MINERAL MOUNTAIN RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended December 31, 2019

(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, 2019	March 31, 2019
ASSETS			
Current assets			
Cash		$ 204,231	$ 13,993
Sales tax recoverable		12,559	9,775
Prepaid expenses and deposits	4	472,082	112,917
		688,872	136,685
Non-current assets			
Exploration and evaluation assets	7	8,511,832	6,179,003
Restricted cash	6	24,725	24,897
Property and equipment	5	136,408	18,460
		8,672,965	6,222,360
Total assets		$ 9,361,837	$ 6,359,045
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	8	$ 695,581	$ 563,644
Amounts due to related parties	9	119,796	344,171
Loans payable to related parties	9	-	35,000
Lease liability	2	116,118	-
Total liabilities		931,495	942,815
Equity			
Share capital		46,461,202	42,822,867
Share-based payments reserve		2,758,624	3,381,501
Deficit		(40,789,484)	(40,788,138)
Total equity		8,430,342	5,416,230
Total liabilities and equity		$ 9,361,837	$ 6,359,045

Commitments (Note 7 & 16)
Events after the reporting period (Note 18)

The financial statements were authorised for issue by the board of directors on February 25, 2020 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, 2019	Three Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2018
EXPENSES					
Consulting	9	$ 121,250	$ 103,500	$ 330,324	$ 314,100
Depreciation	6	23,758	473	69,091	1,421
Interest expenses		3,901	-	23,764	-
Media and news dissemination		41,259	5,673	48,876	32,867
Office and miscellaneous		35,167	24,770	86,100	82,567
Professional fees		25,668	16,971	59,867	78,968
Rent		-	24,458	-	73,338
Share-based payments		273,692	-	343,405	183,180
Transfer agent and filing fees		9,728	9,589	31,055	33,815
Travel and conference		1,795	1,847	4,645	18,247
		(536,218)	(187,281)	(997,127)	(818,503)
OTHER ITEMS					
Interest income		219	156	219	2,828
Foreign exchange		(9,523)	(10,221)	(2,288)	(2,364)
		(9,304)	(10,065)	(2,069)	464
Comprehensive loss for the period		$ (545,522)	$ (197,346)	$ (999,196)	$ (818,039)
Basic and diluted loss per common share	10	$ (0.01)	$ (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, 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	10	21,391,467	3,741,780	-	-	3,741,780
Shares issued for debt settlement	10	1,323,000	198,450	-	-	198,450
Exercise of stock options	10	25,000	7,725	(3,350)	-	4,375
Share issuance costs	10	-	(309,620)	34,918	-	(274,702)
Share-based payments	11	-	-	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

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, March 31, 2018		67,686,536	$ 42,626,247	$ 3,270,936	$ (39,806,292)	$ 6,090,891
Comprehensive loss for the period		-	-	-	(818,039)	(818,039)
Transactions with owners						
Exercise of stock options	10	200,000	114,370	(54,370)	-	60,000
Exercise of warrants	10	235,000	82,250	-	-	82,250
Share-based payments	11	-	-	183,180	-	183,180
		435,000	196,620	128,810	-	325,430
Balance, December 31, 2018		68,121,536	$ 42,822,867	$ 3,399,746	$ (40,624,331)	$ 5,598,282

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	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		$ (999,196)	$ (818,039)
Items not affecting cash:			
Depreciation		69,091	1,421
Foreign exchange		172	(403)
Interest		23,764	-
Share-based payments		343,405	183,180
Changes in non-cash working capital items:			
Sales tax recoverable		(2,784)	5,271
Prepaid expenses and deposits		(359,165)	(149)
Trade and other payables		(79,819)	7,585
Amounts due to related parties		(41,875)	107,017
Interest paid		(10,241)	-
Net cash used in operating activities		(1,056,648)	(514,117)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation assets		(2,103,595)	(1,480,075)
Purchase of equipment		(11,791)	-
Net cash used in investing activities		(2,115,386)	(1,480,075)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		3,746,155	142,250
Share issuance costs		(274,702)	-
Repayment of loan payable to related parties		(35,000)	-
Payment of lease liability		(74,181)	-
Net cash provided by financing activities		3,362,272	142,250
Change in cash and cash equivalents during the period		190,238	(1,851,942)
Cash and cash equivalents, beginning of the period		13,993	1,910,834
Cash and cash equivalents, end of the period	4	$ 204,231	$ 58,892

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 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, 2019, 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's audited annual consolidated financial statements for the year ended March 31, 2019 were consistently applied to all the periods presented unless otherwise noted below.

New accounting policy

IFRS 16 – Leases

This standard replaces IAS 17, Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods; changes the accounting for sale and leaseback arrangements; and introduces new disclosure requirements. Under IFRS 16, a lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Right-of-use assets will be initially measured at cost, which includes the initial measurement of the lease liabilities and other costs, less lease incentives. Lease liabilities will initially be measured at the present value of future lease payments and subsequently measured at amortized cost using the effective interest method. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances and may be applied retrospectively to each prior period presented (full retrospective approach) or with the cumulative effect of adoption recognized at initial application (modified retrospective approach). The modified retrospective approach offers the option, on a lease by lease basis, to either measure the right-of-use asset retrospectively using the discount rate as at the date of initial application or to measure the right-of-use asset at an amount equal to the lease liability.

The Company adopted IFRS 16 on April 1, 2019. On initial adoption, the Company has elected to record right-of-use assets based on the corresponding lease obligation. Right-of-use asset and lease obligation of $176,776 were recorded as of April 1, 2019, with no impact on deficits. When measuring the present value of lease obligations, the Company discounted remaining lease payments using its incremental borrowing rate at January 1, 2019, which was a weighted-average rate of 12%.

4. PREPAID EXPENSES AND DEPOSITS

	December 31, 2019	March 31, 2019
Exploration deposits	$ 364,724	$ 26,969
Prepaid expenses	76,908	55,498
Rental deposit	30,450	30,450
	$ 472,082	$ 112,917

5. PROPERTY AND EQUIPMENT

	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	176,776	7,970	3,821	-	188,567
Balance as at December 31, 2019	176,776	7,970	13,299	20,367	218,412
Accumulated depreciation					
Balance as at March 31, 2019	-	-	2,843	8,542	11,385
Depreciation for the period	66,291	996	1,804	1,528	70,619
Balance as at December 31, 2019	66,291	996	4,647	10,070	82,004
Net value as at December 31, 2019	$ 110,485	$ 6,974	$ 8,652	$ 10,297	$ 136,408

	Office equipment	Field equipment	Total
Cost			
Balance as at March 31, 2018 and 2019	$ 9,478	$ 20,367	$ 29,845
Accumulated depreciation			
Balance as at March 31, 2018	948	6,505	7,453
Depreciation for the year	1,895	2,037	3,932
Balance as at March 31, 2019	2,843	8,542	11,385
Net value as at March 31, 2019	$ 6,635	$ 11,825	$ 18,460

During the nine months ended December 31, 2019, the Company expensed $69,091 (2018 - $1,421) in depreciation to the statement of comprehensive loss and capitalized $1,528 (2018 - $1,528) to exploration and evaluation assets.

6. RESTRICTED CASH

The Company has provided corporate credit cards to its Chief Executive Officer with a credit limit totalling $21,650 ($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, 2019, the credit cards had an outstanding balance of $55 (March 31, 2019- $2,994) in total.

7. EXPLORATION AND EVALUATION ASSETS

	March 31, 2018	Additions	March 31, 2019	Additions	December 31, 2019
Standby Gold Project, South Dakota					
Acquisition costs					
Option payments	$ 1,823,850	$ 129,000	$ 1,952,850	$ 198,000	$ 2,150,850
Staking and other property costs	994,023	103,104	1,097,127	112,455	1,209,582
	2,817,873	232,104	3,049,977	310,455	3,360,432
Exploration costs					
Assays	11,360	65,544	76,904	10,887	87,791
Drilling	467,982	470,180	938,162	1,683,541	2,621,703
Equipment rental	25,557	35,932	61,489	28,454	89,943
Field work	52,403	59,235	111,638	39,121	150,759
Geological consulting	720,758	359,989	1,080,747	127,802	1,208,549
Geophysical survey	288,754	69,100	357,854	1,750	359,604
Miscellaneous	239,882	63,149	303,031	38,765	341,796
State and local taxes	62,916	15,668	78,584	63,783	142,367
Travel	62,721	57,896	120,617	28,271	148,888
	1,932,333	1,196,693	3,129,026	2,022,374	5,151,400
	$ 4,750,206	$ 1,428,797	$ 6,179,003	$ 2,332,829	$ 8,511,832

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 Rochford 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. To earn its 100% interest, the Company is required to make cash payments of US$500,000 to the optionor over a three year period as follows:

- pay US$150,000 by upon execution of the option agreement (paid);
- pay additional US$100,000 by September 2, 2017 (paid);
- pay additional US$100,000 by September 2, 2018 (paid); and
- pay additional US$150,000 by September 2, 2019 (paid).

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).

8. TRADE AND OTHER PAYABLES

		December 31, 2019		March 31, 2019
Trade payables	$	693,081	$	544,394
Accrued expenses		2,500		19,250
	$	695,581	$	563,644

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. 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 nine months ended December 31, 2019, 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 December 31, 2019, the Company had repaid the loan in full together with the accrued interest of $890.

During the nine months ended December 31, 2019, 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 December 31, 2019, 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:

		2019		2018
Consulting fees	$	249,500	$	243,000
Office and miscellaneous		-		7,500
Professional fees		59,761		49,382
Share-based payments		154,539		130,878
Total	$	463,800	$	430,760

9. RELATED PARTY TRANSACTIONS (cont'd…)

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, 2019:

a) Incurred consulting fees of $90,000 (2018 - $90,000) to a company controlled by the President of the Company.

b) Incurred consulting fees of $45,000 (2018 - $45,000) and office expenses of $nil (2018 - $7,500) to a company controlled by a director of the Company.

c) Incurred consulting fees of $63,000 (2018 - $63,000) to a director of the Company.

d) Incurred professional fees of $14,291 (2018 - $9,407) and share issuance costs of $10,220 (2018 - $nil) to a company which a director of the Company is an officer.

e) Incurred professional fees of $35,250 (2018 - $39,975) and consulting fees of $45,000 (2018 - $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.

10. 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, 2019, the Company had 90,861,003 common shares outstanding (March 31, 2019 - 68,121,536).

Share issuance

During the nine months ended December 31, 2019, 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.

10. SHARE CAPITAL (cont'd…)

Share issuance (cont'd…)

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 $7,808 in connection with the private placement.

c) Issued 25,000 common shares at $0.175 per share upon the exercise of stock options for proceeds of $4,375. Accordingly, $3,350 was transferred from share-based payments reserve to share capital.

d) Issued 1,323,000 common shares to settle debt of $198,450 due to a creditor and related parties of the Company.

During the year ended March 31, 2019, the Company:

a) Issued 200,000 common shares at $0.30 per share upon the exercise of stock options for proceeds of $60,000.

b) Issued 235,000 common shares at $0.35 per share upon the exercise of warrants for proceeds of $82,250.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended December 31, 2019 was based on the loss attributable to common shareholders of $999,196 (2018 - $818,039) and a weighted average number of common shares outstanding of 75,508,198 (2018 - 68,073,609).

At December 31, 2019, 5,725,000 stock options (2018 - 5,875,000) and 35,870,879 warrants (2018 - 19,279,498) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

11. 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.

11. SHARE-BASED PAYMENTS (Cont'd…)

Stock options (Cont'd…)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2018	6,075,000	$ 0.32
Exercised	(200,000)	0.30
Cancelled	(100,000)	0.23
Balance, March 31, 2019	5,775,000	$ 0.32
Granted	3,500,000	0.17
Exercised	(25,000)	0.18
Expired	(3,525,000)	0.30
Balance, December 31, 2019	5,725,000	$ 0.25
Exercisable at December 310, 2019	4,125,000	$ 0.27
Weighted average fair value of options granted during the period	$ 0.13	(2018 - $ nil)

The options outstanding at December 31, 2019 have exercise prices in the range of $0.15 to $0.455 and a weighted average remaining contractual life of 3.19 years.

The total share-based payments calculated for stock options granted during the nine months ended December 31, 2019 was $446,310 (2018 - $nil) using the Black-Scholes option pricing model. For the nine months ended December 31, 2019, the Company recognized share based payment expense of $343,405 (2018 - $183,180) 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:

	2019	2018
Risk-free interest rate	1.44%	-
Expected life of options	3 Years	-
Annualized volatility	116.14%	-
Dividend rate	Nil	-

11. SHARE-BASED PAYMENTS (Cont'd…)

Stock options (Cont'd…)

As at December 31, 2019 the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
575,000	$ 0.35	January 8, 2021
250,000	$ 0.455	September 22, 2021
500,000	$ 0.15	April 9, 2022
1,150,000	$ 0.175	October 7, 2022
1,275,000	$ 0.35	January 8, 2023
150,000	$ 0.39	January 18, 2023
1,575,000	$ 0.175	October 7, 2024
250,000	$ 0.15	April 9, 2024
5,725,000		

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, 2018	22,217,598	$ 0.44
Warrants exercised	(235,000)	0.35
Warrants expired	(7,678,498)	0.60
Agents' warrants expired	(83,100)	0.90
Balance, March 31, 2019	14,221,000	$ 0.50
Warrants granted	21,391,467	0.29
Agents' warrants granted	258,412	0.40
Balance, December 31, 2019	35,870,879	$ 0.38
Exercisable at December 31, 2019	35,870,879	$ 0.38

11. SHARE-BASED PAYMENTS (Cont'd…)

Warrants (Cont'd…)

The warrants outstanding at December 31, 2019 have exercise prices in the range of $0.25 to $0.50 and a weighted average remaining contractual life of 0.57 year.

As at December 31, 2019, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
10,895,000	$ 0.50	December 7, 2019 (extended to June 7, 2020)
3,326,000	$ 0.50	January 5, 2020 (extended to July 5, 2020)
14,220,866	$ 0.25	September 5, 2020
1,840,001	$ 0.25	October 7, 2020
5,589,012	$ 0.25	December 5, 2020
35,870,879		

12. SUPPLEMENTAL CASH FLOW INFORMATION

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.

(c) Issued 1,323,000 common shares to settle debt of $198,450 due to a creditor and related parties of the Company

Significant non-cash investing and financing transactions during the nine month period ended December 31, 2018 included:

(a) The Company allocated depreciation of equipment of $1,528 to exploration and evaluation assets.

(b) Included in trade and other payables are $440,654 related to exploration and evaluation assets.

(c) Included in trade and other payables are $24,608 related to prepaid expenses.

13. 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, 2019:

	Canada	USA	Total
Property and equipment	$ 126,111	$ 10,297	$ 136,408
Exploration and evaluation assets	-	8,511,832	8,511,832
	$ 126,111	$ 8,522,129	$ 8,648,240

At March 31, 2019:

	Canada	USA	Total
Property and equipment	$ 6,635	$ 11,825	$ 18,460
Exploration and evaluation assets	-	6,179,003	6,179,003
	$ 6,635	$ 6,190,828	$ 6,197,463

14. 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.

15. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash and cash equivalents and restricted cash classified as subsequently measured at amortized cost; trade and other payables, amounts due to related parties, and loan payable to related party 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 cash equivalents and restricted cash. The credit risk with respect to its cash and cash equivalents 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, 2019, the Company had a cash balance of $204,231 and current liabilities of $931,495. 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 cash equivalents 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, 2019, the Company had financial assets of $180,774 and financial liabilities of $603,750 denominated in United States dollars. A 10% strengthening of the US dollar would affect net loss by approximately $42,000. The Company does not hedge its foreign exchange risk.

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, 2019, 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, 2019.

17. COMMITMENTS

The Company has obligations under an operating lease for its corporate office facility for a term ending March 31, 2021. The annual minimum lease commitments under the lease are as follows:

2020	$	24,727
2021		100,938
	$	125,665

18. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2019, the Company:

i) Granted stock options to a director of the Company to purchase 200,000 common shares at an exercise price of $0.40 per share for a period of 5 years.

ii) Issued 1,025,000 common shares at $0.25 per share upon the exercise of warrants for proceeds of $256,250.

iii) Issued 25,000 common shares at $0.175 per share upon the exercise of stock options for proceeds of $4,375.