



Condensed Consolidated Financial Statements
(unaudited – prepared by management)
(expressed in Canadian dollars)

For the Three Months Ended June 30, 2020 and 2019

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, B.C.
August 31, 2020

SURGE COPPER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited – expressed in Canadian dollars)
As at June 30, 2020 and March 31, 2020

	Note	As at June 30, 2020	As at March 31, 2020
ASSETS			
Current			
Cash and cash equivalents		\$ 218,627	\$ 35,045
GST receivable		5,968	1,726
Prepaid expenses		91,701	18,576
Total Current Assets		316,296	55,347
Exploration and evaluation costs	5, 6	22,043,641	21,931,075
Right-of-use asset	8	54,771	65,725
Equipment and camp buildings	7	18,507	20,121
Total Non-Current Assets		22,116,919	22,016,921
Total Assets		\$ 22,433,215	\$ 22,072,268
LIABILITIES			
Current			
Trade and other payables	9	\$ 148,675	\$ 33,592
Obligation to issue shares		55,200	-
Current portion of lease liability		36,434	48,578
Total Current Liabilities		240,309	82,170
Lease obligation liability		25,217	25,217
Deferred income tax liability		223,000	223,000
Total Non-Current Liabilities		248,217	248,217
Total Liabilities		488,526	330,387
SHAREHOLDERS' EQUITY			
Share capital	11	35,918,296	35,649,889
Contributed surplus	11	4,649,100	4,649,100
Deficit		(18,622,707)	(18,557,108)
Total Shareholders' Equity		21,944,689	21,741,881
Total Liabilities and Shareholders' Equity		\$ 22,433,215	\$ 22,072,268

Signed on behalf of the Board by:

"Shane Ebert"	Director
"Jim Pettit"	Director

See accompanying notes to the condensed consolidated interim financial statements.

SURGE COPPER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(unaudited - expressed in Canadian dollars)
For the Three Months Ended June 30, 2020 and 2019

	Note	For the three months ended June 30,	
		2020	2019
EXPENSES			
Amortization	7	\$ 12,568	\$ 12,871
Investor relations		3,000	3,000
Management and administration fees	10	35,350	26,336
Office		9,944	10,889
Professional fees		3,500	3,500
Transfer agent and filing fees		1,237	1,037
Travel and promotion		-	880
		(65,599)	(58,513)
OTHER INCOME (EXPENSE):			
Miscellaneous income		-	4,149
LOSS BEFORE INCOME TAXES		(65,599)	(54,364)
INCOME TAXES		-	-
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		\$ (65,599)	\$ (54,364)
LOSS PER SHARE - BASIC		\$ (0.00)	\$ (0.00)
LOSS PER SHARE - DILUTED		\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		60,796,346	58,685,056

See accompanying notes to the condensed consolidated interim financial statements.

SURGE COPPER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited - expressed in Canadian dollars)
For the Three Months Ended June 30, 2020 and 2019

	For the Three Months Ended June 30,	
	2020	2019
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	\$ (65,599)	\$ (54,364)
Items not affecting cash:		
Amortization	12,568	12,871
	(53,031)	(41,493)
Changes in non-cash working capital items:		
Taxes recoverable	(4,242)	883
Other receivable	-	4,559
Prepaid expenses	(73,125)	1,875
Trade and other payables	102,939	(35,077)
Cash used in operating activities	(27,459)	(69,253)
INVESTING ACTIVITIES		
Right-of-use asset	-	(10,970)
Investment in exploration and evaluation assets	(112,566)	(2,041)
Cash used in investing activities	(112,566)	(13,011)
FINANCING ACTIVITIES		
Net proceeds from share issuance	268,407	123,196
Obligation to issue shares	55,200	-
Cash provided by financing activities	323,607	123,196
NET INCREASE IN CASH	183,582	40,932
CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD	35,045	8,094
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	\$ 218,627	\$ 49,026

See accompanying notes to the condensed consolidated interim financial statements.

SURGE COPPER CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(expressed in Canadian dollars)

For the Three Months Ended June 30, 2020 and 2019

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, April 1, 2019	57,679,373	\$ 35,526,693	\$ 4,649,100	\$ (18,377,636)	\$ 21,798,157
Issued for cash – non-flow through shares	1,779,286	124,550	-	-	124,550
Share issue costs	-	(1,354)	-	-	(1,354)
Adjustment-implementation of IFRS 16	-	-	-	(9,535)	(9,535)
Net loss and comprehensive loss for the period	-	-	-	(54,364)	(54,364)
Balance, June 30, 2019	59,458,659	\$ 35,649,889	\$ 4,649,100	\$ (18,441,535)	\$ 21,857,454
Balance, April 1, 2020	59,458,659	\$ 35,649,889	\$ 4,649,100	\$ (18,557,108)	\$ 21,741,881
Issued for cash – non-flow through shares	4,508,500	270,510	-	-	270,510
Share issue costs	-	(2,103)	-	-	(2,103)
Net loss and comprehensive loss for the period	-	-	-	(65,599)	(65,599)
Balance, June 30, 2020	63,967,159	\$ 35,918,296	\$ 4,649,100	\$ (18,622,707)	\$ 21,944,689

See accompanying notes to consolidated financial statements

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)
For the Three Months ended June 30, 2020 and June 30, 2019

1. CORPORATE INFORMATION

The Company is engaged principally in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties and attainment of profitable operations is principally dependent upon financing being arranged by the Company to continue operations, explore and develop the mineral properties and the discovery, development and sale of ore reserves.

The Company was incorporated under the Business Corporations Act of British Columbia by Certificate of Incorporation dated November 29, 1965. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol GRV-V, as a Tier 2 mining issuer.

The address of the Company's corporate office and principal place of business is Suite 888 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1G5.

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 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 results of operations at this time.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The condensed unaudited consolidated interim financial statements of the Company for the three months ending June 30, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements have been prepared in full compliance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Accordingly, these unaudited condensed consolidated interim financial statements follow the same accounting principles and methods of application as the audited annual consolidated financial statements for the year ended March 31, 2020 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2020. Results for the period ended June 30, 2020, are not necessarily indicative of future results. These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 31, 2020.

(b) Basis of Presentation and Measurement

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis and include the accounts of the Company and its wholly-owned subsidiary, Ootsa Ventures Ltd., All material intercompany accounts and transactions have been eliminated.

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's and its subsidiary's functional currency.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2020 and June 30, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are unchanged from those set out in Note 4 of the audited Consolidated Financial Statements for the year ended March 31, 2020.

There have been no material revisions to the accounting policies reported in the Company's audited Consolidated Financial Statements for the Year Ended March 31, 2020.

(a) Going Concern of Operations

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. However, there are currently material uncertainties in respect to these assumptions which cast significant doubt as to the Company's ability to continue as a going concern. The Company has incurred losses since inception, has no recurring source of revenue and has an accumulated deficit of \$18,622,707 at June 30, 2020. The Company will need to raise sufficient funds in order to finance ongoing exploration, development and administrative expenses. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity.

b) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

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Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)
For the Three Months ended June 30, 2020 and June 30, 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's unaudited Condensed Consolidated Interim Financial Statements for the three months ended June 30, 2020.

5. RECLAMATION BONDS

Included in Mineral Exploration and Evaluation Costs as at June 30, 2020, is the Company's aggregate reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of \$169,900 (March 31, 2020 - \$169,900).

The bonds cover the future site restoration costs with respect to the Seel and Ox Lake Claims, collectively known as the Ootsa Property. All or part of the \$169,900 can be recovered subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

The bonds have not been discounted from their future value because the Company estimates the bonds may be settled within 2 years and the discounting cost being considered immaterial. The Company believes that the amount of the bonds includes sufficient risk premium.

Recovery of the posted bonds remains subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

6. MINERAL PROPERTIES

Ootsa Property

As at June 30, 2020, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of 124 mineral claims totalling 72,710.4 hectares. All of these claims have had sufficient exploration work completed to remain valid until December 10, 2025.

Beyond claims acquired by staking, material transactions and royalty obligations in respect to this property are:

- 14 claims totalling 574.6 hectares, known as the Ox claims, are subject to a 2% Net Smelter Returns ("NSR") royalty. The purchase agreement with the vendor, Silver Standard Resources Inc., ("Silver") entitles the Company to purchase 50% of the 2% NSR from Silver at any time by the payment to Silver of \$500,000. The Company may purchase the remaining 1% NSR at any time by payment to Silver of an additional \$1,000,000. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.
- There are five claims totalling 3,450.4 hectares, known as the Seel claims, which are subject to a 1% NSR. The Company is entitled at any time to purchase 50% of this 1% NSR for \$1,000,000. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.

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Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)
For the Three Months ended June 30, 2020 and June 30, 2019

6. MINERAL PROPERTIES (continued)

- Two additional claims known as the Swing claims (the “Captain Mine”) totalling 383.4 hectares, purchased in March 2014, are subject to a 2% NSR. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR from the vendor at any time by the payment to the vendor of \$500,000 or the Company may purchase the entire 2% NSR at any time by payment to the vendor of \$1,000,000.
- The Troitsa Peak claim totalling 211.3 hectares and purchased in December 2014 is subject to a 1% NSR, half of which can be bought back at any time by the Company for \$500,000.
- On August 5, 2016, the Company acquired one claim for total consideration of \$3,000, adding a total of 76.7 hectares.

Auro Property

In March 2012, the Company sold all of its mineral interests known as the Auro and Auro South properties (“Properties”) to New Gold Inc. Under the terms of the purchase agreement, the Company retained a 2% NSR on these properties.

British Columbia Mineral Tax Credits (“BCMETC”)

The completion of certain qualified exploration costs by the Company entitles it to refundable tax credits as part of an exploration incentive plan offered by the Province of British Columbia. In May 2019 the Company filed a BCMETC claim with the Canada Revenue Agency seeking \$154,522 in qualified refundable tax credits for the year ended March 31, 2019, which has also been accrued and which is considered to be entirely collectible. In January 2020 the entire amount was received. No amount has been accrued for 2020.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2020 and June 30, 2019

6. MINERAL PROPERTIES (continued)

Expenditures on mineral property acquisition and deferred exploration and development costs for the three months ended June 30, 2020 and for the year ended March 31, 2020 are as follows:

	For the three months ended June 30, 2020	For the year ended March 31, 2020
Property acquisition costs:		
Balance, beginning of the period	\$ 1,150,204	\$ 1,150,204
Cash costs	-	-
Balance, end of the period	1,150,204	1,150,204
Deferred exploration and evaluation costs:		
Balance, beginning of the period	20,780,871	20,773,283
Incurred during the period:		
Geophysics	45,700	-
Consulting fees – First Nations	25,000	-
Field costs	5,645	-
Assaying	-	1,142
Camp costs	31,189	5,954
Fuel	3,432	492
Wages and related expenses	1,600	-
Total expenditures during the period	112,566	7,588
Balance, end of the period	20,893,437	20,780,871
Total deferred costs, end of the period	\$ 22,043,641	\$ 21,931,075

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2020 and June 30, 2019

7. EQUIPMENT AND CAMP BUILDINGS

	Office Equipment	Camp Vehicles and Equipment	Camp Buildings/ Septic	Bridge	Total
Cost					
Balance at March 31, 2019	\$ 41,992	\$ 122,575	\$ 178,838	\$ 32,855	\$ 376,260
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at March 31, 2020	\$ 41,992	\$ 122,575	\$ 178,838	\$ 32,855	\$ 376,260
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at June 30, 2020	<u>\$ 41,992</u>	<u>\$ 122,575</u>	<u>\$ 178,838</u>	<u>\$ 32,855</u>	<u>\$ 376,260</u>
Depreciation and impairment					
Balance at March 31, 2019	\$ 38,826	\$ 109,455	\$ 178,838	\$ 21,351	\$ 348,470
Additions	953	3,432	-	3,284	7,669
Disposals	-	-	-	-	-
Balance at March 31, 2020	\$ 39,779	\$ 112,887	\$ 178,838	\$ 24,635	\$ 356,139
Additions	167	625	-	822	1,614
Disposals	-	-	-	-	-
Balance at June 30, 2020	<u>\$ 39,946</u>	<u>\$ 113,512</u>	<u>\$ 178,838</u>	<u>\$ 25,457</u>	<u>\$ 357,753</u>
Carrying amounts – NBV					
At March 31, 2020	\$ 2,213	\$ 9,688	\$ -	\$ 8,220	\$ 20,121
At June 30, 2020	<u>\$ 2,046</u>	<u>\$ 9,063</u>	<u>\$ -</u>	<u>\$ 7,398</u>	<u>\$ 18,507</u>

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2020 and June 30, 2019

8. RIGHT OF USE ASSET

The Company has an office lease with terms running through September 2021. Upon transition to IFRS 16, the company recognized a right-of-use asset of \$109,541 and a lease liability of \$119,076. The lease liability was discounted using an estimated incremental borrowing rate of 4.25% per annum.

The continuity of the right-of-use asset for the three months ended June 30, 2020 and the year ended March 31, 2020 is as follows:

		Right-of-use asset
As at March 31, 2019	\$	-
IFRS 16 adoption		109,541
Amortization		(43,816)
As at March 31, 2020	\$	65,725
Amortization		(10,954)
As at June 30, 2020	\$	54,771

Minimum lease payments in respect of lease liabilities and the effect of discounting as at June 30, 2020 and March 31, 2020 are as follows:

		Right-of-use asset
Undiscounted minimum lease payments	\$	-
Less than one year		36,434
More than one year		25,217
		61,651
Effect of discounting		-
As at March 31, 2020	\$	61,651

The continuity of the lease liability for the three months ended June 30, 2020 and the year ended March 31, 2020 is as follows:

		Lease liability
As at March 31, 2019	\$	-
IFRS 16 adoption		119,076
Principal payments		(45,281)
As at March 31, 2020	\$	73,795
Principal payments		(12,144)
As at June 30, 2020		61,651

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Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)
For the Three Months ended June 30, 2020 and June 30, 2019

9. TRADE AND OTHER PAYABLES

The Company's trade and other payables on June 30, 2020 and March 31, 2020 are as follows:

	As at June 30, 2020	As at March 31, 2020
Trade payables	\$ 102,512	\$ 13,835
Amount due to related parties	29,563	6,657
Accrued expenses	16,600	13,100
	\$ 148,675	\$ 33,592

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

10. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2020 the following amounts were paid. All comparative amounts are for the three months ended June 30, 2019.

- (a) Management wages and director fees of \$29,700 (2019 - \$18,600) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.
- (b) Administration fees of \$4,500 (2019 - \$4,800) were paid to Companies controlled by a directors or officers of the Company.
- (c) Included in accounts payable and accrued liabilities at June 30, 2020 is \$29,563 (2019 - \$315) owing to the senior management and directors of the Company for unpaid management fees.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2020 and June 30, 2019

10. RELATED PARTY TRANSACTIONS (continued)

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors.

The Company incurred the following transactions with companies controlled by directors of the Company.

	For the three months ended June 30,	
	2020	2019
Management and administration	\$ 34,200	\$ 23,400
	\$ 34,200	\$ 23,400

Key management personnel compensation:

	For the three months ended June 30,	
	2020	2019
Management fees	\$ 34,200	\$ 23,400

Key management personnel compensation comprised of:

	For the three months ended June 30,	
	2020	2019
Short term employee benefits	\$ 34,200	\$ 23,400
Share-based payments	-	-
	\$ 34,200	\$ 23,400

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2020 and June 30, 2019

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued and fully paid:

	Number of Shares	Amount
Balance at March 31, 2019	57,679,373	\$ 35,526,693
Issued for cash – non flow through	1,779,286	124,550
Less: share issue costs – cash	-	(1,354)
Balance at March 31, 2020	59,458,659	\$ 35,649,889
Issued for cash – non flow through	4,508,500	270,510
Less: share issue costs – cash	-	(2,103)
Balance – June 30, 2020	63,967,159	\$ 35,918,296

Transactions during the Three Months Ended June 30, 2020

- i) On June 3, 2020, the Company completed a non-brokered private placement comprised of 4,508,500 units at a purchase price of \$0.06 per unit for gross proceeds of \$270,510. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.09 per share at any time on or before June 3, 2023.

Transactions during the Year Ended March 31, 2020

- i) On May 9, 2019, the Company completed a non-brokered private placement comprised of 1,779,286 units at a purchase price of \$0.07 per unit for gross proceeds of \$124,550. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share at any time on or before May 9, 2022.

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Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)
For the Three Months ended June 30, 2020 and June 30, 2019

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(c) Share Purchase Warrants:

A continuity schedule of outstanding share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at March 31, 2019	14,886,666	\$0.21
Issued - Unit Offering	1,779,286	\$0.10
Expired	(2,333,333)	\$0.22
Balance at March 31, 2020	14,332,619	\$0.19
Issued – Unit Offering	4,508,500	\$0.09
Expired	(2,050,000)	\$0.40
Expired	(200,000)	\$0.15
Balance, June 30, 2020	16,591,119	\$0.14

As at June 30, 2020 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
1,336,666	\$0.22	October 27, 2020
6,666,667	\$0.15	December 5, 2020
2,300,000	\$0.18	July 25, 2021
1,779,286	\$0.10	May 9, 2022
4,508,500	\$0.09	June 3, 2023
<u>16,591,119</u>		

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Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)
For the Three Months ended June 30, 2020 and June 30, 2019

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(d) Agents' warrants

A continuity schedule of outstanding agents' warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at March 31, 2019	492,934	\$0.16
Expired	(42,934)	\$0.22
Balance at March 31, 2020	450,000	\$0.15
No transactions	-	-
Balance, June 30, 2020	450,000	\$0.15

As at June 30, 2020 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
450,000	\$0.15	December 5, 2020
450,000		

(e) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise. 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

(f) Stock options:

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant.

The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV).

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2020 and June 30, 2019

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated, share purchase options vest when granted.

A summary of the Company's option transactions for the three months ended June 30, 2020 and for the year ended March 31, 2020 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2019	3,543,000	\$0.13	2.53
Expired	(20,000)	\$0.75	
Balance, March 31, 2020	3,523,000	\$0.13	1.54
No transactions	-	-	
Balance, June 30, 2020	3,523,000	\$0.13	1.29

The weighted average share price of options exercised, as at the date of exercise, during the three months ended June 30, 2020 was \$nil.

(f) Stock options (continued):

As at June 30, 2020 outstanding vested stock options are:

Number of Options	Exercise Price	Expiry Date
100,000	\$0.19	July 10, 2020
925,000	\$0.11	March 11, 2021
1,305,000	\$0.155	September 29, 2021
793,000	\$0.12	January 17, 2022
200,000	\$0.10	November 7, 2022
200,000	\$0.11	May 29, 2023
3,523,000		

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2020 and June 30, 2019

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(g) Contributed Surplus:

During the three months ended June 30, 2020 \$Nil (Year ended March 31, 2020, \$Nil) was recorded as stock-based compensation related to the granting of Nil incentive stock options (Year ended March 31, 2020 – Nil). Of this amount, Nil (Year ended March 31, 2020, \$Nil) has been included as an expense in the consolidated statement of comprehensive loss.

A continuity of contributed surplus is as follows:

	For the Three Months Ended		For the Year Ended	
	June 30, 2020		March 31, 2020	
Balance, beginning of period	\$	4,649,100	\$	4,649,100
No transactions		-		-
Balance, end of period	\$	4,649,100	\$	4,649,100

12. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

All financial instruments are included on the Company's balance sheet and measured at either fair value or amortized cost.

The Company's financial assets consist of cash and cash equivalents and amounts receivable, which are designated as loans and receivables and measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities and due to related parties, which are designated as other financial liabilities and measured at amortized cost.

The carrying values of the Company's financial instruments measured at amortized costs approximate their fair values due to their short-term nature.

The capital of the Company consists of shareholders' equity - \$21,944,689 (March 31, 2020 - \$21,741,881).

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2020 and June 30, 2019

13. SEGMENTED INFORMATION

During the three months ended June 30, 2020 and for the year ended March 31, 2020 the Company operated in one reportable operating segment, being the acquisition, exploration and development of mineral properties in British Columbia. Administrative expenses and working capital balances are located in Canada.

14. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows.

During the three months ended June 30, 2020 and year ended March 31, 2020:

No transactions

15. COMMITMENTS AND CONTINGENCIES

Effective with a commencement date of October 1, 2016, the Company is committed to an operating lease on its office premises expiring on September 30, 2021. The Company's lease commitments for the total annual basic lease rate and operating costs are as follows:

2021	51,714
2022	26,290

16. SUBSEQUENT EVENTS

- On July 6, 2020, the Company completed a non-brokered flow-through private placement comprised of 3,239,996 flow-through units at a purchase price of \$0.09 per unit for gross proceeds of \$291,600. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.12 per share at any time on or before July 6, 2023.
- On July 10, 2020, stock options entitling the holders thereof to acquire 100,000 common shares at \$0.19 per share expired unexercised.