



MINERAL MOUNTAIN RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended December 31, 2020

(Unaudited – Prepared by Management)

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report.

MINERAL MOUNTAIN RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)

| | Note | December 31, 2020 | March 31, 2020 |
|-------------------------------------|------|----------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | \$ 706,859 | \$ 130,475 |
| Sales tax recoverable | | 19,551 | 11,985 |
| Prepaid expenses and deposits | 4 | 165,857 | 140,450 |
| | | 892,267 | 282,910 |
| Non-current assets | | | |
| Exploration and evaluation assets | 7 | 9,961,006 | 9,508,761 |
| Restricted cash | 5 | 24,610 | 25,415 |
| Property and equipment | 6 | 29,521 | 72,295 |
| | | 10,015,137 | 9,606,471 |
| Total assets | | \$ 10,907,404 | \$ 9,889,381 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Trade and other payables | 8 | \$ 443,909 | \$ 1,025,872 |
| Amounts due to related parties | 10 | 2,940 | 94,389 |
| Lease liability | 9 | 13,388 | 51,234 |
| Total liabilities | | 460,237 | 1,171,495 |
| Equity | | | |
| Share capital | | 49,372,472 | 46,985,827 |
| Share-based payments reserve | | 2,918,654 | 2,957,823 |
| Deficit | | (41,843,959) | (41,225,764) |
| Total equity | | 10,447,167 | 8,717,886 |
| Total liabilities and equity | | \$ 10,907,404 | \$ 9,889,381 |

Commitments (Note 9)

Events after the reporting period (Note 18)

The financial statements were authorised for issue by the board of directors on February 24, 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.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)

| | Note | Three Months Ended December 31, 2020 | Three Months Ended December 31, 2019 | Nine Months Ended December 31, 2020 | Nine Months Ended December 31, 2019 |
|--|------|---|---|--|--|
| EXPENSES | | | | | |
| Consulting fees | | \$ 38,550 | \$ 40,250 | \$ 83,550 | \$ 87,324 |
| Depreciation | 5 | 13,748 | 23,758 | 41,246 | 69,091 |
| Interest expenses | | 662 | 3,901 | 3,122 | 23,764 |
| Management fee | 10 | 81,000 | 81,000 | 243,000 | 243,000 |
| Media and news dissemination | | 17,036 | 41,259 | 83,798 | 48,876 |
| Office and miscellaneous | 10 | 29,466 | 35,167 | 74,498 | 86,100 |
| Professional fees | | 25,891 | 25,668 | 70,431 | 59,867 |
| Rent | | 11,534 | - | 35,909 | - |
| Share-based payments | 12 | - | 273,692 | 50,921 | 343,405 |
| Transfer agent and filing fees | | 10,881 | 9,728 | 31,112 | 31,055 |
| Travel and conference | | - | 1,795 | - | 4,645 |
| | | (228,768) | (536,218) | (717,587) | (997,127) |
| OTHER ITEMS | | | | | |
| Interest income | | 142 | 219 | 142 | 219 |
| Foreign exchange | | 6,555 | (9,523) | 60,905 | (2,288) |
| Comprehensive loss for the period | | \$ (222,071) | \$ (545,522) | \$ (656,540) | \$ (999,196) |
| Basic and diluted loss per common share | 11 | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |

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

MINERAL MOUNTAIN RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)

| | Note | Number of Shares | Share capital | Share-based payments reserve | Deficit | Total equity |
|---|------|---------------------|---------------|------------------------------------|-----------------|---------------|
| Balance, March 31, 2020 | | 92,959,003 | \$ 46,985,827 | \$ 2,957,823 | \$ (41,225,764) | \$ 8,717,886 |
| Comprehensive loss for the period | | - | - | - | (656,540) | (656,540) |
| 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 | 200,000 | 86,745 | (51,745) | - | 35,000 |
| Exercise of warrants | 11 | 5,957,699 | 1,489,425 | - | - | 1,489,425 |
| Share-based payments | 12 | - | - | 50,921 | - | 50,921 |
| Adjustment on expiration of stock options | | - | - | (38,345) | 38,345 | - |
| | | 9,074,366 | 2,386,645 | (39,169) | 38,345 | 2,385,821 |
| Balance, December 31, 2020 | | 102,033,369 | \$ 49,372,472 | \$ 2,918,654 | \$ (41,843,959) | \$ 10,447,167 |

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

MINERAL MOUNTAIN RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (cont'd...)
(Unaudited – Prepared by Management)

| | 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 period | | - | - | - | (999,196) | (999,196) |
| 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 | 25,000 | 7,725 | (3,350) | - | 4,375 |
| Share issuance costs | 11 | - | (309,620) | 34,918 | - | (274,702) |
| Share-based payments | 12 | - | - | 343,405 | - | 343,405 |
| Adjustment on expiration of stock options | | - | - | (997,850) | 997,850 | - |
| | | - | 3,638,335 | (622,877) | 997,850 | 4,013,308 |
| Balance, December 31, 2019 | | 82,342,402 | \$ 46,461,202 | \$ 2,758,624 | \$ (40,789,484) | \$ 8,430,342 |

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

MINERAL MOUNTAIN RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED DECEMBER 31
(Unaudited – Prepared by Management)

| | Note | 2020 | 2019 |
|--|------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net loss for the period | | \$ (656,540) | \$ (999,196) |
| Items not affecting cash: | | | |
| Depreciation | | 41,246 | 69,091 |
| Foreign exchange | | 805 | 172 |
| Interest expense | | 3,122 | 23,764 |
| Share-based payments | | 50,921 | 343,405 |
| Changes in non-cash working capital items: | | | |
| Sales tax recoverable | | (7,566) | (2,784) |
| Prepaid expenses and deposits | | (25,407) | (359,165) |
| Trade and other payables | | (23,449) | (79,819) |
| Amounts due to related parties | | (91,449) | (41,875) |
| Interest paid | | - | (10,241) |
| Net cash used in operating activities | | (708,317) | (1,056,648) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Exploration and evaluation assets | | (1,009,231) | (2,103,595) |
| Purchase of equipment | | - | (11,791) |
| Net cash used in investing activities | | (1,009,231) | (2,115,386) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of share capital | | 2,399,425 | 3,746,155 |
| Share issuance costs | | (64,525) | (274,702) |
| Repayment of loan payable to related parties | | - | (35,000) |
| Payment of lease liability | | (40,968) | (74,181) |
| Net cash provided by financing activities | | 2,293,932 | 3,362,272 |
| Change in cash during the period | | 576,384 | 190,238 |
| Cash, beginning of the period | | 130,475 | 13,993 |
| Cash, end of the period | | \$ 706,859 | \$ 204,231 |

Supplemental disclosures with respect to cash flows (Note 13)

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

MINERAL MOUNTAIN RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED DECEMBER 31, 2020

(Unaudited – Prepared by Management)

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 condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed unaudited interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim 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.

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.

MINERAL MOUNTAIN RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2020
(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company’s audited annual consolidated financial statements for the year ended March 31, 2020 were consistently applied to all the periods presented unless otherwise noted below.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2020 that impacted the Company’s interim consolidated financial statements.

4. PREPAID EXPENSES AND DEPOSITS

| | December 31, 2020 | March 31, 2020 |
|----------------------|----------------------|-------------------|
| Exploration deposits | \$ 26,112 | \$ 28,881 |
| Prepaid expenses | 109,295 | 81,119 |
| Rental deposit | 30,450 | 30,450 |
| | \$ 165,857 | \$ 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 December 31, 2020, the credit cards had an outstanding balance of \$2,940 (March 31, 2020 - \$92) in total.

MINERAL MOUNTAIN RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2020
(Unaudited – Prepared by Management)

6. PROPERTY AND EQUIPMENT

| | Right-of-use asset | Computer equipment | Office equipment | Field equipment | Total |
|---|-----------------------|-----------------------|---------------------|--------------------|------------|
| Cost | | | | | |
| Balance as at March 31, 2020 and December 31, 2020 | \$ 96,702 | \$ 7,970 | \$ 13,299 | \$ 20,367 | \$ 138,338 |
| Accumulated depreciation | | | | | |
| Balance as at March 31, 2020 | 48,351 | 1,992 | 5,121 | 10,579 | 66,043 |
| Depreciation for the period | 36,263 | 2,989 | 1,994 | 1,528 | 42,774 |
| Balance as at December 31, 2020 | 84,614 | 4,981 | 7,115 | 12,107 | 108,817 |
| Net value as at December 31, 2020 | \$ 12,088 | \$ 2,989 | \$ 6,184 | \$ 8,260 | \$ 29,521 |

| | 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 nine months ended December 31, 2020, the Company expensed \$41,246 (2019 - \$69,091) in depreciation to the statement of comprehensive loss and capitalized \$1,528 (2019 - \$1,528) to exploration and evaluation assets.

MINERAL MOUNTAIN RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED DECEMBER 31, 2020
(Unaudited – Prepared by Management)

7. EXPLORATION AND EVALUATION ASSETS

| | March 31, 2019 | Additions | March 31, 2020 | Additions | December 31, 2020 |
|---|---------------------------|---------------------|---------------------------|-------------------|------------------------------|
| 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 | 114,664 | 1,327,175 |
| | <u>3,049,977</u> | <u>313,384</u> | <u>3,363,361</u> | <u>114,664</u> | <u>3,478,025</u> |
| 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 | 12,598 | 113,665 |
| Field work | 111,638 | 68,462 | 180,100 | 19,655 | 199,755 |
| Geological consulting | 1,080,747 | 206,759 | 1,287,506 | 94,048 | 1,381,554 |
| Geophysical survey | 357,854 | 1,750 | 359,604 | 86,750 | 446,354 |
| Miscellaneous | 303,031 | 58,724 | 361,755 | 108,561 | 470,316 |
| State and local taxes | 78,584 | 94,788 | 173,372 | 5,385 | 178,757 |
| Travel | 120,617 | 42,210 | 162,827 | 8,491 | 171,318 |
| | <u>3,129,026</u> | <u>3,016,374</u> | <u>6,145,400</u> | <u>337,581</u> | <u>6,482,981</u> |
| | <u>\$ 6,179,003</u> | <u>\$ 3,329,758</u> | <u>\$ 9,508,761</u> | <u>\$ 452,245</u> | <u>\$ 9,961,006</u> |

MINERAL MOUNTAIN RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED DECEMBER 31, 2020

(Unaudited – Prepared by Management)

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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED DECEMBER 31, 2020

(Unaudited – Prepared by Management)

8. TRADE AND OTHER PAYABLES

| | December 31, 2020 | March 31, 2020 |
|------------------|----------------------|---------------------|
| Trade payables | \$ 672,158 | \$ 1,006,872 |
| Accrued expenses | 3,000 | 19,000 |
| | <u>\$ 675,158</u> | <u>\$ 1,025,872</u> |

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

| | |
|---|------------------|
| Lease commitments as at April 1, 2019 | \$ 196,960 |
| Exclude operating costs which are considered variable lease payments | (87,710) |
| Effect of discounting using incremental borrowing rate at April 1, 2019 | (12,548) |
| Lease liability recognized at April 1, 2019 | <u>\$ 96,702</u> |

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 | 3,122 |
| Lease payment paid during the period | (40,968) |
| Balance as at December 31, 2020 | <u>\$ 13,388</u> |

The Company discounted remaining lease payments using its incremental borrowing rate at April 1, 2019, which was a weighted-average rate of 12%. As at December 31, 2020, future undiscounted lease payments included in the lease obligation are \$13,656. The Company's share of operating costs for the nine months ended December 31, 2020 were \$35,909 which are variable and were therefore expensed in net loss.

MINERAL MOUNTAIN RESOURCES LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED DECEMBER 31, 2020

(Unaudited – Prepared by Management)

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, 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 nine month periods ended December 31 is as follows:

| | 2020 | 2019 |
|----------------------|------------|------------|
| Management fees | \$ 243,000 | \$ 243,000 |
| Professional fees | 45,710 | 59,761 |
| Share-based payments | 18,291 | 154,539 |
| Total | \$ 307,001 | \$ 457,300 |

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the nine month period ended December 31, 2020:

- Incurred management fees of \$90,000 (2019 - \$90,000) to a company controlled by the President of the Company.
- Incurred management fees of \$45,000 (2019 - \$45,000) to a company controlled by a director of the Company.
- Incurred management fees of \$63,000 (2019 - \$63,000) to a director of the Company.
- Incurred professional fees of \$10,985 (2019 - \$14,291) and share issuance costs of \$nil (2019 - \$10,220) to a company which a director of the Company is an officer.
- Incurred professional fees of \$34,725 (2019 - \$35,250) and management of \$45,000 (2019 - \$45,000) to a company controlled by the Chief Financial Officer of 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 December 31, 2020, the Company had 101,221,703 common shares outstanding (March 31, 2020 - 92,959,003).

Share issuance

During the nine months ended December 31, 2020, 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 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 \$59,150 as finders' fees. The Company also incurred filing and other expenses of \$5,375 in connection with the private placement.
- b) Issued 200,000 common shares at \$0.175 per share upon the exercise of stock options for proceeds of \$35,000. Accordingly, \$51,745 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.

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11. SHARE CAPITAL (Cont'd...)**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the nine months ended December 31, 2020 was based on the loss attributable to common shareholders of \$656,540 (2019 - \$999,196) and a weighted average number of common shares outstanding of 96,822,382 (2019 - 75,508,198).

At December 31, 2020, 5,825,000 stock options (2019 - 5,725,000) and 8,247,267 warrants (2019 - 35,870,879) 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 |
| Exercised | (200,000) | 0.18 |
| Cancelled | (175,000) | 0.35 |
| Balance, December 31, 2020 | 5,825,000 | \$ 0.26 |
| Exercisable at December 31, 2020 | 5,825,000 | \$ 0.26 |
| Weighted average fair value of options granted during the period | \$ nil | (2019 - \$ 0.13) |

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12. SHARE-BASED PAYMENTS (Cont'd...)**Stock options (Cont'd...)**

The options outstanding at December 31, 2020 have exercise prices in the range of \$0.15 to \$0.455 and a weighted average remaining contractual life of 2.29 years.

The fair value calculated for stock options granted during the nine months ended December 31, 2020 was \$nil (2019 - \$446,310) using the Black-Scholes option pricing model. For the nine months ended December 31, 2020, the Company recognized share based payment expense of \$50,921 (2019 - \$343,405) 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:

| | 2020 | 2019 |
|--------------------------|------|---------|
| Risk-free interest rate | - | 1.60% |
| Expected life of options | - | 3 Years |
| Annualized volatility | - | 114.24% |
| Dividend rate | - | Nil |

As at December 31, 2020 the following stock options were outstanding:

| Number of Options | Exercise Price | Expiry Date |
|----------------------|----------------|--------------------|
| 500,000 | \$ 0.35 | January 8, 2021 |
| 250,000 | \$ 0.455 | September 22, 2021 |
| 500,000 | \$ 0.15 | April 9, 2022 |
| 825,000 | \$ 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 |
| 1,575,000 | \$ 0.175 | October 7, 2024 |
| 250,000 | \$ 0.15 | April 9, 2024 |
| 200,000 | \$ 0.40 | January 3, 2025 |
| 5,825,000 | | |

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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, December 31, 2020 | 8,247,267 | \$ | 0.40 |

The warrants outstanding at December 31, 2020 have an exercise price of \$0.40 and a weighted average remaining contractual life of 0.53 year.

As at December 31, 2020, 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 | | |

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13. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash investing and financing transactions during the nine month period ended December 31, 2020 included:

- (a) The Company allocated depreciation of equipment of \$1,528 to exploration and evaluation assets.
- (b) Included in trade and other payables are \$426,068 related to exploration and evaluation assets.

Significant non-cash investing and financing transactions during the nine month period ended December 31, 2019 included:

- (a) The Company allocated depreciation of equipment of \$1,528 to exploration and evaluation assets.
- (b) Included in trade and other payables are \$639,542 related to exploration and evaluation assets.

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 December 31, 2020:

| | Canada | USA | Total |
|-----------------------------------|-----------|--------------|--------------|
| Property and equipment | \$ 21,261 | \$ 8,260 | \$ 29,521 |
| Exploration and evaluation assets | - | 9,961,006 | 9,961,006 |
| | \$ 21,261 | \$ 9,969,266 | \$ 9,990,527 |

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 |

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15. 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 December 31, 2020, the Company had a cash balance of \$706,859 and current liabilities of \$460,237. 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 December 31, 2020, the Company had financial assets of \$174,730 and financial liabilities of \$413,265 denominated in United States dollars. A 10% strengthening of the US dollar would affect net loss by approximately \$24,000. The Company does not hedge its foreign exchange risk.

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16. 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 December 31, 2020, 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 nine months ended December 31, 2020.

17. 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.

18. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2020, the Company

- i) Granted stock options to directors and officers of the Company to purchase 1,950,000 common shares at an exercise price of \$0.25 per share for a period of 5 years.
- ii) Granted stock options to consultants of the Company to purchase 325,000 common shares at an exercise price of \$0.25 per share for a period of 3 years.