MINNOVA CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MARCH 31, 2020 AND 2019

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Minnova Corp.

Opinion

We have audited the consolidated financial statements of Minnova Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity 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 Company as at March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has a working capital deficiency and accumulated deficit from recurring losses as at March 31, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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

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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 Glen McFarland.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
July 29, 2020

MINNOVA CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	March 31, 2020	March 31, 2019
ASSETS		
CURRENT ASSETS		
Cash	$ 21,039	$ 33,973
Amounts receivable	110,339	127,977
Prepaid expenses	11,004	-
TOTAL CURRENT ASSETS	**142,382**	**161,950**
NON-CURRENT ASSETS		
Restricted cash equivalents (Note 6)	75,000	75,000
Equipment (Note 7)	263,442	287,653
Exploration properties and deferred exploration expenditures (Note 8)	18,908,153	18,688,124
TOTAL NON-CURRENT ASSETS	**19,246,595**	**19,050,777**
TOTAL ASSETS	**$ 19,388,977**	**$ 19,212,727**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Notes 9 and 15)	$ 1,572,162	$ 1,519,494
Hydro contract accrual	277,533	277,533
TOTAL CURRENT LIABILITIES	**1,849,695**	**1,797,027**
NON-CURRENT LIABILITIES		
Provision for closure and reclamation (Note 10)	3,374,457	3,078,834
TOTAL LIABILITIES	**5,224,152**	**4,875,861**
EQUITY		
Share capital (Note 12(b))	21,508,745	21,008,745
Share-based payment reserves (Note 13)	1,713,124	3,057,400
Shares to be issued (Note 12(c))	-	258,499
Deficit	(9,057,044)	(9,987,778)
TOTAL EQUITY	**14,164,825**	**14,336,866**
TOTAL LIABILITIES AND EQUITY	**$ 19,388,977**	**$ 19,212,727**

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 6, 8, 10,17 and 18)
SUBSEQUENT EVENTS (Note 19)

APPROVED ON BEHALF OF THE BOARD:

Signed *"James White"*, Director
Signed *"Gorden Glenn"*, Director

See accompanying notes to the consolidated financial statements

MINNOVA CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

For the Years Ended March 31,	2020	2019
EXPENSES		
Stock-based payments (Note 13(a))	$ -	$ 298,314
General and administrative (Note 14)	105,996	160,224
Management and directors' compensation (Note 15(b))	124,000	119,687
Professional and consulting fees (Note 15(a))	52,942	159,243
Amortization (Note 7)	24,211	28,071
LOSS BEFORE BELOW ITEMS	**(307,149)**	**(765,539)**
Foreign exchange gain	3,251	4,876
Debt settlement (Notes 12(b)(iv)(c) and 15)	-	383,917
Change in estimated provision	200,000	-
Interest income	6,660	-
Write-off of exploration properties and deferred exploration expenditures (Note 8)	(275,444)	-
Finance cost (Note 10)	(40,860)	(62,502)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$ (413,542)**	**$ (439,248)**
Net loss per common share - basic and diluted	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding - basic and diluted	32,492,280	31,121,559

MINNOVA CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

For the Year Ended March 31,	2020	2019
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the year	$ (413,542)	$ (439,248)
Items not involving cash:		
Amortization	24,211	28,071
Accretion of provision for closure and reclamation	40,860	62,502
Gain on debt settlement with shares	-	383,917
Stock-based payments	-	298,314
Change in estimated provision	(200,000)	-
Write-off of exploration properties and deferred exploration expenditures	275,444	-
	(273,027)	333,556
Changes in non-cash working capital balances:		
Amounts receivable	17,638	60,650
Prepaid expenses	(11,004)	80,209
Accounts payable and accrued liabilities	551,927	(67,942)
	558,561	72,917
Cash flows provided by operating activities	**285,534**	**406,473**
CASH FLOWS USED IN INVESTING ACTIVITIES		
Increase in exploration properties and deferred exploration expenditures	(298,468)	(592,608)
Cash flows used in investing activities	**(298,468)**	**(592,608)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of stock options	-	57,000
Proceeds from exercise of warrants and broker warrants	-	89,755
Cash flows provided by financing activities	**-**	**146,755**
Decrease in cash	(12,934)	(39,380)
Cash, beginning of year	33,973	73,353
Cash, end of year	**$ 21,039**	**$ 33,973**
Supplemental information:		
Shares issued and to be issued for settlement of debt	$ 241,561	$ 258,499
Change in accrued property expenditures	$ (57,758)	$ (180,930)
Shares issued for exploration property	$ -	$ 118,750

MINNOVA CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

			Share-based Payment Reserves					
	Number	Share Capital Amount	Shares to be issued	Stock options	Share purchase warrant reserve	DSU and RSU	Deficit	Total
Balance, March 31, 2018	**30,824,173**	**$ 20,406,831**	**$ -**	**$ 1,133,100**	**$ 1,037,897**	**$ 828,690**	**$ (9,585,722)**	**$ 13,820,796**
Shares issued upon exercise of warrants and broker warrants	122,700	89,755	-	-	-	-	-	89,755
Reclassification of fair value of warrants and broker warrants exercised	-	18,978	-	-	(18,978)	-	-	-
Warrants issued upon exercise of broker warrants	-	(1,530)	-	-	1,530	-	-	-
Shares issued for exploration properties and deferred exploration expenditures (note 8)	250,000	118,750	-	-	-	-	-	118,750
Shares to be issued for settlement of accounts payable and accrued liabilities (note 12(c))	-	-	258,499	-	-	-	-	258,499
Shares issued upon exercise of stock options	500,000	190,000	-	-	-	-	-	190,000
Reclassification of fair value of stock options exercised	-	185,961	-	(185,961)	-	-	-	-
Stock-based payments	-	-	-	298,314	-	-	-	298,314
Stock option expired	-	-	-	(37,192)	-	-	37,192	-
Loss and comprehensive loss for the year	-	-	-	-	-	-	(439,248)	(439,248)
Balance, March 31, 2019	**31,696,873**	**$ 21,008,745**	**$ 258,499**	**$ 1,208,261**	**$ 1,020,449**	**$ 828,690**	**$ (9,987,778)**	**$ 14,336,866**
Shares issued for settlement of accounts payable and accrued liabilities (note 12(b)(i) and (c))	1,111,111	500,000	(258,499)	-	-	-	-	241,501
Warrants expired	-	-	-	-	(1,020,449)	-	1,020,449	-
Stock options expired and cancelled	-	-	-	(323,827)	-	-	323,827	-
Loss and comprehensive loss for the year	-	-	-	-	-	-	(413,542)	(413,542)
Balance, March 31, 2020	**32,807,984**	**$ 21,508,745**	**$ -**	**$ 884,434**	**$ -**	**$ 828,690**	**$ (9,057,044)**	**$ 14,164,825**

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Minnova Corp. (the "Company") is a public company incorporated on July 19, 1994, pursuant to the laws of the Companies Act of Barbados. Since the Company's management and the principal office of the Company are located in Toronto, Ontario, a continuance (the "Continuance") of the Company from the laws of Barbados to the laws of the Province of Ontario was filed on April 21, 2010. As a result of the Continuance, the corporate legislation that governs the Company ceased to be the Barbados Act and the Company is now governed by the Business Corporations Act (Ontario). The registered office of the Company is located at 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2. On June 26, 2014, the Company changed its name to "Minnova Corp." and commenced trading on the Toronto Stock Venture Exchange ("TSX-V") on June 27, 2014, under the new symbol "MCI".

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been or will be applied for will be granted.

Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to exploration properties and deferred exploration expenditures is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition.

Although the Company has taken steps to verify title to exploration properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to other licensing requirements or regulations, social licensing requirements unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory requirements.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. The Company has a working capital deficiency of $1,707,313 (March 31, 2019 - $1,635,077) and a deficit of $9,057,044 (March 31, 2019 - $9,987,778) as at March 31, 2020 and will require additional financing to fund its continuing exploration efforts. These conditions indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms acceptable to the Company. These consolidated financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain its property interests. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Such adjustments could be material. Changes in future conditions could require material write downs of the carrying values of certain assets.

During the year ended March 31, 2019, the Company incorporated two fully-owned subsidiaries, Minnova Peru S.A.C. and Minnova Renewable Energy, incorporated in Peru and Manitoba Canada, respectively.

The consolidated financial statements were approved by the Board of Directors on July 29, 2020.

Since January 1, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Management believes COVID-19 has had no material impact on the Company.

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2. BASIS OF PREPARATION

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

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

Basis of Presentation:

These consolidated financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Significant Accounting Judgments and Estimates:

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' Carrying Values and Impairment Charges

In the determination of carrying values and impairment charges, management looks at the higher of the recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Capitalization of Exploration Properties and Deferred Exploration Expenditures

Management has determined that exploration properties and deferred exploration expenditures incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 8 for details of capitalized exploration properties and deferred exploration expenditures.

Flow-through obligations

Please refer to note 18.

2. BASIS OF PREPARATION (Continued)

Significant Accounting Judgments and Estimates (Continued):

Mineral Reserve Estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

Impairment of Exploration Properties and Deferred Exploration Expenditures

While assessing whether any indications of impairment exist for exploration properties and deferred exploration expenditures, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration properties and deferred exploration expenditures. Internal sources of information include the manner in which exploration properties and deferred exploration expenditures are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future pre tax cash flows expected to be derived from the Company's exploration properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write down of the carrying amounts of the Company's exploration properties and deferred exploration expenditures.

Estimation of Decommissioning and Restoration Costs and the Timing of Expenditures

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income, Value Added, Withholding and Other Taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Continued...

2. BASIS OF PREPARATION (Continued)

Significant Accounting Judgments and Estimates (Continued):

Share-based Payments

Management determines costs for share based payments using market based valuation techniques. The fair value of the market based and performance based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Contingencies

Refer to Notes 6, 8, 10,17 and 18.

3. ACCOUNTING POLICIES

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Minnova Peru S.A.C. and Minnova Renewable Energy. These are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The Company controls an investee if the Company has:

(i) power over the investee;
(ii) exposure, or rights, to variable returns from its involvement with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

(i) the contractual arrangement with the other vote holders of the investee;
(ii) rights arising from other contractual arrangements; and
(iii) the Company's potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in loss and comprehensive loss from the date that the Company gains control until the date that the Company ceases to control the subsidiary. All inter-company account balances and transactions have been eliminated upon consolidation.

Continued...

3. ACCOUNTING POLICIES (Continued)

Financial Instruments:

(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 Company classified cash and restricted cash equivalents, amounts receivable, accounts payable and accrued liabilities and hydro contract accrual as 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 operations. 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 consolidated statements of operations in the period in which they arise.

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 loss ("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 consolidated statements of operations and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Continued...

3. ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued):

(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.

(v) Financial Instruments Recorded at Fair Value:

Financial instruments recorded at fair value on the statement 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).

The fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature other than restricted cash equivalents which represent a guaranteed investment certificate. The Company had no financial instruments to classify in the fair value hierarchy at March 31, 2020 and 2019.

Equipment:

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Mine equipment	20%	Declining balance
Mine buildings	5%	Declining balance

An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, on an annual basis.

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3. ACCOUNTING POLICIES (Continued)

Exploration Properties and Deferred Exploration Expenditures:

Exploration and Evaluation Properties:

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities, net of government assistance received, are capitalized to exploration properties and deferred exploration expenditures. Amortization of equipment is not capitalized. Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within mineral properties and deferred exploration expenditures.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

Development Properties:

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to construction are capitalized as construction-in-progress and classified as a component of mineral properties and deferred exploration expenditures. Costs associated with the commissioning of new assets, in the period before they are operating in the way intended by management, are capitalized, net of any pre-production revenues.

Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

Production Properties:

When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development.

Depletion:

Accumulated mine development costs are depleted on a unit-of-production basis over the estimated economically recoverable reserves of the mine concerned.

Continued...

3. ACCOUNTING POLICIES (Continued)

Impairment of Non-Financial Assets:

The carrying values of exploration properties and deferred exploration expenditures, and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. This generally results in the Company evaluating its non-financial assets on a geographical basis. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of operations so as to reduce the carrying amount to its recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of operations.

Provisions:

General:

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Rehabilitation Provision:

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, dismantling operating facilities, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated statement of operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. When applicable for closed sites, changes to estimated costs are recognised immediately in the consolidated statement of operations.

Continued...

3. ACCOUNTING POLICIES (Continued)

Flow-Through Shares:

Flow-through shares are a unique Canadian tax incentive. The Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors and is then derecognized in the period of renunciation. The recognition of a deferred income tax liability upon renunciation of the flow through expenditure is recorded as income tax expense in the period of renunciation. Any difference between the amount of the liability component derecognized and deferred income tax liability recognized is recorded in the consolidated statement of operations.

Foreign Currency Translation:

The Canadian dollar is the functional currency of the Company's operations and those of its subsidiaries. The financial statements, the results of operations and financial position are expressed in Canadian dollars. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Gains/losses on translation are recorded in the consolidated statement of operations.

Stock-Based Payments:

Stock options

The fair value of stock options granted is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate for those options that do not vest immediately. Amounts recorded for expired unexercised stock options and warrants are transferred to deficit on expiry.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services received cannot be reliably measured, and are measured and recorded at the date the goods or services are received.

Restricted stock unit and deferred stock unit

The Company operates a restricted stock unit (“RSU”) plan and deferred stock unit (“DSU”) plan for directors, executive officers, employees and consultants of the Company. The vesting conditions of the RSUs and DSUs may be based on a required service period or the achievement of performance targets. RSUs that have been vested will be payable, at the holder’s option, in common shares. Vested DSUs are payable in common shares. The share-based remuneration expense of the RSUs and DSUs is based on the fair value at grant date and the awards expected to vest over the vesting period. A corresponding compensation liability is recorded in the equity.

Continued...

3. ACCOUNTING POLICIES (Continued)

Loss Per Share:

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, options RSUs and DSUs outstanding that may add to the total number of common shares. The Company's diluted loss per share for all years presented does not include the effect of stock options, warrants, RSUs and DSUs as they are anti-dilutive.

Income Taxes:

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the year-end date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Change in Accounting Policies:

During the year ended March 31, 2020, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 16 and IFRIC 23. These new standards and changes did not have any material impact on the Company’s financial statements.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The Company adopted IFRS 16 on April 1, 2019 and has determined that the adoption of this new standard does not have a significant impact on its financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. The adoption of this standard did not have any material impact on the Company’s consolidated financial statements.

Continued...

3. ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after April 1, 2020 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 3 – Business Combinations ("IFRS 3") was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

Continued...

4. MANAGING CAPITAL

The Company manages its capital with the following objectives:

- to ensure sufficient flexibility to achieve the ongoing business objectives including funding of future resource based exploration and investment initiatives; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties for the mining of gold, nickel and copper. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be total shareholders' equity (managed capital) which at March 31, 2020 totaled $14,164,825 (2019 - $14,336,866).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, as well as other investing and financing activities. The forecast is regularly updated based on activities related to the acquisition, exploration and development of its mineral properties. The Board of Directors regularly reviews the Company's capital management approach. The Company's capital management objectives, policies and processes have remained unchanged during the years ended March 31, 2020 and 2019.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of March 31, 2020, the Company is not compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

Continued...

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3.

Categories of Financial Instruments

	As at March 31, 2020	As at March 31, 2019
Financial Assets		
Amortized cost		
Cash	$ 21,039	$ 33,973
Restricted cash equivalents	75,000	75,000
Amounts receivable	110,339	108,703
Due from related company	-	19,274
Financial Liabilities		
Amortized cost		
Accounts payable and accrued liabilities	$ 1,572,162	$ 1,519,494
Hydro contract accrual	277,533	277,533

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the years ended March 31, 2020 and 2019.

Credit Risk

The Company's credit risk is primarily attributable to cash, amounts receivable and restricted cash equivalents. Restricted cash equivalents consists of a GIC which has been invested with a reputable Canadian financial institution. The Company does not hold any non-bank asset backed commercial paper. Management believes that the credit risk concentration with respect to its financial instruments is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2020, the Company did not have sufficient cash to settle current liabilities of $1,849,695 (2019 - $1,797,027). Management believes that additional financing will be available to discharge current liabilities.

Most of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Continued...

5. FINANCIAL INSTRUMENTS (Continued)

Interest Rate Risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Currently, the Company does not hedge against interest rate risk. As of March 31, 2020, the Company had no investment in short-term deposit certificates (March 31, 2019 – Nil).

Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions at this time are small and therefore, does not hedge its foreign exchange risk.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to precious and base metals to determine the appropriate course of action to be taken by the Company. Management believes commodity price risk to be remote as the Company is not a producing entity.

Fair Value

The Company has, for accounting purposes, designated its cash, restricted cash equivalents and amounts receivable as amortized cost. Accounts payable, accrued liabilities and hydro contract accrual are classified for accounting purposes as amortized cost.

As of March 31, 2020 and 2019, both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent because of the limited term of these instruments.

Continued...

(Expressed in Canadian Dollars)

6. RESTRICTED CASH EQUIVALENTS

The Company has guaranteed by pledge of a guaranteed investment certificate an irrevocable standby letter of credit for $75,000 to the Government of Manitoba as a financial assurance guarantee in connection with the Puffy Lake ("PL") Property closure plan (see Note 10).

7. EQUIPMENT

Cost

	Equipment	Buildings	Total
Balance, March 31, 2018, 2019, and 2020	**$ 105,000**	**$ 305,096**	**$ 410,096**

Accumulated Amortization

	Equipment	Buildings	Total
Balance, March 31, 2018	**$ 23,100**	**$ 71,272**	**$ 94,372**
Amortization for the year	16,380	11,691	28,071
Balance, March 31, 2019	**$ 39,480**	**$ 82,963**	**$ 122,443**
Amortization for the year	13,104	11,107	24,211
Balance, March 31, 2020	**$ 52,584**	**$ 94,070**	**$ 146,654**

Carrying Amount

	Equipment	Buildings	Total
Balance, March 31, 2019	**$ 65,520**	**$ 222,133**	**$ 287,653**
Balance, March 31, 2020	**$ 52,416**	**$ 211,026**	**$ 263,442**

Continued...

(Expressed in Canadian Dollars)

8. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

As at March 31, 2020

	March 31, 2019	Additions	Changes for closure and reclamation	Write-off	March 31, 2020
Exploration and Evaluation Properties					
Nokomis Property	$ 2,804,272	$ 70,500	$ -	-	$ 2,874,772
PL Property	15,663,531	115,087	254,763	-	16,033,381
La Esperanza Gold Property	220,321	55,123	-	(275,444)	-
	$ 18,688,124	**$ 240,710**	**$ 254,763**	**(275,444)**	**$ 18,908,153**

As at March 31, 2019

	March 31, 2018	Additions	Changes for closure and reclamation	March 31, 2019
Exploration and Evaluation Properties				
Nokomis Property	$ 2,781,772	$ 22,500	$ -	$ 2,804,272
PL Property	15,299,846	287,607	76,078	15,663,531
La Esperanza Gold Property	-	220,321	-	220,321
	$ 18,081,618	**$ 530,428**	**$ 76,078**	**$ 18,688,124**

PL Project (PL Property and Nokomis Property)

The Company owns a 100% interest in the PL Mine and contiguous Nokomis property, located in Manitoba, subject to a 3% net smelter royalty (NSR) that reduces to 2.5% and 2% if gold is below US$1,000/oz and US$750/oz, respectively.

La Esperanza Gold Property

On October 11, 2018, the Company entered into an option agreement to acquire a 100% interest in the Media Quebrada mining concession and adjacent claim, collectively called the La Esperanza Gold Property.

Details with respect to the consideration payable for this acquisition are as follows: on signing (November 7, 2018): cash payments of US$50,000 (paid) and common shares payment of 250,000 (issued); first anniversary (November 7, 2019): cash payment of US$100,000 (agreement in principal to defer for 12 months to November 7, 2020) and common shares payment of 250,000 (to be issued on execution of final agreement) and second anniversary (November 7, 2020): cash payment of US$500,000 (agreement in principal to defer for 12 months to November 7, 2021).

During the year ended March 31, 2020, the Company determined not to proceed with the La Esperanza Gold Property and has written off exploration properties and deferred exploration expenditures in the amount of $275,444.

Continued...

(Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	March 31, 2019
Trade payables	$ 1,246,536	$ 1,260,835
Accrued and payroll liabilities	325,626	258,659
Total	**$ 1,572,162**	**$ 1,519,494**

The following is an aged analysis of the accounts payable and accrued liabilities:

	March 31, 2020	March 31, 2019
Less than 1 month	$ 69,689	$ 279,753
1 to 3 months	208,295	-
Over 3 months	1,294,178	1,239,741
Total	**$ 1,572,162**	**$ 1,519,494**

10. PROVISION FOR CLOSURE AND RECLAMATION

The Company has provided a letter of credit in the amount of $75,000 to the Government of Manitoba under the terms of the closure plan on the PL Property (see Note 6). The Company further provided all assets, goods and personal property involved in the operation of the PL Property, as a security of up to $5,000,000 for the performance of the closure plan and the rehabilitation program.

The Company's provision for closure and reclamation costs is based on management's estimates of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred. The Company has estimated its total provision for closure and reclamation to be $3,374,457 at March 31, 2020, based on a total future liability of approximately $3,073,000 (March 31, 2019 - $3,073,000), an inflation rate of 1.18% (March 31, 2019 - 1.65%) and a discount rate of 0.71% (March 31, 2019 -1.62%). Reclamation is expected to occur in approximately 10 years.

The following is an analysis of the provision for closure and reclamation:

Balance, March 31, 2018	**$ 2,940,254**
Effect of changes in the inflation and discount rate	76,078
Accretion incurred in the year	62,502
Balance, March 31, 2019	**$ 3,078,834**
Effect of changes in the inflation and discount rate	254,763
Accretion incurred in the period	40,860
Balance, March 31, 2020	**$ 3,374,457**

During the year ended March 31, 2020, the Company expensed $40,860 as accretion which was recorded in finance cost on the consolidated statements of operations (2019 - $62,502).

Continued...

(Expressed in Canadian Dollars)

11. DEFERRED STOCK UNITS AND RESTRICTED STOCK UNITS

On January 12, 2017, the Company announced that it issued a total of 300,000 Deferred Stock Units ("DSUs") to non-executive directors as an annual award as outlined in the DSU Plan adopted in August 2016.

The Company also granted 1,500,000 Restricted Share Units ("RSUs") to executives and consultants. The RSUs were granted in accordance with the Company's Restricted Share Unit Plan and are subject to vesting provisions. More specifically, the grant consists of a base amount of 500,000 units with vesting subject to retention while the remaining bonus units are subject to performance conditions.

The DSUs vested immediately on the date of grant and the RSUs vest as to one-third on the date of grant, one-third in six months and one-third in twelve months.

During the year ended March 31, 2019, 825,000 RSU have been forefeited or expired. As at March 31, 2019, the DSUs and the RSUs had fully vested. For the year ended March 31, 2020, stock-based compensation of $nil (2018 - $nil) was recorded in the consolidated statements of operations in relation to the RSUs.

Under the DSU and RSU plan, the maximum number of common shares subject to issuance is 2,160,307.

	DSU	RSU
Balance, March 31, 2018, 2019 and 2020	**300,000**	**675,000**

12. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares with no par value.

(b) Common Shares Issued:

	Number of Shares	Amount
Balance, March 31, 2018	**30,824,173**	**$ 20,406,831**
Shares issued upon exercise of warrants and broker warrants	122,700	89,755
Reclassification of fair value of warrants and broker warrants exercised	-	18,978
Warrants issued upon exercise of broker warrants (i)(ii)(iii)	-	(1,530)
Shares issued for exploration property and deferred exploration expenditures (note 8)	250,000	118,750
Shares issued upon exercise of stock options	500,000	190,000
Reclassification of fair value of stock options exercised	-	185,961
Balance, March 31, 2019	**31,696,873**	**$ 21,008,745**
Shares issued against shares to be issued for settlement of accounts payable and accrued liabilities (iv)	1,111,111	500,000
Balance, March 31, 2020	**32,807,984**	**$ 21,508,745**

Continued...

12. SHARE CAPITAL (Continued)

(b) Common Shares Issued (Continued):

(i) During the year ended March 31, 2019, the Company issued 6,000 warrants expiring on June 9, 2019 upon the exercise of 12,000 broker warrants. The grant date fair value assigned to these warrants was $1,165, estimated using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 64%, risk-free interest rate of 1.68% and an expected life of 1.09 years.

(ii) During the year ended March 31, 2019, the Company issued 2,500 warrants expiring on May 4, 2019 upon the exercise of 5,000 broker warrants. The grant date fair value assigned to these warrants was $180, estimated using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 55%, risk-free interest rate of 1.69% and an expected life of 0.64 years.

(iii) During the year ended March 31, 2019, the Company issued 2,850 warrants expiring on May 4, 2019 upon the exercise of 5,700 broker warrants. The grant date fair value assigned to these warrants was $185, estimated using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 52%, risk-free interest rate of 1.87% and an expected life of 0.59 years.

(iv) During the year ended March 31, 2020, the Company settled total accounts payable and accrued liabilities of $500,000 with 1,111,111 common shares of the Company with shareholders of the Company.

(c) Shares to be issued

On February 4, 2019, the Company settled total accounts payable and accrued liabilities of $362,416 with 574,443 common shares of the Company to be issued valued at $258,499 based on the price of the Company's common shares on the date of the settlement, resulting a gain on settlement of debt of $103,917. During the year ended March 31, 2020, the Company issued 574,443 common shares to settle against the shares to be issued.

Continued...

(Expressed in Canadian Dollars)

13. SHARE-BASED PAYMENT RESERVES

(a) Stock Options

The Company has granted options for the purchase of common shares to its directors, officers, employees and certain consultants. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth. These options are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The maximum number of options to be issued under the plan shall not exceed 10% of the total number of common shares issued and outstanding.

The following table shows the continuity of stock options for the years ended March 31, 2020 and 2019:

	Number of Stock Options	Weighted Average Exercise Price
Balance, March 31, 2018	**2,275,000**	**$ 0.52**
Exercised	(500,000)	(0.38)
Expired	(100,000)	(0.38)
Granted (i)	1,000,000	0.43
Balance, March 31, 2019	**2,675,000**	**$ 0.52**
Expired	(725,000)	(0.40)
Cancelled	(50,000)	(0.75)
Balance, March 31, 2020	**1,900,000**	**$ 0.56**

(i) On January 31, 2019, the Company granted 1,000,000 stock options to certain directors, officers and consultants to purchase common shares of the Company exercisable at a price of $0.43 per common share for a period of 5 years. These options vested immediately upon grant. The grant date fair value of $298,314 was assigned to the stock options as estimated by using the Black-Scholes option valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 93% based on historical prices of the Company's stock, risk-free rate of return of 1.78% and an expected life of 5 years.

Continued...

(Expressed in Canadian Dollars)

13. SHARE-BASED PAYMENT RESERVES (Continued)

(a) Stock Options (continued)

The following are the stock options outstanding at March 31, 2020:

Number of Options Issued	Grant Date Fair Value ($)	Number of Options Exercisable	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Expiry Date
225,000	80,405	225,000	0.36	0.92	March 1, 2021
250,000	181,097	250,000	0.75	1.32	July 25, 2021
425,000	324,617	425,000	0.85	1.81	January 22, 2022
1,000,000	298,314	1,000,000	0.43	3.84	January 31, 2024
1,900,000	**884,433**	**1,900,000**	**0.56**	**2.71**	

(b) Share Purchase Warrants

The following table shows the continuity of share purchase warrants for the years ended March 31, 2020 and 2019:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2018	**3,965,757**	**$ 0.82**
Exercised	(100,000)	0.75
Granted	11,350	0.80
Balance, March 31, 2019	**3,877,107**	**0.82**
Expired	(3,877,107)	0.82
Balance, March 31, 2020	**-**	**-**

There were no warrants outstanding as at March 31, 2020.

Continued...

(Expressed in Canadian Dollars)

13. SHARE-BASED PAYMENT RESERVES (Continued)

(c) Broker Warrants

The following table shows the continuity of broker warrants for the years ended March 31, 2020 and 2019:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance, March 31, 2018	**440,070**	**$ 0.65**
Exercised	(22,700)	(0.65)
Balance, March 31, 2019	**417,370**	**$ 0.65**
Expired	(417,370)	(0.65)
Balance, March 31, 2020	**-**	**$ -**

No broker warrants were outstanding at March 31, 2020.

14. GENERAL AND ADMINISTRATIVE

For the Years Ended March 31,	**2020**	**2019**
Office and general	$ 45,430	$ 15,757
Salaries and benefits	6,044	32,670
Travel	-	11,350
Business development	28,730	68,347
Stock exchange and transfer agent fees	21,671	26,165
Shareholder information	4,121	5,935
General and administrative	**$ 105,996**	**$ 160,224**

Continued...

(Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

(a) The Company entered into the following transactions with related parties recorded as professional and consulting fees and share issue costs:

For the Years Ended March 31,	2020	2019
Irwin Lowy LLP (i) - professional and consulting fees	$ 13,596	$ 6,861

(i) A director of the Company is a partner at Irwin Lowy LLP, a law firm, and the fees relate to professional services provided by the firm. As at March 31, 2020, the Company owed $17,439 (March 31, 2019 - $8,917) to this firm and this amount is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

(ii) As at March 31, 2020, the Company owed $445,953 (March 31, 2019 - $400,654) to a corporation controlled by the Chief Executive Officer ("CEO") of the Company and this amount is included in accounts payable and accrued liabilities. During the year ended March 31, 2020, $180,000 (2019 - $180,000) of these fees were recorded as capitalized exploration and evaluation costs and $60,000 (2019 - $60,000) were recorded in management and directors' compensation on the statements of operations and comprehensive loss. During the year ended March 31, 2019, the corporation controlled by the CEO of the Company forgave $280,000 owed by the Company. This recovered amount has been included as debt settlement on the consolidated statements of operations and comprehensive income for the year ended March 31, 2019.

(iii) 444,444 common shares were issued to directors to settle $303,916 of accrued director fees and 536,667 common shares were issued to the corporation controlled by the CEO of the Company to settle $241,501. See note 12 (b)(iv).

(b) Remuneration of directors and key management personnel of the Company was as follows:

For the Years Ended March 31,	2020	2019
Directors fees	$ 64,000	$ 48,000
Amounts paid or accrued to CEO for salaries, consulting and benefits related to properties and administration	$ 240,000	$ 240,000
Stock-based payments	$ -	$ 202,854

Director fees - the Board of Directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services. As at March 31, 2020, the Company owed $60,000 (March 31, 2019 - $nil) to the directors and $530,778 (March 31, 2019 - $400,654) to the CEO of the Company which was included in the accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing with no fixed term of repayment.

Salaries and benefits - officers are entitled to stock options, consulting fees or salaries and benefits where employment or service contracts are in place with the Company for their services.

As at March 31, 2020, $75 (March 31, 2019 - $12,718) of cash was held in the Irwin Lowy LLP trust account, a law firm, where the interim CFO is a partner.

Continued...

(Expressed in Canadian Dollars)

16. INCOME TAXES

(a) Provision for income taxes:

Major items causing the Company's effective income tax rate to differ from the Canadian combined and provincial statutory rates of approximately 26.5% (2019 - 26.5%) are as follows:

Years Ended March 31,	2020	2019
Loss before income taxes	$ (413,542)	$ (439,248)
Expected income tax (recovery)	(110,000)	(116,000)
Stock based payments	-	79,100
Share issue costs	(24,000)	(24,200)
Change in deferred tax benefits not recognised	117,000	38,800
Other	17,000	22,300
Deferred income tax recovery	$ -	$ -

(b) Deferred tax assets

Years Ended March 31,	2020	2019
Deferred income tax assets have been recognized as follows:		
Non-capital loss carry-forwards	$ 110,000	$ 119,000
Exploration properties	(110,000)	(119,000)
Total	$ -	$ -

Years Ended March 31,	2020	2019
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Non-capital loss carry-forwards	$ 1,906,000	$ 1,232,000
Share issue costs	92,000	183,000
Total	$ 1,998,000	$ 1,415,000

Deferred tax assets have not been recognized in respect of these temporary differences because it is not probable that future taxable profits will be available against which the Company can utilize the benefits.

Continued...

(Expressed in Canadian Dollars)

16. INCOME TAXES (Continued)

(c) As at March 31, 2020, the Company had approximately $15,023,000 (2019 - $15,080,331) of Canadian exploration and development expenditures, which, under certain circumstances may be utilized to reduce taxable income of future years. The Company has $21,000 (2019 - $10,335) non-capital losses in Peru. The Company also has approximately $2,300,000 (2019 - $1,670,764) of non-capital losses in Canada, which can be used to reduce taxable income in future years. The Canadian non-capital losses expire as follows:

2034	$ 513,000
2035	210,000
2036	333,000
2037	365,000
2038	115,000
2039	135,000
2040	629,000
	$ 2,300,000

17. ENVIRONMENTAL CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations 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.

18. COMMITMENTS AND CONTINGENCIES

Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada). The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. As at March 31, 2020, the Company has fulfilled its commitment to incurring qualifying exploration expenditures in Canada. As no subscriber has triggered the indemnification provision, no amount has been recorded.

The Company is party to a management contract. This contract contains clauses requiring additional payments of up to $480,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not occurred, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contractual commitments remaining under the agreement are approximately $480,000, of which $240,000 is due within one year.

19. SUBSEQUENT EVENTS

(i) On July 9, 2020, the Company agreed to settle an aggregate of $600,000 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of 3,000,000 common shares in the capital of the Company (the "Common Shares") at a price of $0.20 per Common Share (the "Debt Settlement"). All Common Shares issued in connection with the Debt Settlement are subject to a statutory hold period of four months and a day from the date of issuance in accordance with applicable securities laws.

(ii) On July 16, 2020, the Company closed a non-brokered private placement of flow-through units (each, a "FT Unit") through the issuance of 4,275,000 FT Units at a price of $0.20 per FT Unit for gross proceeds of $855,000 (the "Offering").

Each FT Unit consists of one common share of the Company issued on a flow-through basis (each, a "FTCommon Share") and one-half of a common share purchase warrant (each whole warrant, a "FT Warrant"). Each FT Warrant entitles the holder to purchase one common share in the capital of the Company (each, a "Common Share") at an exercise price of $0.25 for until July 16, 2022 (the "FT Warrant Term"), provided, however, that should the closing price at which the Common Shares trade on the TSXV (or any such other stock exchange in Canada as the Common Shares may trade at the applicable time) exceed $0.375 for 20 consecutive trading days at any time following the date that is four months and one day after the date of issuance, the Company may accelerate the FT Warrant Term such that the FT Warrants shall expire on the date which is 30 business days following the date a press release is issued by the Company announcing the reduced warrant terms.