



MINERAL MOUNTAIN RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mineral Mountain Resources Ltd.

Opinion

We have audited the consolidated financial statements of Mineral Mountain Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2021 and 2020, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and 2020, and its financial performance and its 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 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 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 2 to the financial statements, which indicates that the Company has a history of losses with no operating revenue. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may 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 the information included in Management's Discussion and Analysis.

Our opinion on the 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 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 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 Financial Statements

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

In preparing the 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 to 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 financial statements, including the disclosures, and whether the 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 on the audit resulting in this independent auditor's report is Steven Reichert.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 26, 2021



An independent firm
associated with Moore
Global Network Limited

MINERAL MOUNTAIN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31

	Note	2021	2020
ASSETS			
Current assets			
Cash		\$ 456,167	\$ 130,475
Sales tax recoverable		14,016	11,985
Prepaid expenses and deposits	4	151,340	140,450
		621,523	282,910
Non-current assets			
Exploration and evaluation assets	7	10,072,947	9,508,761
Restricted cash	5	24,495	25,415
Property and equipment	6	143,937	72,295
		10,241,379	9,606,471
Total assets		\$ 10,862,902	\$ 9,889,381
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	8	\$ 464,616	\$ 1,025,872
Amounts due to related parties	10	-	94,389
Lease liability – current portion	9	42,264	51,234
		506,880	1,171,495
Non-current liabilities			
Lease liability	9	77,858	-
Total liabilities		584,738	1,171,495
Equity			
Share capital		49,401,602	46,985,827
Share-based payments reserve		3,015,395	2,957,823
Deficit		(42,138,833)	(41,225,764)
Total equity		10,278,164	8,717,886
Total liabilities and equity		\$ 10,862,902	\$ 9,889,381

Commitments (Note 9)

Events after the reporting period (Note 19)

The financial statements were authorised for issue by the board of directors on July 26, 2021 and were signed on its behalf by:

“Nelson Baker” Director _____
“Brad Baker” Director

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

MINERAL MOUNTAIN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
YEARS ENDED MARCH 31

	Note	2021	2020
EXPENSES			
Consulting fees		\$ 92,437	\$ 109,824
Depreciation	6	44,076	52,621
Interest expenses		5,758	19,397
Management fee	10	324,000	324,000
Media and news dissemination		91,209	87,451
Office and miscellaneous		100,166	119,406
Professional fees	10	124,065	94,649
Rent		46,654	44,922
Share-based payments	10,12	312,467	545,954
Transfer agent and filing fees		44,294	40,880
Travel and conference		-	28,323
Loss before items below		(1,185,126)	(1,467,427)
Interest and other income		164	294
Foreign exchange		67,248	(69,343)
Gain on reversal of accounts payable		-	101,000
Comprehensive loss for the year		\$ (1,117,714)	\$ (1,435,476)
Basic and diluted loss per common share	12	\$ (0.01)	\$ (0.02)

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

MINERAL MOUNTAIN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, March 31, 2019		68,121,536	\$ 42,822,867	\$ 3,381,501	\$ (40,788,138)	\$ 5,416,230
Comprehensive loss for the year		-	-	-	(1,435,476)	(1,435,476)
Transactions with owners						
Private placements	11	21,391,467	3,741,780	-	-	3,741,780
Shares issued for debt settlement	11	1,323,000	198,450	-	-	198,450
Exercise of stock options	11	50,000	15,450	(6,700)	-	8,750
Exercise of warrants	11	2,073,000	518,250	-	-	518,250
Share issuance costs	11	-	(310,970)	34,918	-	(276,052)
Share-based payments	12	-	-	545,954	-	545,954
Adjustment on expiration of stock options		-	-	(997,850)	997,850	-
		24,837,467	4,162,960	(423,678)	997,850	4,737,132
Balance, March 31, 2020		92,959,003	\$ 46,985,827	\$ 2,957,823	\$ (41,225,764)	\$ 8,717,886
Comprehensive loss for the year		-	-	-	(1,117,714)	(1,117,714)
Transactions with owners						
Private placements	11	2,916,667	875,000	-	-	875,000
Share issuance costs	11	-	(64,525)	-	-	(64,525)
Exercise of stock options	11	375,000	115,875	(50,250)	-	65,625
Exercise of warrants	11	5,957,699	1,489,425	-	-	1,489,425
Share-based payments	12	-	-	312,467	-	312,467
Adjustment on expiration of stock options		-	-	(204,645)	204,645	-
		9,249,366	2,415,775	57,572	204,645	2,677,992
Balance, March 31, 2021		102,208,369	\$ 49,401,602	\$ 3,015,395	\$ (42,138,833)	\$ 10,278,164

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

MINERAL MOUNTAIN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		\$ (1,117,714)	\$ (1,435,476)
Items not affecting cash:			
Depreciation		44,076	52,621
Foreign exchange		920	(518)
Interest expense		5,758	19,397
Share-based payments		312,467	545,954
Changes in non-cash working capital items:			
Sales tax recoverable		(2,031)	(2,210)
Prepaid expenses and deposits		(10,890)	(27,533)
Trade and other payables		4,009	(289,339)
Amounts due to related parties		(94,389)	(67,282)
Interest paid		-	(19,397)
Net cash used in operating activities		(857,794)	(1,223,783)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation assets		(1,127,414)	(2,560,204)
Purchase of equipment		-	(11,791)
Net cash used in investing activities		(1,127,414)	(2,571,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		2,430,050	4,268,780
Share issuance costs		(64,525)	(276,052)
Payment of lease liability		(54,625)	(45,468)
Repayment of related party loan		-	(35,000)
Net cash provided by financing activities		2,310,900	3,912,260
Change in cash during the year		325,692	116,482
Cash, beginning of the year		130,475	13,993
Cash, end of the year		\$ 456,167	\$ 130,475

Supplemental disclosures with respect to cash flows (Note 13)

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

1. NATURE OF BUSINESS

Mineral Mountain Resources Ltd. (the “Company”) was incorporated on September 1, 2006 under the laws of British Columbia, Canada and maintains its head office at Suite 401, 1195 West Broadway, Vancouver, British Columbia, Canada, V6H 3X5. Its registered office is located at Suite 2300, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5. The Company is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company’s common shares are listed on the TSX Venture Exchange (TSX-V) under the symbol “MMV” and on the OTCQB under the symbol “MNRLF”.

2. BASIS OF PREPARATION

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiary, Mineral Mountain Resources (SD) Inc. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Going concern of operations

The Company is an exploration stage company. The Company has a history of losses with no operating revenue. The ability of the Company to recover the costs it has incurred to date on the exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the assets. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in which case the Company may be unable to meet its obligations. The directors, after reviewing the current cash position and having considered the Company’s ability to raise funds in the short term, adopt the going concern basis in preparing its consolidated financial statements.

These consolidated financial statements do not include adjustments that would be required if going concern is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is currently not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

2. BASIS OF PREPARATION (cont'd...)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is functional currency of the Company and its subsidiary.

Significant estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates 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 period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options and agent's warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

Significant judgments

The preparation of these consolidated financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these assets. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests have been prepared involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.
- ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.
- iii) The classification of financial instruments.
- iv) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.
- v) The determination of whether a decline in the fair value of a financial asset classified as available-for-sale is prolonged and /or significant and is therefore an impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of the rehabilitation obligation.

Equipment are generally depreciated on a straight line basis over their estimated useful lives as follows:

Computer equipment	2 years
Office equipment	5 years
Field equipment	3 - 10 years

An item of equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

Exploration and evaluation assets

Once a license or other right to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized into intangible asset on a property by property basis until such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, in which case the capitalized exploration and evaluation costs are transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transfer takes place.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Impairment of non-financial assets

Management assesses the exploration and evaluation assets and property and equipment for impairment at least annually and whenever factors or circumstances indicate that the carrying amount may not be recoverable. For exploration and evaluation assets, examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If, after management review, it is determined that the carrying amount of an asset is impaired, that asset is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at March 31, 2021 and 2020, the Company had no known material restoration, rehabilitation or environmental liabilities related to its mineral properties.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

(i) 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”) and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principle and interest on the principle amount outstanding, and it is not designated as FVTPL. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. None of the Company’s financial assets are classified as FVTPL.

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. None of the Company’s financial assets are classified as FVTOCI.

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. The Company’s financial assets at amortized cost comprise cash and restricted cash.

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 cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

(ii) Financial liabilities

The Company classifies its financial liabilities as subsequently measured at amortized cost which include trade and other payables, amounts due to related parties, and loan payable to related party. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

(iii) Impairment of financial assets

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. Given the nature and balances of the Company's receivables the Company has no material loss allowance as at March 31, 2021 and March 31, 2020.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date. The assets are depreciated over the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of future economic benefits.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease obligation. The lease obligation is subsequently measured at amortized cost using the effective interest rate method.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. The diluted loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the outstanding stock options and the share purchase warrants were anti-dilutive for the years ended March 31, 2021 and 2020.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payments

Share-based payments to employees and others providing similar services are measured at the grant date fair value of the instruments issued and amortized over the vesting periods. 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 cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of options expected to vest. The offset to the recorded cost is to share-based payments reserve. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

Foreign currency translation

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company and its subsidiary is Canadian dollars, which is the Company's presentation currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Income taxes

Current taxes receivable or payable are estimated on taxable income or loss for the current year at the statutory tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. Deferred income tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New accounting standards

The Company has reviewed future new and amended IFRS pronouncements and determined that there are no standards that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

4. PREPAID EXPENSES AND DEPOSITS

	2021	2020
Exploration deposits	\$ 25,704	\$ 28,881
Prepaid expenses	95,186	81,119
Rental deposit	30,450	30,450
	\$ 151,340	\$ 140,450

5. RESTRICTED CASH

The Company has provided corporate credit cards to its Chief Executive Officer with a credit limit totalling \$21,400 (\$15,000 in Canadian and \$5,000 in US) for the Company's expenses. As collateral for the credit cards, the Company has a one-year term deposit of \$17,250 earning average annual interest at the prime rate minus 2.27% and a one-year US term deposit of US\$5,750 earning annual interest of 0.2%. As at March 31, 2021, the credit cards had an outstanding balance of \$58 (2020 - \$92) in total.

MINERAL MOUNTAIN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

6. PROPERTY AND EQUIPMENT

	Right-of-use asset	Computer equipment	Office equipment	Field equipment	Total
Cost					
Balance as at March 31, 2020	\$ 96,702	\$ 7,970	\$ 13,299	\$ 20,367	\$ 138,338
Additions	117,755	-	-	-	117,755
Balance as at March 31, 2021	214,457	7,970	13,299	20,367	256,093
Accumulated depreciation					
Balance as at March 31, 2020	48,351	1,992	5,121	10,579	66,043
Depreciation for the year	37,432	3,985	2,659	2,037	46,113
Balance as at March 31, 2021	85,783	5,977	7,780	12,616	112,156
Net value as at March 31, 2021	\$ 128,674	\$ 1,993	\$ 5,519	\$ 7,751	\$ 143,937

	Right-of-use asset	Computer equipment	Office equipment	Field equipment	Total
Cost					
Balance as at March 31, 2019	\$ -	\$ -	\$ 9,478	\$ 20,367	\$ 29,845
Additions	96,702	7,970	3,821	-	108,493
Balance as at March 31, 2020	96,702	7,970	13,299	20,367	138,338
Accumulated depreciation					
Balance as at March 31, 2019	-	-	2,843	8,542	11,385
Depreciation for the year	48,351	1,992	2,278	2,037	54,658
Balance as at March 31, 2020	48,351	1,992	5,121	10,579	66,043
Net value as at March 31, 2020	\$ 48,351	\$ 5,978	\$ 8,178	\$ 9,788	\$ 72,295

During the year ended March 31, 2021, the Company expensed \$44,076 (2020 - \$52,621) in depreciation to the statement of comprehensive loss and capitalized \$2,037 (2020 - \$2,037) to exploration and evaluation assets.

MINERAL MOUNTAIN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

7. EXPLORATION AND EVALUATION ASSETS

	March 31, 2019	Additions	March 31, 2020	Additions	March 31, 2021
Standby Gold Project, South Dakota					
Acquisition costs					
Option payments	\$ 1,952,850	\$ 198,000	\$ 2,150,850	\$ -	\$ 2,150,850
Staking and other property costs	1,097,127	115,384	1,212,511	118,767	1,331,278
	3,049,977	313,384	3,363,361	118,767	3,482,128
Exploration costs					
Assays	76,904	53,663	130,567	2,093	132,660
Drilling	938,162	2,450,440	3,388,602	-	3,388,602
Equipment rental	61,489	39,578	101,067	15,267	116,334
Field work	111,638	68,462	180,100	19,655	199,755
Geological consulting	1,080,747	206,759	1,287,506	119,237	1,406,743
Geophysical survey	357,854	1,750	359,604	86,750	446,354
Miscellaneous	303,031	58,724	361,755	184,793	546,548
State and local taxes	78,584	94,788	173,372	7,114	180,486
Travel	120,617	42,210	162,827	10,510	173,337
	3,129,026	3,016,374	6,145,400	445,419	6,590,819
	\$ 6,179,003	\$ 3,329,758	\$ 9,508,761	\$ 564,186	\$ 10,072,947

7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Standby Gold Project, South Dakota

The Company's Standby Gold project is located in the Rochford Mining District of the Black Hills, South Dakota. The Standby project includes the following properties:

Rochford Claims

During the year ended March 31, 2013, the Company staked 289 unpatented mineral claims ("Rochford Claims") situated in the Rochford Mining District of the Black Hills, South Dakota, at a cost of \$191,390.

During the year ended March 31, 2017, the Company staked an additional 150 unpatented federal lode mining claims for approximately \$81,400.

BHB Claims

On March 7, 2016, the Company and its wholly-owned US subsidiary entered into a purchase and sale agreement ("BHB Agreement") with four individuals (collectively the "Owners") to purchase a 100% interest in 19 unpatented lode mineral claims ("BHB Claims") located in the Rochford Mining District and the historical database pertaining to the BHB Claims in consideration of 4,000,000 shares of the Company (issued during the year ended March 31, 2017 with a fair value of \$1,500,000).

In addition, the Company agreed to grant the Owners a collective 2% net smelter returns royalty ("NSR") on the BHB Claims, a collective 1% NSR on the Company's Rochford Claims and a collective 1.5% NSR on claims falling within the area of mutual interest ("Area of Interest Claims Royalty"). The Area of Interest Claims Royalty will only be granted if the acquired property or properties are not already burdened with a royalty.

Standby Property

On September 2, 2016, the Company and its wholly-owned US subsidiary entered into an option agreement to acquire a 100% interest in the 9 patented lode mineral claims located in the Rochford Mining District. Pursuant to the option agreement, the Company made cash payments of US\$500,000 over a three year period to the optionor and earned a 100% interest in the Standby Property.

In addition, the Company agreed to grant the optionor a 2% NSR and the Company has the option to purchase up to one-half of the NSR (1% NSR) at the price of US\$1,500,000 for 1% NSR or a proportionate amount if the Company purchases less than 1% of the NSR.

On September 23, 2016, the Company purchased a digital database relating to the Standby property in consideration of US\$75,000 (paid) and 500,000 common shares of the Company (issued with a fair value of \$220,000).

MINERAL MOUNTAIN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

8. TRADE AND OTHER PAYABLES

	2021	2020
Trade payables	\$ 445,616	\$ 1,006,872
Accrued expenses	19,000	19,000
	\$ 464,616	\$ 1,025,872

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and accrued expenses for operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

9. LEASE LIABILITY

A continuity of the Company's lease liability is as follows:

Lease liability recognized at April 1, 2019	\$ 96,702
Interest accrued	9,157
Lease payment paid during the year	(54,625)
Balance as at March 31, 2020	\$ 51,234
Interest accrued	5,758
Additional lease liability recognized due to modification	117,755
Lease payment paid during the year	(54,625)
Balance as at March 31, 2021	\$ 120,122
Current liability	\$ 42,264
Long-term liability	\$ 77,858

The Company discounted remaining lease payments using its incremental borrowing rate, which was a weighted-average rate of 12%. The Company's share of operating costs for the year ended March 31, 2021 were \$46,654 (2020 - \$44,922) which are variable and were therefore expensed in net loss.

The Company has entered into an office lease agreement for its office premises for a term ending March 31, 2024. The undiscounted future lease payments are as follows:

2022	45,521
2023	45,521
2024	<u>54,625</u>
	\$ 145,667

10. RELATED PARTY TRANSACTIONS

Amounts due to related parties were for services rendered to the Company by the directors and officers or companies controlled by its directors and officers or former directors and are unsecured, non-interest bearing, and have no specific terms of repayment. During the year ended March 31, 2021, \$Nil was owed to related parties for services rendered to the Company (March 31, 2020 - \$94,389).

During the year ended March 31, 2019, the Company received loans of \$35,000 from the President of the Company. During the year ended March 31, 2020, the Company received additional loans of \$25,400 from the President of the Company. The loans are unsecured, bear annual interest at 5% and are payable on demand. As at March 31, 2020, the Company had repaid the loan in full together with the accrued interest of \$890.

During the year ended March 31, 2020, the Company received loans of \$18,135 from a company controlled by a director of the Company. The loans are unsecured, bear annual interest at 5% and are payable on demand. As at March 31, 2020, the Company had repaid the loan in full together with the accrued interest of \$199.

Key management personnel include directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the years ended March 31 is as follows:

	2021	2020
Management fees	\$ 324,000	\$ 324,000
Professional fees	62,354	74,031
Share-based payments	242,474	238,412
Total	\$ 628,828	\$ 636,443

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the year ended March 31, 2021:

- a) Incurred management fees of \$120,000 (2020 - \$120,000) to a company controlled by the President of the Company.
- b) Incurred management fees of \$60,000 (2020 - \$60,000) to a company controlled by a director of the Company.
- c) Incurred management fees of \$84,000 (2020 - \$84,000) to a director of the Company.
- d) Incurred professional fees of \$13,842 (2020 - \$15,961) and share issuance costs of \$nil (2020 - \$10,220) to a company which a director of the Company is an officer.
- e) Incurred professional fees of \$48,045 (2020 - \$47,850) and management of \$60,000 (2020 - \$60,000) to a company controlled by the Chief Financial Officer of the Company.
- f) Incurred professional fees of \$467 (2020 - \$nil) and other fees of \$2,783 (2020 - \$nil) to a company with the Secretary in common with the Company.

The Company has entered into four consulting agreements with a director and three companies controlled separately by two directors and an officer of the Company for management and corporate consulting services for a total monthly fee of \$27,000 plus applicable taxes. These agreements are for a one year term and continue thereafter on a month to month basis and may be terminated with a six month notice or a termination payment equal to six months' remuneration.

11. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At March 31, 2021, the Company had 102,208,369 common shares outstanding (2020 - 92,959,003).

Share issuance

During the year ended March 31, 2021, the Company:

- a) Completed a non-brokered private placement of 2,916,667 units at a price of \$0.30 per unit for gross proceeds of \$875,000. Each unit is comprised of one common share and one warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at an exercise price of \$0.40. No value was allocated to the warrants based on the residual method. The Company paid \$59,150 as finders' fees. The Company also incurred filing and other expenses of \$5,375 in connection with the private placement.
- b) Issued 375,000 common shares at \$0.175 per share upon the exercise of stock options for proceeds of \$65,625. Accordingly, \$50,250 was transferred from share-based payments reserve to share capital.
- c) Issued 5,957,699 common shares at \$0.25 per share upon the exercise of warrants for proceeds of \$1,489,425.

During the year ended March 31, 2020, the Company:

- a) Completed a non-brokered private placement of 16,060,867 units at a price of \$0.15 per unit for gross proceeds of \$2,409,130. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at an exercise price of \$0.25. No value was allocated to the warrants based on the residual method. The Company paid \$146,400 as a finders' fee. The Company also incurred filing and other expenses of \$27,908 in connection with the private placement.
- b) Completed a non-brokered private placement of 5,330,600 units at a price of \$0.25 per unit for gross proceeds of \$1,332,650. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at an exercise price of \$0.40. No value was allocated to the warrants based on the residual method. The Company paid \$92,586 and issued 258,412 finder's warrants as a finders' fee. The finder's warrants have the same terms as the warrants issued under the private placement. The finder's warrants were valued at \$34,918 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.68%, an expected life of 1 year, annualized volatility of 121.66% and a dividend rate of 0%)The Company also incurred filing and other expenses of \$9,158 in connection with the private placement.
- c) Issued 50,000 common shares at \$0.175 per share upon the exercise of stock options for proceeds of \$8,750. Accordingly, \$6,700 was transferred from share-based payments reserve to share capital.
- d) Issued 2,073,000 common shares at \$0.25 per share upon the exercise of warrants for proceeds of \$518,250.
- e) Issued 1,323,000 common shares to settle debt of \$198,450 due to a creditor and related parties of the Company.

11. SHARE CAPITAL (Cont'd...)

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2021 was based on the loss attributable to common shareholders of \$1,117,714 (2020 - \$1,435,476) and a weighted average number of common shares outstanding of 98,107,763 (2019 - 79,648,899).

At March 31, 2021, 7,425,000 stock options (2020 - 6,200,000) and 8,247,267 warrants (2020 - 33,797,879) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

12. SHARE-BASED PAYMENTS

Stock options

The Company has adopted an incentive rolling stock option plan (the "Plan") under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors. Options granted to employees or consultants performing investor relations will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period. The exercise price of options granted under the Plan shall not be less than the closing price of the Company's shares on the trading day immediately preceding the date of grant, less the discount permitted under the TSX-V's policies.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2019	5,775,000	\$ 0.32
Granted	4,000,000	0.20
Exercised	(50,000)	0.18
Expired	(3,525,000)	0.30
Balance, March 31, 2020	6,200,000	\$ 0.26
Granted	2,275,000	0.25
Exercised	(375,000)	0.18
Cancelled/expired	(675,000)	0.32
Balance, March 31, 2021	7,425,000	\$ 0.25
Exercisable at March 31, 2021	6,287,500	\$ 0.25
Weighted average fair value of options granted during the year	\$	0.17 (2020 - \$0.15)

MINERAL MOUNTAIN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

12. SHARE-BASED PAYMENTS (Cont'd...)

Stock options (Cont'd...)

The options outstanding at March 31, 2021 have exercise prices in the range of \$0.15 to \$0.455 and a weighted average remaining contractual life of 2.97 years.

The fair value calculated for stock options granted during the year ended March 31, 2021 was \$378,719 (2020 - \$597,500) using the Black-Scholes option pricing model. For the year ended March 31, 2021, the Company recognized share based payment expense of \$312,467 (2020 - \$545,954) for the portion of stock options that vested during the period.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	2021	2020
Risk-free interest rate	0.21%	1.46%
Expected life of options	3 Years	3 Years
Annualized volatility	119.40%	116.72%
Dividend rate	Nil	Nil

As at March 31, 2021 the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
250,000	\$ 0.455	September 22, 2021
500,000	\$ 0.15	April 9, 2022
650,000	\$ 0.175	October 7, 2022
1,275,000	\$ 0.35	January 8, 2023
150,000	\$ 0.39	January 18, 2023
300,000	\$ 0.395	January 20, 2023
325,000	\$ 0.25	January 21, 2024
250,000	\$ 0.15	April 9, 2024
1,575,000	\$ 0.175	October 7, 2024
200,000	\$ 0.40	January 3, 2025
1,950,000	\$ 0.25	January 21, 2026
7,425,000		

MINERAL MOUNTAIN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

12. SHARE-BASED PAYMENTS (Cont'd...)

Warrants

Warrants are issued as private placement incentives. Value was allocated to the warrants issued with private placement units based on the residual method. Agents' warrants are measured at fair value on the date of the grant as determined using the Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, March 31, 2019	14,221,000	\$	0.50
Warrants granted	21,391,467		0.29
Agents' warrants granted	258,412		0.40
Warrants exercised	(2,073,000)		0.25
Balance, March 31, 2020	33,797,879	\$	0.38
Warrants granted	2,916,667		0.40
Warrants exercised	(5,957,699)		0.25
Agents' warrants expired	(258,412)		0.40
Warrants expired	(22,251,168)		0.41
Balance, March 31, 2021	8,247,267	\$	0.40

The warrants outstanding at March 31, 2021 have an exercise price of \$0.40 and a weighted average remaining contractual life of 0.29 year.

As at March 31, 2021, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
5,330,600	\$ 0.40	June 5, 2021
666,667	\$ 0.40	August 19, 2021
2,000,000	\$ 0.40	September 30, 2021
250,000	\$ 0.40	October 9, 2021
8,247,267		

13. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash investing and financing transactions during the year ended March 31, 2021 included:

- (a) The Company allocated depreciation of equipment of \$2,037 to exploration and evaluation assets.
- (b) Included in trade and other payables are \$419,317 related to exploration and evaluation assets.

Significant non-cash investing and financing transactions during the year ended March 31, 2020 included:

- (a) The Company allocated depreciation of equipment of \$2,037 to exploration and evaluation assets.
- (b) Included in trade and other payables are \$984,582 related to exploration and evaluation assets.
- (c) The Company reversed trade and other payables of \$101,000 related to exploration and evaluation assets.
- (d) Issued 1,323,000 common shares to settle debt of \$198,450 due to a creditor and related parties of the Company.

14. SEGMENTED INFORMATION

Operating segments

The Company operates in a single reportable segment – the acquisition, exploration and development of mineral properties.

Geographic segments

The Company's non-current assets are located in Canada the USA as follows:

At March 31, 2021:

	Canada	USA	Total
Property and equipment	\$ 136,186	\$ 7,751	\$ 143,937
Exploration and evaluation assets	-	10,072,947	10,072,947
	\$ 136,186	\$ 10,080,698	\$ 10,216,884

At March 31, 2020:

	Canada	USA	Total
Property and equipment	\$ 62,507	\$ 9,788	\$ 72,295
Exploration and evaluation assets	-	9,508,761	9,508,761
	\$ 62,507	\$ 9,518,549	\$ 9,581,056

MINERAL MOUNTAIN RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

15. INCOME TAXES

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

	2021	2020
Loss before income taxes	\$ (1,117,714)	\$ (1,435,476)
Statutory tax rate	27%	26.8%
Expected income tax recovery at statutory rates	\$ (301,782)	\$ (384,707)
Non-deductible items	85,926	146,854
Change in statutory tax rates	(63,700)	230
Other	49,247	(78,563)
Unrecognized temporary differences	230,309	316,186
Deferred income tax recovery	\$ -	\$ -

Deferred income tax assets and liabilities

The Company has available for deduction against future taxable income non-capital losses of approximately \$13,000,000. These losses, if not utilized, will expire between 2029 and 2041. Subject to certain restrictions, the Company also has resource expenditures of approximately \$28,000,000 and share issuance costs of approximately \$238,000 available to reduce taxable income in future years. Deferred tax assets which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements as the Company determined that, as at March 31, 2021, their realization is uncertain.

The nature and tax effect of the temporary differences giving rise to the unrecognized deferred tax assets are as follows:

	2021	2020
Exploration and evaluation assets	\$ 4,935,754	\$ 4,935,754
Non-capital loss carry forwards	3,519,534	3,301,446
Capital loss carry forwards	193,780	193,780
Share issuance costs	64,467	77,806
Equipment	134,102	108,542
Unrecognized deferred income tax assets	\$ 8,847,637	\$ 8,617,328

16. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash and restricted cash classified as subsequently measured at amortized cost; trade and other payables and amounts due to related parties as subsequently measured at amortized cost financial liabilities. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and restricted cash. The credit risk with respect to its cash and restricted cash is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure there is sufficient cash available to fund its projects and operations. As at March 31, 2021, the Company had a cash balance of \$456,167 and current liabilities of \$506,880. The Company's financial liabilities include trade and other payables which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants as well as loans from related parties. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

Interest risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions. The interest rate risks on cash and restricted cash are not considered significant due to their short-term nature and maturity.

Foreign exchange rate risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. At March 31, 2021, the Company had financial assets of \$132,007 and financial liabilities of \$421,450 denominated in United States dollars. A 10% strengthening of the US dollar would affect net loss by approximately \$29,000. The Company does not hedge its foreign exchange risk.

17. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at March 31, 2021, the Company has no financial assets or financial liabilities measured at fair value. There have been no changes in these levels and no changes in classifications during the year ended March 31, 2021.

18. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, pursue exploration of its mineral property interest and to maintain a flexible capital structure for the benefits of its stakeholders. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets.

Management reviews the capital structure on a regular basis to ensure that the Company's capital management objectives are achieved. There was no change in the Company's approach to capital management from the prior year. The Company's capital is not subject to any external restrictions.

19. EVENTS AFTER THE REPORTING PERIOD

Subsequent to March 31, 2021, the Company

- i) Extended the expiration date of 5,330,600 warrants from June 5, 2021 to December 5, 2021.