at March 31, 2019 or 2018.

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### 13. SEGMENTED INFORMATION

The Company has three operating segments, which are mineral exploration and evaluation in Tanzania and Peru with head office functions and preliminary exploration activity in Canada. Neither segment generates revenue. Resources are allocated to projects. As the projects are in different countries, this equates to allocating resources by geographical area.

Total assets by geographical area:

|          | March 31, 2020    | March 31, 2019    |
|----------|-------------------|-------------------|
| Canada   | \$ 253,071        | \$ 109,745        |
| Peru     | -                 | -                 |
| Tanzania | 50,964            | 42,116            |
|          | <u>\$ 304,035</u> | <u>\$ 151,861</u> |

Cash amounting to \$215,898 was held in Canada, \$nil in Peru, and \$17,035 was held in Tanzania at March 31, 2020 (March 31, 2019 - \$374 Canada and \$15,847 Tanzania).

Property and equipment, by geographic area:

|          | March 31, 2020 | March 31, 2019 |
|----------|----------------|----------------|
| Canada   | \$ -           | \$ 252         |
| Peru     | -              | -              |
| Tanzania | -              | 184            |
|          | <u>\$ -</u>    | <u>\$ 436</u>  |

Net income (loss) by geographic area:

|          | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|----------|------------------------------|------------------------------|
| Canada   | \$ (242,512)                 | \$ 173,535                   |
| Peru     | (980,468)                    | -                            |
| Tanzania | (149,620)                    | (245,756)                    |
|          | <u>\$ (1,372,600)</u>        | <u>\$ (72,221)</u>           |

Exploration expenses by geographic area:

|          | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|----------|------------------------------|------------------------------|
| Peru     | 980,468                      | -                            |
| Tanzania | \$ 138,776                   | \$ 216,370                   |
|          | <u>\$ 1,119,244</u>          | <u>\$ 216,370</u>            |

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### 14. RELATED PARTY TRANSACTIONS

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. Except where specifically noted, amounts due to related parties are shown as a separate category on the statement of financial position.

#### Key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes the Company's directors and members of the senior management group. Details of key management personnel compensation is as follows:

| Year ended               | March 31,<br>2020 | March 31,<br>2019 |
|--------------------------|-------------------|-------------------|
| Salaries paid or accrued | \$ 55,000         | \$ 83,156         |
| Salaries forgiven        | (43,000)          | Nil               |
| Stock based compensation | 47,331            | Nil               |
| Directors' fees          | Nil               | 14,000            |
|                          | <u>\$ 59,331</u>  | <u>\$ 97,156</u>  |

For a number of months in 2018 and 2019, in order to assist the Company, related parties were paying for the expenses of the Company and did not draw or accrue salary or director's fees for portions of the 2018 and 2019 calendar years. In addition, officers forgave all salary amounts owed to them at a point in 2019. Following the private placement in December 2019, a portion of these expenses were paid, and officers resumed drawing salary at a much-reduced level. As a result, at March 31, 2020, \$45,897 (March 31, 2019 - \$110,843) was payable to related parties at March 31, 2020 for unpaid salary as well as for costs paid on behalf of the Company. This amount was included in due to related parties, is unsecured, non-interest bearing and payable on demand.

Officers and directors participated in the Company's settlement on September 19, 2019 of certain amounts previously carried in accounts payable, agreeing to settle a total of \$36,000 in amounts owed in exchange for a total of 600,000 common shares of the Company. On the same date, officers, directors and other related parties also participated in the private placement of units described in Note 12a, subscribing for a total of 2,550,000 units at \$0.06.

#### Exploration partner and significant shareholder

In addition, as described in Notes 10a and 12a, on September 19, 2019, Winshear acquired the Gaban Gold project and the Tinka Iron Oxide Copper Gold project, both located in Peru, from Palamina Corp. in exchange for agreeing to make specified advance royalty and share payments to Palamina over time. As a result of this transaction, Palamina became a related party. At March 31, 2020, the Company is indebted to Palamina in the amount of \$1,673 as reimbursement for exploration expenditures in Peru. This amount is unsecured, non-interest bearing and payable on demand.

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### 15. INCOME TAXES

a) A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

|                                                                                                                                   | March 31,<br>2020 | March 31,<br>2019 |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Net loss for the year                                                                                                             | \$ (1,372,600)    | \$ (72,221)       |
| Statutory tax rate in Canada                                                                                                      | 27.00%            | 27.00%            |
| Expected income tax recovery                                                                                                      | (370,612)         | (19,500)          |
| Additions and deductions:                                                                                                         |                   |                   |
| Non-deductible expenses                                                                                                           | 183,676           | 875               |
| Non-taxable (income) / expenditures                                                                                               | 757               | (1,520)           |
| Deduction of share issuance costs                                                                                                 | --                | (17,292)          |
| Effect of different foreign statutory tax rates<br>on earnings of subsidiaries                                                    | (4,326)           | (5,021)           |
| Effect of change in tax rate on temporary<br>differences                                                                          | --                | (86,913)          |
| Foreign exchange loss / (gain) on the<br>components of the future tax assets and<br>liabilities denominated in foreign currencies | (686,530)         | (63,576)          |
| Income tax benefits not recognized                                                                                                | 877,035           | 192,946           |
| Income tax expense / recovery                                                                                                     | \$ --             | \$ --             |

b) The Company has incurred non-capital losses for tax purposes from Canadian and foreign sources, that are available to offset future taxable income. These losses may be carried forward and expire as follows:

| Year of<br>expiry | Loss carried<br>forward | Jurisdiction |
|-------------------|-------------------------|--------------|
| 2027              | \$ 574,865              | Canada       |
| 2028              | 1,161,479               | Canada       |
| 2029              | 1,146,549               | Canada       |
| 2030              | 1,354,448               | Canada       |
| 2031              | 1,386,955               | Canada       |
| 2032              | 1,378,960               | Canada       |
| 2033              | 1,160,256               | Canada       |
| 2034              | 943,258                 | Canada       |
| 2035              | 951,822                 | Canada       |
| 2036              | 368,050                 | Canada       |
| 2037              | 747,023                 | Canada       |
| 2038              | 414,715                 | Canada       |
| 2039              | 194,979                 | Canada       |
| 2040              | 542,787                 | Canada       |
| No expiry         | 25,766,310              | Tanzania     |
|                   | <u>\$ 38,092,456</u>    |              |

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For the year ended March 31, 2020

Expressed in Canadian dollars

### 15. INCOME TAXES (CONTINUED)

c) The components of the unrecognized deferred income tax asset balances are as follows:

|                                             | March 31,<br>2020 | March 31,<br>2019 |
|---------------------------------------------|-------------------|-------------------|
| Non-capital losses                          | \$ 11,057,952     | \$ 10,380,999     |
| VAT Receivable                              | 104,450           | 97,434            |
| Property and equipment                      | 43,830            | 43,710            |
| Net unrecognized deferred income tax assets | \$ 11,206,232     | \$ 10,522,143     |

Deferred income tax assets and liabilities are measured using statutory rates that are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

There are loss carry forwards available in the appropriate jurisdictions that are more than sufficient to offset any future income tax liabilities that exist in relation to property, plant and equipment.

Deferred income tax assets are recorded when it is more likely than not that they will be recovered in future periods. Based on this criterion, no net deferred income tax assets have been recorded.

In the normal course of business, the Company may be subject to audit by taxation authorities. These audits may alter the timing or amount of income taxes, import/export duties, consumption taxes, withholding taxes, payroll taxes or other taxes levied, or VAT or other taxes refunded. The amounts ultimately assessed or reassessed upon resolution of issues raised may differ from the amounts accrued.

### 16. COMMITMENTS AND CONTINGENCIES

Winshear is subject to the fees and expenditure requirements set by the various governments that are required to maintain its mineral exploration properties in good standing.

Winshear has one remaining required share payment: the issuance of 5,000,000 shares to Palamina (Note 10.a)) which is shown as shares to be issued on the Statement of Financial Position. Winshear also is committed to making the annual payments specified under the agreement with Palamina to acquire the Gaban and Tinka projects. Annual payments begin at \$25,000 on September 19, 2020 and will double every two years until Winshear has completed a total of 5,000m of drilling or has abandoned the properties.

The Company is party to certain management contracts. These contracts require payment of up to \$595,000 upon the occurrence of a change of control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$486,000 pursuant to the terms of these contracts. As a triggering event has not taken place, these amounts have not been recorded in these consolidated financial statements.

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