WARRIOR GOLD

EXPERIENCE • EXPLORATION • RESULTS

(Formerly War Eagle Mining Company Inc.)

Audited Consolidated Financial Statements

For the Years Ended March 31, 2020 and 2019

Crowe

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Independent Auditor's Report

To the Shareholders of Warrior Gold Inc. (Formerly War Eagle Mining Company Inc.)

Opinion

We have audited the consolidated financial statements of Warrior Gold Inc. (Formerly War Eagle Mining Company Inc.) ("the Group"), which comprise the consolidated statements of financial position as at March 31, 2020 and March 31, 2019 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years 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 Group as at March 31, 2020 and March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years 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 Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 identified above 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 the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 International Financial Reporting Standards, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 the 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 judgment 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 risk 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 Group'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 Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 on the audit resulting in this independent auditor's report is Keith L. Gagnon.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
July 27, 2020

WARRIOR GOLD INC.
(Formerly War Eagle Mining Company Inc.)
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	Note	March 31 2020 $	March 31 2019 $
ASSETS			
Current assets			
Cash		70,378	914,488
Receivables		174,898	78,683
Prepaid expenses and deposits		14,933	6,088
Total current assets		260,209	999,259
Non-current assets			
Exploration and evaluation assets	7	4,990,286	4,990,286
Right-of-use asset	4	30,062	-
Total non-current assets		5,020,348	4,990,286
Total assets		5,280,557	5,989,545
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	172,912	499,209
Other liabilities		7,409	-
Lease liability – short term	4	13,991	-
Total current liabilities		194,312	499,209
Non-current			
Accounts payable and accrued liabilities	11	-	50,000
Lease liability – long term	4	23,325	-
Total non-current liabilities		23,325	50,000
Total liabilities		217,637	549,209
EQUITY			
Share capital	8	45,737,880	44,926,290
Reserves	8,9	4,600,708	4,317,178
Deficit		(45,275,668)	(43,803,132)
Total equity		5,062,920	5,440,336
Total liabilities and equity		5,280,557	5,989,545

Corporate information and going concern (Note 1)
Subsequent events (Note 17)

The annual consolidated financial statements of the Company for the year ended March 31, 2020 were approved and authorized for issuance by the board of directors on July 27, 2020.

On behalf of the board of directors:

"Steve Burleton"	*"Peter Winnell"*
Steve Burleton, Director	Peter Winnell, Director

See accompanying notes.

WARRIOR GOLD INC.
(Formerly War Eagle Mining Company Inc.)
Consolidated Statements of Comprehensive Loss
Expressed in Canadian Dollars

Year ended March 31	Note	2020 $	2019 $
Operating expenses			
Consulting fees		51,003	57,603
Depreciation	4	15,030	189
Exploration costs	7	758,703	825,401
Insurance		9,584	7,435
Investor relations		59,400	137,943
Management fees and salaries	11	283,000	370,750
Office and miscellaneous		37,827	40,487
Professional fees		56,778	64,849
Rent		4,787	15,266
Share-based compensation	9,11	169,575	-
Transfer agent and filing fees		21,986	33,861
Travel		43,153	14,635
Loss before other income (expenses)		(1,510,826)	(1,568,419)
Other income (expenses)			
Foreign exchange gain (loss)		(1,179)	10,428
Gain on extinguishment of debt		-	54,050
Provision for GST receivable		-	(104,772)
Interest expense		(5,122)	-
Other income		44,591	-
Exploration grant		-	100,000
Sale of rights to royalty	6	-	324,512
		38,290	384,218
Loss and total comprehensive loss for the year		(1,472,536)	(1,184,201)
Basic and diluted loss per common share		(0.02)	(0.03)
Weighted average number of common shares outstanding, basic and diluted		62,734,372	45,037,231

See accompanying notes.

WARRIOR GOLD INC.
(Formerly War Eagle Mining Company Inc.)
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

Year ended March 31	Note	2020 $	2019 $
Operating activities			
Loss for the year		(1,472,536)	(1,184,201)
Adjustments for			
Share-based compensation		169,575	-
Depreciation		15,030	189
Foreign exchange		1,179	(10,428)
Gain on extinguishment of debt		-	(54,050)
Interest expense on lease payments		4,870	-
Provision for GST receivable		-	104,772
Other income		(44,591)	-
Changes in non-cash operating working capital			
Receivables		(96,215)	4,462
Prepaid expenses and deposits		(8,845)	210,029
Accounts payable and accrued liabilities		(276,297)	124,796
Cash used in operating activities		(1,707,830)	(804,431)
Financing activities			
Shares issued in private placements	8	910,093	936,805
Share issue costs	8	(32,548)	(40,093)
Exercise of options	8	-	5,000
Lease payments	4	(12,646)	-
Cash provided by financing activities		864,899	901,712
Investing activities			
Acquisition of resource properties	7	-	(161,728)
Cash used in investing activities		-	(161,728)
Foreign exchange effect on cash		(1,179)	10,428
Increase (decrease) in cash		(844,110)	(54,019)
Cash, beginning of year		914,488	968,507
Cash, end of year		70,378	914,488

Supplemental Cash Flow Information

Cash paid (received) for interest	4	$ 4,870	$ -
Cash paid (received) for income tax		$ -	$ -
Non-cash financing activities			
Shares issued to offset accounts payable	8	$ 100,000	$ -

See accompanying notes.

WARRIOR GOLD INC.
(Formerly War Eagle Mining Company Inc.)
Consolidated Statements of Changes in Equity
Expressed in Canadian Dollars

	Note	Common shares $	Reserves $	Deficit $	Total equity $
Balance March 31, 2018	8	44,026,828	4,314,928	(42,618,931)	5,722,825
Options exercised		5,000	-	-	5,000
Transfer of stock option fair value on exercise		2,350	(2,350)	-	-
Shares issued in private placements	8	936,805	-	-	936,805
Share issuance costs	8	(40,093)	-	-	(40,093)
Share issuance costs - broker warrants		(4,600)	4,600	-	-
Loss for the year		-	-	(1,184,201)	(1,184,201)
Balance March 31, 2019	8	44,926,290	4,317,178	(43,803,132)	5,440,336
Shares issued in private placements	8	1,010,093	-	-	1,010,093
Share issuance costs	8	(32,548)	-	-	(32,548)
Share issuance costs - broker warrants		(7,500)	7,500	-	-
Fair value of warrants		(106,455)	106,455	-	-
Flow-through premium		(52,000)	-	-	(52,000)
Share-based compensation	8	-	169,575	-	169,575
Loss for the year		-	-	(1,472,536)	(1,472,536)
Balance March 31, 2020	8	45,737,880	4,600,708	(45,275,668)	5,062,920

See accompanying notes.

1. Corporate Information and going concern

Warrior Gold Inc., formerly War Eagle Mining Company Inc. (the "Company" or "War") was incorporated under the laws of British Columbia on March 6, 1984. The Company is involved in the acquisition, exploration and, if warranted, development of mineral resource properties. The Company is listed on the TSX Venture Exchange (the "TSX-V") under the symbol "WAR", as a Tier 2 mining issuer. The address of the Company's corporate office and principal place of business is 25 Adelaide Street East, Toronto, Ontario, Canada, M5C 3A1.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. The Company incurred a loss of $1,472,536 during the year ended March 31, 2020 (March 31, 2019 – $1,184,201) and, as of that date the Company's deficit was $45,275,668 (March 31, 2019 - $43,803,132). The Company had cash of $70,378 at March 31, 2020 (March 31, 2019 - $914,488). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and pursue the acquisition and exploration of mineral resource properties. Although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated 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.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. Basis of Presentation

a) *Statement of compliance*

These consolidated financial statements for the year ended March 31, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Standards Interpretations Committee.

b) *Basis of measurement*

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. The consolidated financial statements are presented in Canadian dollars.

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 consolidated financial statements are disclosed in Note 5.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) *Principles of consolidation*

These consolidated financial statements include the accounts of Warrior Gold Inc. and its controlled subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an investee, so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the group until the date on which control ceases.
These consolidated financial statements include the accounts of the following wholly-owned subsidiaries:

	Incorporation	Percentage of Ownership	
		2020	2019
Champagne Resources Limited ("Champagne")	Canada	100%	100%
RD Minerals S.A. de C.V. (owned by Champagne)	Mexico	100%	100%

All significant intercompany transactions have been eliminated.

b) *Foreign currency transactions*

The Company's presentation currency is the Canadian dollar. The functional currency for the Company and its subsidiary Champagne, being the currency of the primary economic environment in which the companies operate, is the Canadian dollar. The functional currency of RD Minerals S.A de C.V. is the Mexican Peso.

Foreign currency accounts are translated into the functional currency as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the functional currency by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into the functional currency by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income/loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into the functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into the functional currency by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income/loss or other comprehensive income/loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Parent and Subsidiary Companies

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at monthly average exchange rates during the year.

Exchange differences arising on translation of foreign operations are transferred directly to exchange difference on translating foreign operations on the statement of comprehensive loss and are reported as a separate component of equity titled "Cumulative Translation Differences". These differences are recognized in profit or loss in the year in which the operation is disposed of.

4. Summary of Significant Accounting Policies (continued)

c) *Mineral exploration and evaluation expenditures*

Exploration and evaluation expenditures

Exploration and evaluation costs include the costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination or asset purchase. The Company follows the practice of capitalizing all costs related to the acquisition of mineral claims, expensing all costs related to the exploration and evaluation of mineral claims, and crediting all revenue received against the acquisition cost of the claims, with any excess included in profit or loss. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the statement of comprehensive income (loss).

The Company may occasionally enter into farm-out arrangements whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as ‘mines under construction’. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploration, or alternatively, sale of the respective areas of interest.

d) *Financial instruments*

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) 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.

3. Summary of Significant Accounting Policies (continued)

d) Financial instruments (continued)

- Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

- Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

- Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

- 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 loss allowance for the financial asset is measured 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 loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

- Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized costs are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities:

Financial liabilities are designated as either fair value through profit or loss, or at amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the statement of financial position at amortized cost.

3. Summary of Significant Accounting Policies (continued)

e) *Provisions*

Decommissioning provision

The Company is subject to various government laws or regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal or constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

f) *Income taxes*

Income tax expense comprises current and deferred tax. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. Summary of Significant Accounting Policies (continued)

g) *Share capital*

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, options, and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Warrants that are part of units are valued using a residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share and any residual amount is assigned to the warrant.

If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in reserves.

h) *Flow-through shares*

The proceeds from the offering of flow-through shares are allocated between the shares and the sale of tax benefits when the shares are offered. The allocation is made based on the difference between the market value of the shares and the amount the investors pay for the flow-through shares. A liability is recognized for the premium when the shares are issued, and is extinguished when the tax effect of the temporary differences, resulting from the renunciation of the tax deduction to the flow-through shareholders, is recorded - with the difference between the liability and the value of the tax assets renounced being recorded as a deferred tax expense. The tax effect of the renunciation is recorded at the time the Company makes the renunciation to its subscribers – which may differ from the effective date of renunciation. If the flow-through shares are not issued at a premium, a liability is not established, and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

i) *Loss per share*

Basic loss per share is computed by dividing the loss to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted loss per common share is computed by dividing the loss to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Stock options and warrants are not included in the computation of loss per share for the years ended March 31, 2020 and 2019 as such inclusion would be anti-dilutive.

At March 31, 2020, the Company had stock options and warrants outstanding that could result in the issuance of up to 11,580,605 additional common shares.

j) *Share-based payments*

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Expressed in Canadian Dollars

3. Summary of Significant Accounting Policies (continued)

j) *Share-based payments*

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

4. Adoption of New Accounting Pronouncements and Recent Developments

IFRS 16 Leases

IFRS 16 supersedes IAS 17 and requires how leases will be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less for the underlying asset.

For the lease where the Company is the lessee, it recognizes a right-of-use asset and a lease liability for its office premises leases previously classified as an operating lease. The Company chose the adopted modified retrospective approach on transition to IFRS 16 on April 1, 2019 and has chosen not to restate comparative information in accordance with the transitional provisions in IFRS 16. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies.

At the time of adoption of IFRS 16 on April 1, 2019, the Company had one operating lease for office premises. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates applies to the lease liability. The weighted average incremental borrowing rate applied to the lease liability in the year ended March 31, 2020 was 9.9% per annum. The lease term remaining as at March 31, 2020 is approximately 3.17 years. The details of the lease liability recognized during the period are as follows:

	$
Operating lease commitment as at March 31, 2019	57,534
Discount of future commitments	(12,442)
Lease liabilities recognized as at April 1, 2019	45,092

Expressed in Canadian Dollars

4. Adoption of New Accounting Pronouncements and Recent Developments (continued)

IFRS 16 Leases (continued)

Right-of-use assets

The following is the continuity of the cost and accumulated depreciation of right-of-use assets (office premises) as at and for the year ended March 31, 2020:

Cost	$
Balance, April 1, 2019	45,092
Additions	-
Balance, March 31, 2020	45,092
Accumulated depreciation	
Balance, April 1, 2019	-
Depreciation	15,030
Balance, March 31, 2020	15,030
Carrying amount as at March 31, 2020	30,062

Lease liabilities

The following is the continuity of lease liabilities as at and for the year ended March 31, 2020:

Year ended March 31,	2020
Cost	$
Balance, April 1, 2019	45,092
Additions	-
Lease payments	(12,646)
Interest expense on lease payments	4,870
Balance, March 31, 2020	37,316
Less: current portion	(13,991)
Lease liabilities – non current	23,325

Standards, amendments and interpretations not yet effective

The Company has not yet adopted certain standards, interpretations to existing standards and amendments that have been issued but have an effective date of later than April 1, 2020. All of these updates are not relevant to the Corporation and are therefore not discussed herein.

5. Critical Accounting Estimates and Judgments

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

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

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

Critical Judgments

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes it has adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Going concern of operations

Management has made the determination that the Company will continue as a going concern for the next year.

Evaluation and exploration expenditures

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

Title to mineral property interests

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

5. Critical Accounting Estimates and Judgments (continued)

Determination of whether a group of assets acquired and liabilities assumed constitute the acquisition of a business

The Company has determined that the acquisition of Champagne Resources Ltd. through amalgamation did not constitute the acquisition of a business under IFRS 3 Business Combinations. As a result, the transaction was accounted for as an asset acquisition.

Determination of the accounting acquirer

The Company has determined that the acquirer in the amalgamation with Champagne Resources is War Eagle Mining Company Inc after consideration of pertinent facts and circumstances. Such circumstances include board composition, senior management composition, and the relative size of the entities.

Estimates

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

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

Recoverability of receivables

The Company monitors its exposure for credit losses on its receivables on an ongoing basis and records related allowances for doubtful accounts. Allowances are estimated based on the identification of specific balances where a risk of default has been identified based upon historical experience.

Valuation of Goodfish-Kirana project acquired

The value of the Goodfish-Kirana project that was acquired through the amalgamation agreement with Champagne is a significant estimate. As the transaction did not meet the definition of a business combination under IFRS 3 Business Combinations, it was accounted for as an equity-settled share-based payment under IFRS 2. Further details of the transactions are disclosed in Note 7.

6. Sale of a subsidiary

In December 2013, the Company sold all of the shares of its then wholly-owned subsidiary, Tombstone Exploration de Mexico S.A. de C.V., which was the owner of Tres Marias property in Mexico to Contratista Y Operaciones Mineras S.A. de C.V. ("COMSA") for a consideration of US$2,500,000 ($2,710,032, based on the exchange rate in effect in December 2013), payable over a six year term, of which, the first US$65,000 was paid at the closing of the transaction, US$335,000 was paid during the year ended March 31, 2015, an additional US$1,000,000 in the year ended March 31, 2017 and balance was paid in the year ended March 31, 2019. Due to uncertainty regarding the timing and amount of future cash flows, management had originally determined that the gain on sale would be recorded on receipt of cash. The consideration was a partial recovery of funds that were advanced to the subsidiary.

6. Sale of a subsidiary (continued)

In August 2016, the Company entered into a new agreement with COMSA for the payment of US$1,700,000, the remaining balance of the US$2,500,000 from the sale of Tres Marias, where COMSA had agreed to make payments every quarter starting on September 30, 2016, with the final payment on March 31, 2018. In the new agreement, the Company also negotiated additional royalty payments as below:

- COMSA was to pay War Eagle 25% of the germanium value recovered from any zinc-germanium concentrate sales starting September 30, 2016.
- COMSA was to pay War Eagle 25% of the lead value recovered from any lead concentrate sales after June 30, 2016.
- COMSA was to pay War Eagle 25% of the zinc sales for price received in excess of $1.00 per pound of zinc sales after December 31, 2016.

As of March 31, 2018, the Company had received all the payments and the balance of the receivable was $nil.

During the year ended March 31, 2019, the Company and COMSA came to an agreement where COMSA agreed to make two US$125,000 payments each on July 31, 2018 and September 28, 2018 (which were received) to buy out the royalty payments.

7. Exploration and Evaluation Assets

The Goodfish Kirana Project

On February 9, 2019, the Company completed the amalgamation with Champagne, through a “triangular amalgamation” whereby Champagne merged with Andromeda and became a subsidiary of War. In that amalgamation, the Company acquired the Goodfish property. The Goodfish property is comprised of 20 patented mining claims and 66 staked claims. The property is now wholly owned by the Company subject to various net smelter royalty arrangements.

During the year ended March 31, 2019, the Company acquired eight additional patented claims contiguous to the Goodfish-Kirana property for $161,728. There is a 1.5% NSR on the claims, 1% of which can be purchased for $1 million.

During the year ended March 31, 2019, the Company acquired a 24-claim package (304.04 hectares) adjacent to the northeast portion of the Company’s Goodfish-Kirana property, together with three contiguous new claims (50.64 hectares) staked by the Company. These two strategic additions bring the Company’s land package in the Kirkland Lake Gold Camp to 3,704 hectares. The claims were acquired in exchange for a 1.5% net smelter royalty (“NSR”). The Company has the right to buy-back 1% of the NSR for $1 million.

Expressed in Canadian Dollars

7. Exploration and Evaluation Assets

The Company incurred exploration expenses on Goodfish-Kirana property as follows:

	March 31, 2020 $	March 31, 2019 $
Assays	78,055	36,065
Camp costs	53,195	9,141
Community engagement	323	1,554
Geotechnical	11,756	76,379
Core sampling	38,914	15,447
Geology	256,846	151,967
Geophysics	9,975	125,054
Drilling	245,915	314,336
Government payments	4,733	2,487
Ground preparation	14,568	13,023
Logistics	6,955	4,550
Prospecting	10,821	-
Technical reports	15,750	22,898
Travel	3,427	46,623
Trenching	-	5,877
Claims management	7,470	-
	758,703	825,401

8. Share Capital and Reserves

Authorized capital

Unlimited common shares, without par value.

Issued capital

	Number of Shares	Common Shares $
March 31, 2018	44,240,552	44,026,828
Shares issued in private placements	13,202,927	936,805
Share issuance costs	-	(40,093)
Shares issued on exercise of options	50,000	5,000
Transfer of stock option fair value on exercise	-	2,350
Share issuance costs – broker warrants	-	(4,600)
March 31, 2019	57,493,479	44,926,290
Shares issued in private placements	10,645,478	1,010,093
Fair value of warrants	-	(106,455)
Flow-through premium	-	(52,000)
Share issuance costs	-	(32,548)
Share issuance costs – broker warrants	-	(7,500)
March 31, 2020	68,138,957	45,737,880

8. Share Capital and Reserves (continued)

Share Issuances

1) During the year ended March 31, 2020, the Company completed a private placement (the "Offering") raising gross proceeds of $1,010,093 through the issuance of 5,200,000 flow-through units ("FT Units") and 5,445,478 hard dollar units ("HD Units"). OF the $1,010,093 gross proceeds, $100,000 was offset against an accounts payable to a related party.

   Each FT Unit was priced at $0.10 and comprised one flow-through common share and one-half of one common share purchase warrant (a "FT Warrant") and each HD Unit was priced at $0.09 and comprised one common share and one-half of one common share purchase warrant (a "HD Warrant") of the Company. Each whole FT Warrant and HD Warrant entitles the holder, on exercise, to purchase one additional common share of the Company (a "Warrant Share") at a price of $0.15 per Warrant Share for one year post the closing date, provided, however, that, if at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX-V is greater than $0.30 for 20 or more consecutive trading days, the Warrants will be accelerated and will expire on the 30th business day following the date of notice of such acceleration.

   In connection with the Offering, the Company paid finders' fees of $32,548 in cash and 339,479 finder warrants issued on the same terms as the financing Warrants (but non-transferable), as permitted by the policies of the TSX-V. The fair value of the finder warrants was determined to be $7,500.

2) During the year ended March 31, 2019, the Company completed a private placement (the "Private Placement") with the issuance of 12,782,927 common share units ("Unit") at a price of $0.07 per unit for aggregate proceeds of $894,805. Each Unit consisted of one common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each warrant entitles the holder to acquire one additional common share of the Company for a period of 12 months from the date of issue at a price of $0.15 per common share, provided that should the Company's shares trade at $0.30 per share or greater for a period of 20 consecutive trading days following the expiry of the four month hold period, the warrants can be accelerated by the Company providing notice to warrant holders and in such instance, the warrants will expire 30 days thereafter

   Pursuant to the private placement, the Company also issued 420,000 flow-through shares at a price of $0.10 per share for aggregate proceeds of $42,000. Each flow-through share consisted of one common share issued on a flow-through basis which entitles the holder to receive the tax benefits applicable to flow-through shares, in accordance with provisions of the Income tax Act (Canada).

   The Company paid finders' fees equal to $40,093 in cash and 269,231 common share broker warrants issued on the same terms as the Private Placement warrants.

Reserves

The reserves recorded in equity on the Company's statement of financial position comprise the fair value of share-based compensation and warrants prior to exercise, and obligations to issue shares in accordance with debt settlement agreements.

Expressed in Canadian Dollars

9. Share-Based Compensation

In October 2019, the shareholders of the Company renewed the incentive stock option plan (the "2014 Plan") which provides that the aggregate number of common shares of the Company's capital issuable pursuant to options granted may not exceed 10% of the issued and outstanding shares. If the aggregate number of options granted exceeds the maximum allowed under the 2014 Plan, exercise of the options will require War shareholder approval. Options granted under the Plan may have a maximum term of ten years and the exercise price of options granted will not be less than the discounted market price of the common shares as of the award date. The board of directors has the authority to set the vesting terms of options granted, subject to the rules of the TSX-V regarding options granted for investor relations services.

The weighted average grant-date fair value of options awarded in the year ended March 31, 2020 was $0.06 (March 31, 2019 - $nil). The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

Year ended March 31	2020	2019
Share price	$0.07	-
Exercise price	$0.10	-
Annualized stock price volatility	125.60%	-
Risk-free interest rate	1.65%	-
Expected option life (years)	5 years	-
Dividend yield	0.0%	-

The stock price volatility was determined using the historical fluctuations in the Company's share price.

The Company did not grant any options for the year ended March 31, 2019.

	Number of options	Weighted average exercise price $
March 31, 2018	3,564,659	0.20
Exercised	(50,000)	0.10
Terminated	(18,702)	0.27
March 31, 2019	3,495,957	0.20
Granted	2,975,000	0.10
Expired	(249,000)	0.10
March 31, 2020	6,221,957	0.16

The weighted average trading price on date of exercise for the stock options exercised during the year ended March 31, 2020 was $nil (March 31, 2019 - $0.20).

Expressed in Canadian Dollars

9. Share-Based Compensation (continued)

The Company's outstanding and exercisable stock options at March 31, 2020 were:

	Outstanding and Exercisable Options		
Expiry Date	Number	Weighted Average Remaining Life (Yrs.)	Weighted Average Exercise Price $
May 5, 2021	3,246,957*	1.10	0.21
December 16, 2024	2,975,000**	4.71	0.10
	6,221,957	2.82	0.16

* Subsequent to March 31, 2020, 118,702 stock options were forfeited.

** Subsequent to March 31, 2020, 100,000 stock options were forfeited.

10. Warrants

	Number of Financing Warrants	Weighted Average Exercise Price $	Number of Broker Warrants	Weighted Average Exercise Price $
March 31, 2018	6,086,045	0.36	-	-
Issued	6,391,464	0.15	269,231	0.15
March 31, 2019	12,477,509	0.25	269,231	0.15
Issued	5,322,739	0.15	339,479	0.15
Expired	(12,441,600)	0.25	(269,231)	0.15
March 31, 2020	5,358,648	0.15	339,479	0.15

Number of Financing Warrants	Number of Broker Warrants	Exercise Price $	Expiry Date
35,909	-	0.67	February 9, 2021
4,533,239	323,869	0.15	September 25, 2020
789,500	15,610	0.15	November 20, 2020
5,358,648	339,479		

During the year ended March 31, 2020 and 2019, the warrants were granted pursuant to the private placements. The warrants were valued at $7,500 (March 31, 2019 - $4,600).

Expressed in Canadian Dollars

10. Warrants

The Company employed Black-Scholes option-pricing model using the following weighted average assumptions:

	2020	2019
Share price	$ 0.09	$ 0.09
Exercise price	$ 0.15	$ 0.15
Annualized stock price volatility	104.17 %	93.99 %
Risk-free interest rate	1.59 %	1.54 %
Expected warrant life (years)	1.00	1.00
Dividend yield	0 %	0 %

The stock price volatility was determined using the historical fluctuations in the Company's share price.

11. Related Party Transactions

The Company entered into the following transactions with related parties not disclosed elsewhere in these consolidated financial statements as follows:

Key management personnel compensation

Year ended March 31	2020 $	2019 $
Management and geological fees	350,000	344,000
Share-based compensation	91,200	-
	441,200	344,000

The short-term management compensation was paid or accrued to personal companies owned by management and directors of the Company.

As at March 31, 2020, $75,000 (March 31, 2019 - $125,275) is due to the Company's CEO, which amount is included in accounts payable and accrued liabilities. During the year ended March 31, 2020, the CEO converted $100,000 of outstanding debt into 1,000,000 units on the same terms as the Private Placement.

Related-party balances bear no interest and are unsecured. Transactions with related parties are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Expressed in Canadian Dollars

12. Capital Management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

The Company considers its capital to include equity and working capital. In order to maintain financial flexibility, the Company may from time to time issue shares and adjust its spending to manage current and projected capital levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its working capital which is calculated as follows:

	March 31 2020 $	March 31 2019 $
Current assets	260,209	999,259
Current liabilities	193,317	499,209
Working capital	66,892	500,050

The Company is not subject to external capital restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes to the Company’s approach to capital management during the year ended March 31, 2020.

13. Financial Instruments

Fair Value

The Company’s financial instruments include cash, receivables, and accounts payable and accrued liabilities. Fair value amounts disclosed in these consolidated financial statements represent the Company’s estimate of the price at which a financial instrument could be exchanged in a market in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act. These estimates may change in subsequent reporting periods due to market conditions or other factors.

A fair value hierarchy is used to categorize the inputs used to measure fair value. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are as follows:

Level 1 - include financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market at the measurement date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

Level 2 - include financial assets and liabilities using valuation techniques based on assumptions that are supported by prices from observable current market transactions. *The Company has no assets or liabilities in this category.*

Level 3 - include financial assets and liabilities measured using valuation techniques based on nonmarket observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. *The Company has no assets or liabilities in this category.*

The carrying value of cash, receivables and accounts payable and accrued liabilities approximate their fair value due to the short-term nature and limited credit risk of these assets and liabilities.

13. Financial Instruments (continued)

Financial Instruments Risk Management

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, and the Company's objectives, policies and processes for measuring and managing such risks. The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Market risk

The Company’s profitability and long-term viability will depend, in large part, on the market price of base metals. The market prices for metals can be volatile and are affected by numerous factors beyond the Company’s control, including: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; expectations for inflation; and political and economic conditions, including interest rates and currency values. The Company cannot predict the effect of these factors on metal prices.

The market price of these minerals and metals may not remain at current levels. In particular, an increase in worldwide supply and consequent downward pressure on prices may result over the longer term from increased base metal production from mines developed or expanded as a result of current metal price levels.

Foreign currency exchange rate risk

The Company is exposed to foreign currency fluctuations as it has cash, receivables and accounts payable and accrued liabilities denominated in US dollars. There are no exchange rate contracts in place. A 10% change in the US dollar will affect profit/loss by approximately $2,000. Financial instruments denominated in foreign currencies are:

At March 31,	2020	2019
	US Dollars	US Dollars
Cash	13,651	143,721
Exchange rate - $1.00 =	.7049	.7483

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it did not hold any funds in interest bearing accounts.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in paying obligations as they come due. The Company's financial liabilities consist of accounts payable and accrued liabilities. Accounts payable consists of invoices payable to trade suppliers for capital expenditures, field operating activities, and general corporate expenses. Substantially, all of the Company’s financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

As at March 31, 2020, the Company has a working capital of $65,897.

Credit Risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of receivables.

Expressed in Canadian Dollars

14. Income Tax

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

Year ended March 31	2020 $	2019 $
Income (loss) before income taxes	(1,472,536)	(1,184,203)
Statutory Canadian corporate tax rate	27.00%	27.00%
Income tax expense (recovery) at statutory rates	(397,585)	(319,735)
Effect of tax rate change	-	-
Non-deductible items for tax purposes	34,042	28,214
Change in tax benefits not recognized (recognized)	363,543	291,521
Income tax expense (recovery)	-	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

As at March 31	2020 $	2019 $
Deferred income tax assets relating to:		
Exploration and evaluation assets	1,754,591	1,666,973
Net capital losses available	1,059,492	1,059,492
Non-capital losses available for future periods	3,179,081	3,008,215
Share issuance cost and other	153,637	148,772
	6,146,801	5,883,452
Unrecognized deferred tax assets	(6,146,801)	(5,883,452)
	-	-

The Company has not recognized deferred tax assets due to the uncertainty of future taxable income.

Expressed in Canadian Dollars

14. Income Tax (continued)

At March 31, 2020, the Company has non-capital losses of approximately $11,774,000 (March 31, 2019 - $11,118,000) which may be available to offset future income for Canadian tax purposes. Non-capital losses expire as follows:

Expiry Date	$
2040	586,000
2039	639,000
2038	453,000
2037	316,000
2036	383,000
2035	651,000
2034	872,000
2033	555,000
2032	1,010,000
2031	1,242,000
2030	1,096,000
2029	1,583,000
2028	1,386,000
2027	625,000
2026	377,000
	11,774,000

In addition, the Company has available unclaimed resource expenses and net capital losses of approximately $17,487,000 (March 31, 2019 - $16,924,000) for Canadian tax purposes which may be carried forward indefinitely.

15. Segment Reporting

The Company's activities are all in one industry segment of mineral property acquisition and exploration. Substantially all administrative expenses are incurred in Canada.

16. Contingencies and Commitments

Compensation Agreements

In May 2019, the compensation agreement of a director/member of Management was amended to $5,000 per month. This contract was terminated in February 2020.

The Company has a compensation agreement with the CEO for $15,000 per month, which is automatically renewable for successive one-year terms.

During the year ended March 31, 2019, the CEO agreed to accrue $5,000 of her monthly compensation, commencing December 1, 2018 and continuing until the earlier of March 31, 2019 and the closing of an equity financing by the Company which nets to the Company's treasury at least $1,000,000. Any compensation so deferred will be accrued and payable thereafter only when and to the extent approved by the board of directors of the Company. As of March 31, 2020, $75,000 owed to the CEO has been accrued. (Note 11)

17. Subsequent Events

In May 2020, the Company granted 400,000 stock options to a director and an officer to purchase common shares of the Company pursuant to the Company's stock option plan. Each option is exercisable at a price of $0.10 until May 6, 2025.

In June 2020, the Company closed a flow-through private placement with the issuance of 8,333,334 flow through share units (“June 2020 FT Share Units”) for gross proceeds of $725,000.

Each June 2020 FT Share Unit was priced at $0.087 and comprised one flow through common share and one-half common share purchase warrant (each whole common share purchase warrant, a “June 2020 Warrant”) of the Company. Each June 2020 Warrant entitles the holder, on exercise, to purchase one additional share of the Company (a “June 2020 Warrant Share”), at a price of $0.10 per Warrant Share until the close of business on the day which is 18 months from the closing date, subject to an accelerated expiry date. If at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX-V is greater than $0.20 for 20 or more consecutive trading days, the Company may give notice to the holders of June 2020 Warrants that the expiry date of the Warrants will be accelerated and the Warrants will expire on the 30th business day following the date of such notice. The securities issued are subject to a four-month hold period from the date of issue in accordance with applicable securities laws, expiring on October 30, 2020.

In connection with the sale of the June 2020 FT Share Units, the Company paid finder’s fees of $30,100 cash and issued 501,664 compensation warrants in accordance with the policies of the TSX-V.

In July 2020, the Company closed a private placement with the issuance of 4,083,333 common share units (“July 2020 Common Share Units”) for additional gross proceeds of $245,000 bringing the aggregate proceeds of the private placement, both July 2020 Common Share Units and the June 2020 FT Share Units to $970,000 in gross proceeds.

Each July 2020 Common Share Unit was priced at $0.06 and comprised one common share and one-half common share purchase warrant (each whole common share purchase warrant, a “July 2020 Warrant”) of the Company. Each July 2020 Warrant entitles the holder, on exercise, to purchase one additional share of the Company (a “July 2020 Warrant Share”), at a price of $0.10 per Warrant Share until the close of business on the day which is 18 months from the closing date, subject to an accelerated expiry date. If at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX-V is greater than $0.20 for 20 or more consecutive trading days, the Company may give notice to the holders of July 2020 Warrants that the expiry date of the Warrants will be accelerated and the Warrants will expire on the 30th business day following the date of such notice. The securities issued are subject to a four-month hold period from the date of issue in accordance with applicable securities laws, expiring on November 4, 2020.