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**GAIA METALS CORP.**  
**(Formerly 92 RESOURCES CORP.)**  
**Interim Condensed Financial Statements**  
**December 31, 2020**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

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**Notice of No Auditor Review of Interim Condensed Financial  
Statements**

The accompanying unaudited interim condensed financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these interim condensed financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

February 22, 2021



**GAIA METALS CORP. (Formerly 92 Resources Corp.)**  
**Interim Condensed Statements of Financial Position**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

|   | Notes | December 31, 2020 | March 31, 2020 |
|---|-------|-------------------|----------------|
| <b>ASSETS</b>                                     |       |                   |                |
| <b>Current assets</b>                             |       |                   |                |
| Cash and cash equivalents                         | 4     | \$ 217,105        | \$ 255,889     |
| Amounts receivable                                | 5     | 9,229             | 8,185          |
| Prepaid expenses                                  | 6     | 22,869            | 18,179         |
|   |       | 249,203           | 282,253        |
| <b>Exploration and evaluation properties</b>      | 7     | 3,574,975         | 2,666,124      |
| <b>Total assets</b>                               |       | \$ 3,824,178      | \$ 2,948,377   |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |       |                   |                |
| <b>Current liabilities</b>                        |       |                   |                |
| Accounts payable and accrued liabilities          | 8     | \$ 69,036         | \$ 43,244      |
| <b>Total liabilities</b>                          |       | 69,036            | 43,244         |
| <b>Shareholders' equity</b>                       |       |                   |                |
| Share capital                                     | 9     | 11,038,560        | 9,811,299      |
| Reserves  | 9     | 1,392,565         | 1,206,537      |
| Deficit   |       | (8,675,983)       | (8,112,703)    |
| <b>Total equity</b>                               |       | 3,755,142         | 2,905,133      |
| <b>Total shareholders' equity and liabilities</b> |       | \$ 3,824,178      | \$ 2,948,377   |

**Corporate Information and Going Concern (Note 1), Commitments (Note 15), and Events after the Reporting Period (Note 16)**

**APPROVED ON BEHALF OF THE BOARD:**

*"Todd Hanas"*

Director

*"Paul Chung"*

Director

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



**GAIA METALS CORP. (Formerly 92 Resources Corp.)**  
**Interim Condensed Statements of Loss and Comprehensive loss**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

|   | Notes  | Nine months ended   |                     | Three months ended  |                    |
|---|--------|---------------------|---------------------|---------------------|--------------------|
|   |        | December 31, 2020   | December 31, 2019   | December 31, 2020   | December 31, 2019  |
| <b>Expenses</b>                                       |        |                     |                     |                     |                    |
| Business development                                  |        | \$ 46,334           | \$ 26,011           | \$ 38,272           | \$ 4,722           |
| Bank and interest charges                             |        | -                   | 1,343               | -                   | 765                |
| Consulting  | 13     | 111,113             | 140,160             | 60,697              | 44,535             |
| Investor communications                               |        | 3,684               | 10,628              | 189                 | 271                |
| Management and administration fees                    | 13     | 157,431             | 138,965             | 38,894              | 59,877             |
| Meals and entertainment                               |        | 3,700               | 3,401               | 870                 | 253                |
| Office and miscellaneous                              |        | 8,833               | 7,369               | 2,051               | 5,031              |
| Professional fees                                     |        | 24,517              | 19,146              | 12,698              | 4,579              |
| Rent  |        | 13,570              | 11,549              | 4,575               | 3,877              |
| Share-based compensation                              | 11, 13 | 140,349             | 145,664             | 83,561              | -                  |
| Transfer agent and filing fees                        |        | 41,964              | 40,696              | 20,589              | 19,860             |
| Travel  |        | 11,799              | 12,485              | 6,199               | 2,774              |
| <b>Net loss for the period before other items</b>     |        | <b>(563,294)</b>    | <b>(557,417)</b>    | <b>(268,595)</b>    | <b>(146,544)</b>   |
| <b>Other items</b>                                    |        |                     |                     |                     |                    |
| Other income, net                                     |        | -                   | 226,391             | -                   | 72,421             |
| Interest income (expense)                             |        | 14                  | 111                 | -                   | 36                 |
| <b>Net loss and comprehensive loss for the period</b> |        | <b>\$ (563,280)</b> | <b>\$ (330,915)</b> | <b>\$ (268,595)</b> | <b>\$ (74,087)</b> |
| <b>Loss per common share</b>                          |        |                     |                     |                     |                    |
| Basic and diluted                                     | 10     | \$ (0.02)           | \$ (0.03)           | \$ (0.01)           | \$ (0.01)          |

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



**GAIA METALS CORP. (Formerly 92 Resources Corp.)**  
**Interim Condensed Statements of Changes in Equity**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

|  | <b>Number of shares<sup>1</sup></b> | <b>Share capital</b> | <b>Reserves</b>     | <b>Deficit</b>        | <b>Total</b>        |
|--|-------------------------------------|----------------------|---------------------|-----------------------|---------------------|
| Balances, March 31, 2019                       | 8,780,246                           | 9,359,987            | 1,002,317           | (7,583,747)           | 2,778,557           |
| Shares issued for:                             |                                     |                      |                     |                       |                     |
| Cash   | 5,888,571                           | 412,200              | -                   | -                     | 412,200             |
| Mineral properties                             | 100,000                             | 30,000               | -                   | -                     | 30,000              |
| Share issue costs                              | -                                   | (7,840)              | -                   | -                     | (7,840)             |
| Stock options exercised                        | 20,000                              | 10,000               | -                   | -                     | 10,000              |
| Fair value of options exercised                | -                                   | 6,952                | (6,952)             | -                     | -                   |
| Share-based payments                           | -                                   | -                    | 145,664             | -                     | 145,664             |
| Net loss and comprehensive loss for the year   | -                                   | -                    | -                   | (330,915)             | (330,915)           |
| <b>Balances, December 31, 2019</b>             | <b>14,788,817</b>                   | <b>\$ 9,811,299</b>  | <b>\$ 1,141,029</b> | <b>\$ (7,914,662)</b> | <b>\$ 3,037,666</b> |
| Balances, March 31, 2020                       | 14,788,817                          | 9,811,299            | 1,206,537           | (8,112,703)           | 2,905,133           |
| Shares issued for:                             |                                     |                      |                     |                       |                     |
| Cash   | 11,040,000                          | 963,000              | -                   | -                     | 963,000             |
| Mineral properties                             | 2,000,000                           | 142,500              | -                   | -                     | 142,500             |
| Share issuance costs                           | -                                   | (93,889)             | 45,679              | -                     | (48,210)            |
| Warrants exercised                             | 2,364,000                           | 215,650              | -                   | -                     | 215,650             |
| Share-based payments                           | -                                   | -                    | 140,349             | -                     | 140,349             |
| Net loss and comprehensive loss for the period | -                                   | -                    | -                   | (563,280)             | (563,280)           |
| <b>Balances, December 31, 2020</b>             | <b>30,192,817</b>                   | <b>\$ 11,038,560</b> | <b>\$ 1,392,565</b> | <b>\$ (8,675,983)</b> | <b>\$ 3,755,142</b> |

<sup>1</sup>Shares were adjusted to reflect the share consolidation on October 17, 2019

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



**GAIA METALS CORP. (Formerly 92 Resources Corp.)**  
**Interim Condensed Statements of Cash Flows**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

|   | <b>Nine months ended December 31,</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2020</b>                           | <b>2019</b>       |
| <b>OPERATING ACTIVITIES</b>                             |                                       |                   |
| Net loss for the period                                 | \$ (563,280)                          | \$ (330,915)      |
| Adjustments for:  |                                       |                   |
| Interest income accruals                                | (14)                                  | (111)             |
| Other income  | -                                     | (226,391)         |
| Share based payment                                     | 140,349                               | 145,664           |
| Changes in non-cash working capital items               |                                       |                   |
| Decrease (Increase) in amounts receivable               | (1,030)                               | (27,179)          |
| Increase in trade payables and accrued liabilities      | 25,792                                | 5,274             |
| Decrease (Increase) in prepaid expenses                 | (4,690)                               | 76,087            |
| <b>Cash used in operating activities</b>                | <b>(402,873)</b>                      | <b>(357,571)</b>  |
| <b>INVESTING ACTIVITIES</b>                             |                                       |                   |
| Exploration and evaluation property expenditures        | (766,351)                             | (467,453)         |
| <b>Cash used in investing activities</b>                | <b>(766,351)</b>                      | <b>(467,453)</b>  |
| <b>FINANCING ACTIVITIES</b>                             |                                       |                   |
| Proceeds from issuance of common shares                 | 1,008,679                             | 414,360           |
| Proceeds from exercise of warrants                      | 215,650                               | -                 |
| Share issue costs                                       | (93,889)                              | -                 |
| <b>Cash provided by financing activities</b>            | <b>1,130,440</b>                      | <b>414,360</b>    |
| <b>Increase (decrease) in cash and cash equivalents</b> | <b>(38,784)</b>                       | <b>(410,664)</b>  |
| <b>Cash and cash equivalents, beginning of period</b>   | <b>255,889</b>                        | <b>698,446</b>    |
| <b>Cash and cash equivalents, end of period</b>         | <b>\$ 217,105</b>                     | <b>\$ 287,782</b> |

**Supplemental cash flow information (Note 14)**

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

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

## Notes to the Interim Condensed Financial Statements

### For the Nine Months Ended December 31, 2020

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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#### 1. CORPORATE INFORMATION

Gaia Metals Corp. (the “Company”) was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. On September 10, 2012, the Company incorporated a wholly owned subsidiary, Petro Grande Energy Inc. (the “subsidiary”). The subsidiary was dissolved during the period ended December 31, 2020. The principal business of the Company is the identification, evaluation and acquisition of exploration and evaluation properties, as well as exploration of those properties once acquired. The Company is domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX Venture Exchange (the “TSXV”). The address of its head office and records office is Suite 500, 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 3P6. The Company has mineral properties in British Columbia, Northwest Territories, Quebec, and Idaho, USA.

During the year ended March 31, 2020, the Company changed its name from 92 Resources Corp. to Gaia Metals Corp. and the consolidation of the Company’s common shares on the basis of one (1) post-consolidated share for every ten (10) pre-consolidated shares. These two became effective on October 15, 2019. On October 17, 2019, the shares of the Company commenced trading on TSXV on a consolidated basis under the name Gaia Metals Corp. and stock symbol “GMC”.

As at December 31, 2020, the Company has not yet determined whether the properties contained ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

For the period ended December 31, 2020, the Company incurred a net loss of \$563,280. As at December 31, 2020, the Company had an accumulated deficit of \$8,675,983 which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values are dependent upon obtaining additional financing sufficient to cover its operating costs. In order to meet exploration expenditure requirements and option payment and compliance obligations, the Company may need to seek additional sources of equity financing. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures.

During and after the nine months ended December 31, 2020, the COVID-19 pandemic has caused significant and negative impact to the global financial market. The approach to the Company’s exploration activities for the year 2021 have been adapted to fit with this evolving situation. Further, the exploration team is familiar with remote office work conditions as the exploration industry lends itself naturally to remote management. The Company continues to monitor and assess the impact on its business activities. The full impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

# **GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)**

## **Notes to the Interim Condensed Financial Statements**

### **For the Nine Months Ended December 31, 2020**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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#### **1. CORPORATE INFORMATION (Continued)**

Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as described. These interim condensed financial statements (the "Financial Statements") do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying Financial Statements.

#### **2. BASIS OF PREPARATION**

##### **2.1 Basis of presentation**

The Company's Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 12, and are presented in Canadian dollars except where otherwise indicated.

The functional currency of the Company is the Canadian dollar.

##### **2.2 Statement of compliance**

The financial statements of the Company, including comparative disclosure, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended March 31, 2020.

These financial statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on February 22, 2021.

##### **2.3 Adoption of new and revised standards and interpretations**

The IASB issued a number of new and revised IASs, International Financial Reporting Standards ("IFRS"), amendments and related IFRICs which are effective for the Company's financial year beginning on April 1, 2019. The Company has adopted all the following new standards relevant to the Company for the nine months ended December 31, 2020.



# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

## Notes to the Interim Condensed Financial Statements

### For the Nine Months Ended December 31, 2020

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#### 2.3 Adoption of new and revised standards and interpretations (Continued)

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

The adoption of the above standard did not have a material impact on the Company’s Financial Statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Significant accounting judgments, estimates and assumptions

The preparation of these Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These Financial Statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the Financial Statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

##### *Critical accounting estimates*

- i. the inputs used in accounting for share - based payment expense in profit or loss;
- ii. the assessment of indications of impairment of exploration and evaluation properties and related determination of net realizable values and write-down of the properties where applicable;
- iii. the amount of decommissioning liabilities at three months end;
- iv. expected future tax rates used in the deferred income tax disclosures.

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

## Notes to the Interim Condensed Financial Statements

For the Nine Months Ended December 31, 2020

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### 3.1 Significant accounting judgments, estimates and assumptions (Continued)

#### *Critical accounting judgments*

- i. the determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management;
- ii. the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets; and
- iii. the determination of the Company's ability to continue as a going concern.

### 3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid investments, which are readily convertible into cash with maturities of three months or less when purchased. The Company's cash and cash equivalents are invested with major financial institutions and are not invested in any asset-backed deposits or investments.

### 3.3 Prepaid expenses

Prepaid expenses consist of expenditures paid for future services which will occur within one year. Prepaid expenses include cash prepayments for management services, rent expense, and transfer agent fees which are being amortized over the terms of their respective agreements.

### 3.4 Exploration and evaluation properties

All costs related to the acquisition, exploration and development of exploration and evaluation properties ("E&E assets") are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves. Management annually assesses carrying values of properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if (1) the property has been abandoned; (2) there are unfavorable changes in the property economics; (3) there are restrictions on development; or (4) when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

## Notes to the Interim Condensed Financial Statements

### For the Nine Months Ended December 31, 2020

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#### 3.4 Exploration and evaluation properties (Continued)

The recoverability of exploration and evaluation properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future exploration and evaluation properties contain economically recoverable reserves. Amounts capitalized to exploration and evaluation properties as exploration and development costs do not necessarily reflect present or future values. When options are granted on exploration and evaluation properties or when properties are sold, proceeds are credited to the cost of the property.

If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

##### *Government grants related to exploration and evaluation properties*

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions and requirements of the approved grant program and there is reasonable assurance that the grant will be received. Government grants are recorded as a reduction of carrying value of the exploration and evaluation properties acquired and shall be amortized to profit or loss as a reduced depreciation expense.

#### 3.5 Income taxes

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

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

Taxes on income in the periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is enacted or substantively enacted.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

## Notes to the Interim Condensed Financial Statements

### For the Nine Months Ended December 31, 2020

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#### **3.6 Decommissioning, restoration and similar liabilities**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of an exploration and evaluation property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

#### **3.7 Share-based payments**

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payment reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payment reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

## Notes to the Interim Condensed Financial Statements

### For the Nine Months Ended December 31, 2020

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#### 3.8 Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the year. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

#### 3.9 Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

#### 3.10 Warrants issued in equity financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

#### 3.11 Flow-through shares

Current Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as other liabilities in the statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The tax deduction is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through share. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a tax deduction recovery on the statement of comprehensive loss and reduces the other liability.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

## Notes to the Interim Condensed Financial Statements

For the Nine Months Ended December 31, 2020

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### 3.12 Impairment of non-financial assets

At the end of each reporting period, the Company assesses each cash-generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### 3.13 Financial assets

At initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial assets are recognized initially at fair value, unless they are trade receivables that do not contain a significant financing component in accordance with IFRS 15, which shall be measured at their transaction price. The subsequent measurement of financial assets depends on their classification based on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows:

#### *Amortized Cost*

The financial asset is subsequently measured at amortized cost if both the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable are included in this category of financial assets.

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

## Notes to the Interim Condensed Financial Statements

### For the Nine Months Ended December 31, 2020

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#### 3.13 Financial assets (Continued)

##### *Financial Assets at FVTOCI*

The financial asset is subsequently measured at FVTOCI if both the financial asset is held within a business model whose objectives achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding or if an irrevocable election was made for certain equity instruments at initial recognition. After initial recognition, the financial assets are measured at fair value, with gains or losses recognized within other comprehensive income except for impairment gains (losses) and foreign exchange gain (losses). Accumulated changes in fair value are recorded as a separate component of equity until the financial asset is derecognized, at which point, they are reclassified from equity to profit or loss as a reclassification adjustment. Transaction costs are included in the initial carrying amount of the asset. The Company does not have any assets measured at FVTOCI.

##### *Financial Assets at FVTPL*

A financial asset shall be measured at FVTPL if it is not measured at amortized cost or at FVTOCI. If the financial asset that would otherwise be measured at FVTPL is not acquired or incurred principally for the purpose of selling or repurchasing it in the near term, not part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative, the Company may make an irrevocable election at initial recognition to present subsequent fair value changes of the equity instrument in OCI. Transaction costs associated with financial assets at FVTPL are expensed as incurred. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets.

#### 3.14 Impairment of financial assets

The Company shall recognize a loss allowance for expected credit losses on financial assets measured at amortized cost or FVTOCI, a lease receivable, a contract asset or a loan commitment. If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to the lifetime expected credit losses, otherwise, it shall be measured at an amount equal to the 12-month expected credit losses.

#### 3.15 Financial liabilities

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost unless they are financial liabilities at FVTPL (including derivatives that are liabilities), financial liabilities that arise when a transfer of financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market rate or contingent consideration recognized by an acquirer in a business combination. Financial liabilities are recognized initially at fair value. Transaction costs directly attributable to the issue of a financial liability are included in the initial carrying value of financial liabilities if they are not measured at FVTPL. The subsequent measurement of financial liabilities depends on their classification, as follows:



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#### 3.15 Financial liabilities (Continued)

##### *Financial Liabilities Measured at Amortized Cost*

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Accounts payables are included in this category of financial liabilities.

##### *Financial Liabilities at FVTPL*

Financial liabilities are carried at fair value with gains or losses recognized in net income (loss). Where the financial liability is designated as at FVTPL, only the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability shall be presented in OCI and the remaining amount of changes in fair value presented in profit or loss. Transaction costs on financial liabilities at FVTPL are expensed as incurred. The Company does not have any liabilities measured at FVTPL.

##### *Other Financial Liabilities*

The Company does not hold or have any exposure to derivative instruments, financial liabilities that arise when a transfer of financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market rate or contingent consideration recognized by an acquirer in a business combination.

#### 3.16 De-recognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to receive cash flows from the assets expire or, the financial assets are transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received, including any new asset obtained less any new liability assumed, is recognized in profit or loss. Where a transfer does not result in a derecognition due to continuing involvement, the Company shall continue to recognize the transferred asset and recognize a financial liability of the consideration received.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.



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#### 3.17 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

#### 4. CASH AND CASH EQUIVALENTS

As at December 31, 2020, total cash of \$11,500 (December 31, 2019 - \$11,500) is secured against the Company's credit cards and held in a Guaranteed Investment Certificate ("GIC") (Note 5). The GIC earns interest at prime rate minus 2.25%.

#### 5. AMOUNTS RECEIVABLE

The Company's amounts receivable arises from Goods and Services Tax ("GST") and Quebec Sales Tax ("QST") due from the government taxation authorities and accrued interest calculated on the GIC (Note 4).

#### 6. PREPAID EXPENSES

The Company's prepaid expenses are as follows:

|  | December 31, 2020 | March 31, 2020   |
|--|-------------------|------------------|
| Prepaid management fees                | \$ 12,500         | \$ 13,205        |
| Prepaid rent                           | 2,480             | 2,480            |
| Prepaid transfer agent and filing fees | 7,192             | -                |
| Others                                 | 697               | 2,494            |
| <b>Total</b>                           | <b>\$ 22,869</b>  | <b>\$ 18,179</b> |

Prepaid management fees are for management services provided by a company controlled by the Chief Financial Officer amounting to \$5,000 (2019 - \$5,000), and by the Chief Executive Officer amounting to \$7,500 (2019 - \$7,500) (Note 13).

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### 7. EXPLORATION AND EVALUATION PROPERTIES

The Company's exploration and evaluation properties expenditures for the nine months ended December 31, 2020 are as follows:

|   | Freeman<br>Creek<br>Property | Hidden<br>Lake<br>Lithium<br>Property | Pontax<br>Lithium<br>Property | Golden<br>Silica<br>Property | Quebec<br>Properties | Silver<br>Sands<br>Vanadium | Total               |
|---|------------------------------|---------------------------------------|-------------------------------|------------------------------|----------------------|-----------------------------|---------------------|
| <b>ACQUISITION COSTS</b>                |                              |                                       |                               |                              |                      |                             |                     |
| Balance, March 31, 2020                 | \$ -                         | \$ 177,223                            | \$ 417,500                    | \$ 150,000                   | \$ 281,580           | \$ 12,643                   | \$ 1,038,946        |
| Additions                               | 192,500                      | -                                     | -                             | -                            | -                    | -                           | \$ 192,500          |
| <b>Balance, December 31, 2020</b>       | <b>\$ 192,500</b>            | <b>\$ 177,223</b>                     | <b>\$ 417,500</b>             | <b>\$ 150,000</b>            | <b>\$ 281,580</b>    | <b>\$ 12,643</b>            | <b>\$ 1,231,446</b> |
| <b>EXPLORATION AND EVALUATION COSTS</b> |                              |                                       |                               |                              |                      |                             |                     |
| Balance, March 31, 2020                 | \$ -                         | \$ 551,474                            | \$ 188,243                    | \$ 165,364                   | \$ 719,964           | \$ 2,133                    | \$ 1,627,178        |
| Additions                               | 665,648                      | -                                     | -                             | -                            | -                    | -                           | 665,648             |
| Advancements                            | 50,703                       | -                                     | -                             | -                            | -                    | -                           | 50,703              |
| <b>Balance, December 31, 2020</b>       | <b>\$ 716,351</b>            | <b>\$ 551,474</b>                     | <b>\$ 188,243</b>             | <b>\$ 165,364</b>            | <b>\$ 719,964</b>    | <b>\$ 2,133</b>             | <b>\$ 2,343,529</b> |
| <b>Total, December 31, 2020</b>         | <b>\$ 908,851</b>            | <b>\$ 728,697</b>                     | <b>\$ 605,743</b>             | <b>\$ 315,364</b>            | <b>\$ 1,001,544</b>  | <b>\$ 14,776</b>            | <b>\$ 3,574,975</b> |

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### 7. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

The Company's exploration and evaluation properties expenditures for the year ended March 31, 2020 are as follows:

|   | Hidden Lake<br>Lithium<br>Property | Pontax<br>Lithium<br>Property | Upper Ross<br>Lake<br>Property | Golden<br>Silica<br>Property | Quebec<br>Properties | Silver Sands<br>Vanadium | Total               |
|---|------------------------------------|-------------------------------|--------------------------------|------------------------------|----------------------|--------------------------|---------------------|
| <b>ACQUISITION COSTS</b>                |                                    |                               |                                |                              |                      |                          |                     |
| Balance, March 31, 2019                 | \$ 177,223                         | \$ 417,500                    | \$ 3,256                       | \$ 150,000                   | \$ 251,580           | \$ 12,643                | \$ 1,012,202        |
| Additions                               | -                                  | -                             | -                              | -                            | 30,000               | -                        | 30,000              |
| Balance, March 31, 2020                 | \$ 177,223                         | \$ 417,500                    | \$ 3,256                       | \$ 150,000                   | \$ 281,580           | \$ 12,643                | \$ 1,042,202        |
| <b>EXPLORATION AND EVALUATION COSTS</b> |                                    |                               |                                |                              |                      |                          |                     |
| Balance, March 31, 2019                 | \$ 551,474                         | \$ 210,773                    | \$ 15,336                      | \$ 160,188                   | \$ 329,052           | \$ 238                   | \$ 1,267,061        |
| Additions                               | -                                  | 3,752                         | -                              | 5,176                        | 563,207              | 1,895                    | 574,030             |
| Exploration tax credits received        | -                                  | (26,282)                      | -                              | -                            | (68,670)             | -                        | (94,952)            |
| Advancements                            | -                                  | -                             | -                              | -                            | (103,625)            | -                        | (103,625)           |
| Balance, March 31, 2020                 | \$ 551,474                         | \$ 188,243                    | \$ 15,336                      | \$ 165,364                   | \$ 719,964           | \$ 2,133                 | \$ 1,642,514        |
| <b>IMPAIRMENT</b>                       | \$ -                               | \$ -                          | \$ (18,592)                    | \$ -                         | \$ -                 | \$ -                     | \$ (18,592)         |
| <b>Total, March 31, 2020</b>            | <b>\$ 728,697</b>                  | <b>\$ 605,743</b>             | <b>\$ -</b>                    | <b>\$ 315,364</b>            | <b>\$ 1,001,544</b>  | <b>\$ 14,776</b>         | <b>\$ 2,666,124</b> |

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#### 7.1 Hidden Lake Lithium Property

On February 16, 2016, and as amended on November 27, 2017, the Company entered into an Agreement (the “Agreement”) with arm’s length parties for an option to acquire interest in two mineral claims located northeast of Yellowknife, Northwest Territories. Under the terms of the Agreement, the Company earned 100% interest by way of issuing 400,000 common shares valued at \$380,000, cash of \$85,000, and total exploration expenditures of \$500,000.

The Hidden Lake Property is subject to 2% Net Smelter Royalty with respect to the production of all material from the property, 1% of which can be purchased back from an arm’s length party by the Company within 5 years of the regulatory approval (April 26, 2016) for \$2,000,000 (the “Royalty”).

##### *Joint Venture with Far Resources Ltd.*

On January 22, 2018, the Company entered into an agreement to option out up to 90% of their interest in the Hidden Lake Property to Far Resources Ltd. (“Far”) (the “Hidden Lake Option Out Agreement”), except for the Royalty. On May 16, 2019, Far had formally notified the Company of its intention to terminate its remaining earn-in for the Hidden Lake Property, originally announced on January 22, 2018. Under the terms of the new agreement, a joint venture between the companies will be formed for future exploration of the property. Far maintains a 60-percent interest earned through satisfying the year 1 conditions of the Option Agreement and the Company maintains a 40-percent interest in Hidden Lake. Far will remain as Operator and is responsible for financing the Joint Venture's initial \$1 million in expenditures. As of the date of this report, no JV agreement has been completed yet.

#### 7.2 Pontax Lithium - Gold Property

On July 25, 2016, and as amended on November 27, 2017, the Company entered into an agreement (the “Pontax Agreement”) with arm’s length parties for an option to acquire 100% interest in 104 mineral claims near Eastmain, Quebec by way of issuing 3,000,000 common shares valued at \$360,000 and cash of \$50,000.

Regulatory approval for the Pontax Agreement was obtained on September 20, 2016. The Pontax Agreement is subject to a 3% Net Smelter Royalty (“NSR”). The Company can purchase 1.5% NSR within 5 years of regulatory approval by paying \$2,000,000 to arm’s length party.

The Company has since expanded its land position, though online map designation, with the Pontax Property now comprised of 146 claims totaling 7,773 hectares.

#### 7.3 Upper Ross Lake Property

On July 7, 2016, the Company staked 2 claims totaling 57 hectares in Upper Ross Lake, Northwest Territories. The Company decided to strategically focus on its other lithium assets and the Property has since lapsed. During the year ended March 31, 2020, the Company recognized impairment loss of \$18,592 relating to this property bringing down the net book value of this property to \$Nil.

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#### 7.4 Golden Silica Property (formerly referred to as “ZimFrac” or “Golden Frac Sand”)

On January 27, 2014, the Company entered into a sale and purchase agreement (the “ZimFrac Agreement”) with arm’s length parties (collectively, the “Vendors”) and purchased from the Vendors a 100% interest in certain silica claims located near Golden, BC (the “ZimFrac Property”). In consideration, the Company issued 40,000 common shares (20,000 common shares to each one of two arm’s length parties issued on February 6, 2014 – 200,000 each – pre-consolidation), subject to a 2% Net Smelter Royalty (“NSR”). The Company also issued 4,000 common shares (40,000 – pre-consolidation) in 2014 with a fair value of \$2.50 per share as a finder’s fee.

The Company can purchase up to 1% NSR by paying an aggregate sum of \$1,000,000 (\$500,000 to each one of two arm’s length parties).

The ZimFrac Agreement received regulatory approval on February 6, 2014.

On March 3, 2017, the Company entered into an agreement (the “Golden Frac Sand Agreement”) with arm’s length parties to purchase a 100% interest in certain mineral claims located near Golden, BC (the “Golden Frac Sand Property”) to expand the size of the ZimFrac Property. In consideration, the Company paid \$40,000.

The property has a Gross Over-Riding Royalty (“GORR”) of 2% payable to arm’s length party in the revenue from the sale of the production. The Company can purchase 1% of the GORR for \$2,000,000 at any time.

#### 7.5 Quebec Properties

On September 18, 2017, the Company entered into an agreement (the “Quebec Properties Agreement”) with arm’s length parties for an option to acquire interest in 115 mineral claims in the Eastmain Property, Lac Du Beryl Property and Corvette Property, located in the James Bay Region, Quebec. Under the terms of the Agreement, the Company earned 100% interest by way of 150,000 share purchase warrants issued and cash of \$45,000 to an arm’s length party.

The Quebec Properties Agreement is subject to a 2% Net Smelter Return with respect to the production of all materials from the properties.

Since the initial property agreement, the Lac du Beryl Property had been expanded to comprise an additional 12 claims; however, these 12 claims were allowed to lapse in early 2020 and the Property is currently comprised of the original 18 claim block.

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### 7.5 Quebec Properties (Continued)

The Corvette Property has since been expanded and is now comprised of 172 claims totaling 8,808 hectares, forming one contiguous claim block.

#### FCI Property (East and West blocks)

On September 4, 2018, the Company entered into an Option Agreement (the “Agreement”) with Osisko Mining Inc. (“Osisko”) to acquire up to a 75% interest in 28 mineral claims (“FCI East”) directly adjoining the Company’s 100% owned Corvette Property. Under the terms of the Agreement, the Company would earn an initial 50% interest as follows:

|   | Common<br>Shares* | Work exploration<br>expenditures |
|---|-------------------|----------------------------------|
|   | #                 | \$                               |
| Upon closing date of the Agreement (issued) (September 14, 2018)                                      | 100,000           | -                                |
| On or before the 1 <sup>st</sup> anniversary date of closing (issued) (September 14, 2019)            | 100,000           | 250,000                          |
| <i>To earn an initial 25% undivided interest</i>  |                   |                                  |
| On or before the 2 <sup>nd</sup> anniversary date of closing (November 3, 2021, as amended – Note 16) | -                 | 800,000                          |
| <i>To earn an additional 25% undivided interest (50% interest in total)</i>                           |                   |                                  |
| On or before the 3 <sup>rd</sup> anniversary date of closing (November 3, 2022, as amended – Note 16) | -                 | 1,200,000                        |
| <b>Total</b>  | <b>200,000</b>    | <b>2,250,000</b>                 |

\*Shares were adjusted to reflect the share consolidation on October 17, 2019

Osisko will act as Operator of the FCI Property for the term of the 50% earn-in, with a Steering Committee of equal representation formed to provide advice and direction to the Operator. Upon completion of the 50% earn-in (September 14, 2021), a Joint Venture Corporation will be formed with the Company retaining an Option to acquire a further 25% interest, for a total of 75% undivided interest, through funding of the next \$2,000,000 in exploration expenditures. The Company may become Operator upon notice to Osisko that it intends to incur the \$2,000,000 in work expenditures for a final undivided interest of 75%. Osisko’s remaining 25% interest may be further reduced through dilution if they elect to not fund their portion of subsequent exploration/development. If ownership falls below 10%, Osisko will have the right to convert this remaining interest into a 1% Net Smelter Royalty (NSR), of which, the Company retains the right to buy for \$5,000,000, and thereby, would obtain a 100% undivided interest in the FCI Property.

On April 24, 2019, the Company and Osisko entered into an amended agreement to include an additional 83 claims (“FCI West”) under the same terms and conditions as the original agreement. No additional shares, cash, or work commitment is required by the Company, apart from general claim maintenance (i.e. renewal fees). Therefore, the FCI Property (East and West blocks) is currently comprised of 5,687 hectares over 111 claims.

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#### 7.5 Quebec Properties (Continued)

Subsequent to the Agreement, the FCI Property was included in a corporate restructuring and spin-out of assets from Osisko into a new public company called O3 Mining Inc. (“O3 Mining”). The FCI Agreement was transferred from Osisko to O3 Mining at this time. Therefore, O3 Mining is now the Optionor and Operator of the Property and all other terms and conditions of the Agreement remaining unchanged.

During the year ended March 31, 2020, the Company provided a total of \$297,701 (total from the start cumulative of \$412,448) as cash call to Osisko/O3 Mining. As of March 31, 2020, and December 31, 2020, total expenditures amounted to \$412,448 (payable to Osisko/O3 Mining amounted to \$3,693 as at March 31, 2020 and December 31, 2020). Both parties have completed sufficient work expenditures to satisfy Year 1 of the Agreement. On September 19, 2019, the Company issued 100,000 common shares (1,000,000 – pre-consolidation) at \$0.03 per share.

On July 6, 2020, the Company declared Force Majeure on the FCI Property due to COVID-19 and the agreement was paused for a period of approximately 50 days, resulting in a revised Anniversary Date of November 5, 2020 for Year 2.

On November 3, 2020, the Company declared Force Majeure due to COVID-19 and engaged with O3 Mining to work with respect to the FCI Property Option Agreement.

On January 26, 2021 the Company finalized an agreement with O3 Mining. Per the agreement, the exploration expenditure of \$800,000 with an original deadline of November 3, 2020 was extended to November 3, 2021. In consideration of the extension of this deadline, the Company will issue 500,000 common shares to O3.

#### 7.6 Silver Sands Vanadium Property

On November 13, 2018, the Company entered into an agreement with an arm’s length party to acquire 100% interest in Silver Sands Vanadium Property (the “Silver Sands”), located in the Pine Pass area of eastern British Columbia. Silver Sands covers 3,735 hectares directly east of the Pine Pass Vanadium Property held by Ethos Gold Corp., which is located about 200 km north of Prince George, British Columbia.

Pursuant to the agreement, the Company acquired a 100% interest in Silver Sands by paying staking costs of \$15,000. The vendor will retain a 2% Net Smelter Return on the Property.

As at December 31, 2020, the Company has incurred \$14,776 (March 31, 2020 - \$14,776) mineral expenditures pursuant to the agreement.

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### 7.7 Freeman Creek Property

On June 4<sup>th</sup>, 2020 the Company entered into an agreement with an arm's length party to acquire a 100% interest in the Freeman Creek Property ("Freeman Creek"). Freeman Creek consists of 76 claims covering approximately 599 hectares located on Bureau of Land Management lands within Idaho, USA.

Under the terms of the Agreement, the Company may acquire a 100% interest in Freeman Creek by paying a total of \$90,000, issuing an aggregate 4,000,000 common shares and 2,000,000 transferable common share purchase warrants, exercisable at \$0.10 and expiring three years from issuance. Terms of the agreement are:

|  | Warrants                       | Common shares                  | Cash                  |
|--|--------------------------------|--------------------------------|-----------------------|
|  | #                              | #                              | \$                    |
| Upon closing (paid)  | -                              | -                              | 10,000 <sup>(1)</sup> |
| Upon regulatory approval on August 12, 2020<br>(issued and paid) | 1,000,000 <sup>(2)</sup>       | 2,000,000 <sup>(2)</sup>       | 40,000 <sup>(1)</sup> |
| Upon one-year anniversary of regulatory<br>approval              | 1,000,000                      | 2,000,000                      | 40,000 <sup>(3)</sup> |
| <b>Total</b>   | <b>2,000,000<sup>(2)</sup></b> | <b>4,000,000<sup>(2)</sup></b> | <b>90,000</b>         |

<sup>(1)</sup> Paid to three arm's length parties

<sup>(2)</sup> Issued to three arm's length parties. The warrants expire August 12, 2023.

<sup>(3)</sup> Payable to three arm's length parties

In the event that a gold equivalent resource of more than 1 million ounces is outlined within a NI 43-101 Resource Estimate on the Property, the Company shall pay \$1,000,000, payable in shares or cash or a combination of both, at the Company's discretion. In the case of a share issuance, the shares shall be issued at a price using the average market price of the previous 30 trading days preceding the share issuance.

The vendors shall retain a 2.5% Net Smelter Return royalty on the Property, of which the Company shall have the right to purchase half (1.25%) for \$1,500,000.

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to administrative activities and some mineral property expenditures. The usual credit period taken for trade purchases is between 30 to 90 days. As at December 31, 2020, the Company had \$54,036 (March 31, 2020 - \$9,194) in accounts payable and \$10,000 (March 31, 2020 - \$34,050) in accrued liabilities.



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## 9. SHARE CAPITAL

### 9.1 Authorized share capital

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

As at December 31, 2020, the Company had 30,192,817 common shares outstanding (March 31, 2020 – 14,788,817).

### 9.2 Share issuances

*During the period ended December 31, 2020 the Company issued common shares as follows:*

On July 17, 2020, the Company closed a non-brokered private placement, pursuant to which the Company issued 8,040,000 common shares at a price of \$0.075 per unit for gross proceeds of \$603,000. Each unit is comprised of one common share and one transferable share purchase warrant, exercisable for a period of 24 months at a price of \$0.12 per share. In relation to this private placement, the Company paid finder's fees of \$19,410 and issued 258,800 finder's warrants. Each finder's warrant is exercisable for a period of 24 months at a price of \$0.12 per share.

On August 12, 2020, the Company closed a non-brokered private placement, pursuant to which the Company issued 3,000,000 common shares at a price of \$0.12 per unit for gross proceeds of \$360,000. Each unit is comprised of one common share and one transferable share purchase warrant, exercisable for a period of 24 months at a price of \$0.12 per share.

On August 12, 2020, the Company issued 2,000,000 shares at \$0.07125 per share for the acquisition of the Freeman Creek Property (Note 7).

During the period ended December 31, 2020, there were 2,364,000 shares issued for warrants exercised.

*During the year ended March 31, 2020, the Company issued common shares as follows:*

On December 2, 2019, the Company closed a non-brokered private placement financing for gross proceeds of \$412,200 by issuing 5,888,571 units at a price of \$0.07 per unit. Each Unit is comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of up to thirty-nine months at a price of \$0.09 in the first year, \$0.15 in the second year and \$0.20 in the third year. In connection with the private placement, the Company paid a finder's fee of \$7,840 in cash.

On September 19, 2019, the Company issued 100,000 common shares (1,000,000 – pre-consolidation) at \$0.30 per share for the acquisition of the Corvette-FCI Property (Note 7).

On April 26, 2019, the Company issued 20,000 common shares (200,000 pre-consolidation) valued at \$0.50 per share for 20,000 (200,000 pre-consolidation) stock options exercised.

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### 9.3 Share purchase warrants

A summary of changes in the Company's share purchase warrants outstanding as at December 31, 2020 and March 31, 2020 is as follows:

|                                   | Nine months ended December 31, 2020 |                                 | Year ended March 31, 2020       |                                 |
|-----------------------------------|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                   | Number of warrants <sup>1</sup>     | Weighted average exercise price | Number of warrants <sup>1</sup> | Weighted average exercise price |
| Outstanding, beginning of period  | 6,742,651                           | \$ 0.22                         | 1,021,580                       | \$ 1.10                         |
| Granted                           | 12,538,800                          | 0.11                            | 5,888,571                       | 0.09                            |
| Exercised                         | (2,364,000)                         | 0.09                            | -                               | -                               |
| Expired                           | -                                   | -                               | (167,500)                       | 1.00                            |
| <b>Outstanding, end of period</b> | <b>16,917,451</b>                   | <b>\$ 0.17</b>                  | <b>6,742,651</b>                | <b>\$ 0.22</b>                  |

<sup>1</sup>Warrants were adjusted to reflect the share consolidation on October 17, 2019 (Note 10)

*During the nine months ended December 31, 2020:*

On July 17, 2020, the Company granted 8,040,000 warrants in connection with a private placement and 258,800 to finders.

On August 12, 2020, the Company granted 1,000,000 warrants in connection with the Freeman Creek Property (Note 7).

On August 26, the Company granted 3,000,000 warrants in connection with a private placement and 240,000 to finders.

A total of 2,364,000 warrants were exercised at an average price of \$0.09 per share (total value of \$215,650).

*During the year ended March 31, 2020:*

On August 1, 2019, 167,500 warrants (1,675,000 – pre-consolidation) expired unexercised.

On December 2, 2019, the Company granted 5,888,571 warrants in connection with a private placement.

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### 9.3 Share purchase warrants (continued)

The following table summarizes information regarding share purchase warrants outstanding as at December 31, 2020:

| Date issued        | Number of warrants* | Exercise price (\$) | Expiry date        | Weighted average remaining life |
|--------------------|---------------------|---------------------|--------------------|---------------------------------|
| September 25, 2017 | 150,000             | \$ 1.50             | September 25, 2022 | 0.02                            |
| December 27, 2018  | 704,080             | 1.00                | December 27, 2021  | 0.04                            |
| December 2, 2019** | 3,813,571           | 0.15                | December 2, 2022   | 0.43                            |
| July 17, 2020      | 8,298,800           | 0.12                | July 17, 2022      | 0.76                            |
| August 12, 2020    | 711,000             | 0.10                | August 12, 2023    | 0.11                            |
| August 26, 2020    | 3,240,000           | 0.18                | August 26, 2023    | 0.51                            |
|                    | <b>16,917,451</b>   | <b>\$ 0.19</b>      |                    | <b>1.86</b>                     |

\*Warrants were adjusted to reflect the share consolidation on October 17, 2019 (Note 10).

\*\*Exercise price for this issuance is \$0.09 in Year 1, \$0.15 in Year 2 and \$0.20 in Year 3.

### 9.4 Stock options

The Company has an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited 10% of the outstanding common shares at the time of each grant. Options granted may not exceed a term of ten years. All options vest when granted unless otherwise specified by the Board of Directors.

*During the nine months ended December 31, 2020:*

A total of 197,500 stock options expired unexercised.

On July 27, 2020, the Company granted an aggregate of 792,400 incentive stock options to officers, directors, and consultants of the Company. Each option is exercisable into one additional common share at \$0.14 per share until July 27, 2022 and vested immediately on the date of grant. The fair value of \$56,788 in share-based payments was estimated using the Black-Scholes pricing model with a stock price of \$0.10, volatility of 178.63%, risk-free rate of 0.28%, dividend yield of 0%, and expected life of 2 years.

On October 13, 2020, 360,000 stock options were cancelled. These options were held by directors, a company controlled by the Chief Financial Officer, and a company controlled by the Corporate Secretary.

On November 19, 2020, the Company granted an aggregate of 1,000,000 incentive stock options to officers, directors, and consultants of the Company. Each option is exercisable into one additional common share at \$0.10 per share until November 19, 2023 and vested immediately on the date of grant. The fair value of \$83,161 in share-based payments was estimated using the Black-

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#### 9.4 Stock options (continued)

Scholes pricing model with a stock price of \$0.10, volatility of 177.55%, risk-free rate of 0.3%, dividend yield of 0%, and expected life of 3 years.

*During the year ended March 31, 2020:*

On February 3, 2020, the Company has granted 80,000 incentive stock options to an officer of the Company (Note 13). Each option is exercisable into one additional common share at \$0.09 per share until February 3, 2023 and vested immediately on the date of grant. The fair value of \$5,240 share-based payments was estimated using the Black-Scholes pricing model with the stock price of \$0.08, volatility of 180.26%, risk-free rate of 1.46%, dividend yield of 0%, and expected life of 3 years.

On January 14, 2020, the Company has granted an aggregate of 675,000 incentive stock options to officers, directors and consultants of the Company. Each option is exercisable into one additional common share at \$0.09 per share until January 24, 2023 and vested immediately on the date of grant. The fair value of \$60,268 share-based payments was estimated using the Black-Scholes pricing model with a stock price of \$0.10, volatility of 181.45%, risk-free rate of 1.69%, dividend yield of 0%, and expected life of 3 years.

In January 2020, a total of 125,000 stock options were cancelled.

On September 4, 2019, the Company granted a total of 100,000 stock options (1,000,000 – pre-consolidation) to a consultant of the Company. Each stock option is exercisable into one common share at \$0.50 per share until September 4, 2020 and vested immediately on the date of grant. The Company recognized \$26,623 as share-based payments on the statement of comprehensive loss on the grant of the stock options. The fair value of \$26,623 share-based payments was estimated using the Black-Scholes pricing model with the stock price of \$0.50, volatility 144.07%, risk-free rate 1.35%, dividend yield 0%, and expected life of 1 year.

On May 2, 2019, the Company granted a total of 250,000 stock options (2,500,000 – pre-consolidation) to a consultant, officers and directors of the Company. Each stock option is exercisable into one common share at \$0.60 per share until May 2, 2022 and vested immediately on the date of grant. The Company recognized \$119,041 as share-based payments on the statement of comprehensive loss on the grant of the stock options. The fair value of \$119,041 share-based payments was estimated using the Black-Scholes pricing model with the stock price of \$0.60, volatility 144.22%, risk-free rate 1.61%, dividend yield 0%, and expected life of 3 years.

On April 25, 2019, the Company issued 20,000 common shares (200,000 – pre-consolidation) for gross proceeds of \$10,000 for options exercised.

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### 9.4 Stock options (continued)

The following table summarizes information regarding stock options outstanding and exercisable as at December 31, 2020:

| Exercise price                                   | Number of options outstanding* | Expiration date   | Weighted-average remaining contractual life (years) | Weighted average exercise price \$ |
|--|--------------------------------|-------------------|---|------------------------------------|
| <b>Options outstanding and exercisable</b>       |                                |                   |   |                                    |
| \$0.50   | 50,000                         | July 11, 2021     | 0.01  | 0.01                               |
| \$1.00   | 15,000                         | May 4, 2021       | 0.002   | 0.01                               |
| \$0.60   | 60,000                         | May 2, 2022       | 0.03  | 0.01                               |
| \$0.09   | 675,000                        | January 14, 2023  | 0.51  | 0.02                               |
| \$0.09   | 80,000                         | February 3, 2023  | 0.06  | 0.00                               |
| \$0.14   | 792,400                        | July 27, 2022     | 0.47  | 0.04                               |
| \$0.10   | 1,000,000                      | November 19, 2023 | 1.08  | 0.04                               |
| <b>Total options outstanding and exercisable</b> | <b>2,672,400</b>               |                   | <b>2.16</b>   | <b>\$ 0.13</b>                     |

\*Options were adjusted to reflect the share consolidation on October 17, 2019 (Note 10)

The weighted average grant date fair value of the options granted during the nine months ended December 31, 2020 was \$0.14 (December 31, 2019 - \$0.04) per option using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

|  | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Share price at grant date (\$)                     | <b>0.10</b>       | 0.05 - 0.06       |
| Risk free interest rate (%)                        | <b>0.28%</b>      | 1.54%             |
| Expected life (years)                              | <b>2.16</b>       | 1.86              |
| Expected volatility (%)                            | <b>182%</b>       | 144%              |
| Expected dividend per share                        | -                 | -                 |
| Fair market value of the option on grant date (\$) | <b>\$0.08</b>     | \$0.04            |

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### 9.4 Stock options (continued)

|                                   | December 31, 2020  |                                 | March 31, 2020    |                                 |
|-----------------------------------|--------------------|---------------------------------|-------------------|---------------------------------|
|                                   | Number of options* | Weighted average exercise price | Number of options | Weighted average exercise price |
| Outstanding, beginning of period  | 1,437,500          | \$ 0.35                         | 572,500           | \$ 0.80                         |
| Granted                           | 1,792,400          | 0.12                            | 1,105,000         | 0.24                            |
| Exercised                         | -                  | -                               | (20,000)          | 0.50                            |
| Expired/Cancelled                 | (197,500)          | 0.80                            | (220,000)         | 0.80                            |
| Forfeited                         | (360,000)          | -                               |                   |                                 |
| <b>Outstanding, end of period</b> | <b>2,672,400</b>   | <b>\$ 0.13</b>                  | <b>1,437,500</b>  | <b>\$ 0.35</b>                  |

### 10. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

|  | Three months ended |                   | Nine months ended |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | December 31, 2020  | December 31, 2019 | December 31, 2020 | December 31, 2019 |
| Net loss for the period  | \$ (258,595)       | \$ (74,087)       | \$ (553,280)      | \$ (330,915)      |
| Weighted average number of shares – basic and diluted <sup>1</sup> | 29,713,258         | 10,736,467        | 29,411,944        | 9,518,973         |
| <b>Loss per share, basic and diluted</b>                           | <b>\$ (0.01)</b>   | <b>\$ (0.01)</b>  | <b>\$ (0.02)</b>  | <b>\$ (0.03)</b>  |

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. All of the stock options and the share purchase warrants were anti-dilutive for the nine month periods ended December 31, 2020 and 2019 as the Company incurred losses during these periods.

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### 11. SHARE-BASED PAYMENTS

Share-based payments for options granted by the Company during the nine months ended December 31, 2020 and 2019 are amortized over their vesting period as follows:

| Grant date        | Amount vested in the nine months ended December 31, 2020 | Amount vested in the nine months ended December 31, 2019 |
|-------------------|--|--|
| May 2, 2019       | -  | 119,041  |
| September 4, 2019 | -  | 26,623   |
| July 27, 2020     | 57,269   | -  |
| November 19, 2020 | 83,080   | -  |
| <b>Total</b>      | <b>\$ 140,349</b>  | <b>\$ 145,664</b>  |

### 12. FINANCIAL INSTRUMENTS

#### 12.1 Categories of financial instruments

| As at                              | December 31, 2020<br>\$ | March 31, 2020<br>\$ |
|------------------------------------|-------------------------|----------------------|
| <b>FINANCIAL ASSETS</b>            |                         |                      |
| <b>At FVTPL</b>                    |                         |                      |
| Cash and cash equivalents          | 217,105                 | 255,889              |
| <b>Total financial assets</b>      | <b>217,105</b>          | <b>255,889</b>       |
| <b>FINANCIAL LIABILITIES</b>       |                         |                      |
| <b>At amortized cost</b>           |                         |                      |
| Trade payables                     | 54,036                  | 9,194                |
| <b>Total financial liabilities</b> | <b>54,036</b>           | <b>9,194</b>         |

#### 12.2 Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

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### 12. FINANCIAL INSTRUMENTS (continued)

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at December 31, 2020, the Company does not have any Level 3 financial instruments.

|   | Level 1        | Level 2  | Level 3  | Total          |
|---|----------------|----------|----------|----------------|
| As at December 31, 2020                     | \$             | \$       | \$       | \$             |
| <b>Financial assets at fair value</b>       |                |          |          |                |
| Cash and cash equivalents                   | 217,105        | -        | -        | 217,105        |
| <b>Total financial assets at fair value</b> | <b>217,105</b> | <b>-</b> | <b>-</b> | <b>217,105</b> |

|   | Level 1        | Level 2  | Level 3  | Total          |
|---|----------------|----------|----------|----------------|
| As at March 31, 2020                        | \$             | \$       | \$       | \$             |
| <b>Financial assets at fair value</b>       |                |          |          |                |
| Cash and cash equivalents                   | 255,889        | -        | -        | 255,889        |
| <b>Total financial assets at fair value</b> | <b>255,889</b> | <b>-</b> | <b>-</b> | <b>255,889</b> |

There were no transfers between Level 1, 2 and 3 in the nine months ended December 31, 2020 and 2019.

### 12.3 Management of capital and financial risks

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

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

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk, currency risk and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern.



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### 12. FINANCIAL INSTRUMENTS (continued)

The risks associated with these financial instruments 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 loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high-quality financial institution.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. As at December 31, 2020, all of the Company's trade payables of \$54,036 (March 31, 2020 - \$9,194) have contractual maturities of 30 to 90 days and are subject to normal trade terms. The Company's loans payable are due on demand. The Company does not have investments in any asset backed deposits.

#### **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company does not have significant foreign exchange risk as the majority of its transactions are in Canadian dollars.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to significant interest rate risk.

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#### 13. RELATED PARTY TRANSACTIONS

The amounts due to related parties are amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

As at December 31, 2020, the Company has \$5,590 (March 31, 2020 - \$379) due to the Corporate Secretary reported as part of accounts payable (Note 8).

As at December 31, 2020, \$12,500 (March 31, 2020 - \$13,205) management fees and benefits were recorded as prepaid expenses (Note 6).

#### 13.1 Related party expenses

During the nine months ended December 31, 2020 and 2019, the Company entered into the following transactions with related parties:

| <b>Nine months ended</b>                    | <b>December 31, 2020</b> | <b>December 31, 2019</b> |
|---|--------------------------|--------------------------|
| Management and administration fees          | \$ 197,431               | \$ 138,148               |
| Consulting fees                             | 22,500                   | 22,500                   |
| Share based payments                        | 91,218                   | 95,233                   |
| <b>Total related party expenses by type</b> | <b>\$ 311,149</b>        | <b>\$ 255,881</b>        |

The breakdown of the expenses by key management personnel is as follows:

| <b>Nine months ended</b>  | <b>December 31, 2020</b> | <b>December 31, 2019</b> |
|---|--------------------------|--------------------------|
| Chief Executive Officer   | \$ 105,523               | \$ 116,128               |
| Chief Financial Officer   | 82,976                   | 93,444                   |
| Corporate Secretary   | 32,074                   | 34,404                   |
| President   | 73,232                   | -                        |
| Directors   | 17,344                   | 11,904                   |
| <b>Total related party expenses by key management personnel</b> | <b>\$ 311,149</b>        | <b>\$ 255,881</b>        |

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For the Nine Months Ended December 31, 2020

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### 13. RELATED PARTY TRANSACTIONS (continued)

#### 13.2 Key management personnel compensation

The Company has identified its directors and senior officers as its key management personnel. The remuneration of key management was as follows:

| Nine months ended                                  | December 31, 2020<br>\$ | December 31, 2019<br>\$ |
|--|-------------------------|-------------------------|
| Short-term benefits                                | \$ 219,931              | \$ 160,648              |
| Share-based payments                               | 91,218                  | 95,233                  |
| <b>Total key management personnel compensation</b> | <b>\$ 311,149</b>       | <b>\$ 255,881</b>       |

### 14. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash investing and financing transactions during the nine months ended December 31, 2020 and 2019:

| Nine-month period ended                              | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Non-cash financing activities:                       |                   |                   |
| Share-based payments                                 | \$ 140,349        | \$ 145,664        |
| Fair value of options exercised                      | -                 | 6,952             |
| Non-cash investing activities:                       |                   |                   |
| Shares issued for exploration and evaluations assets | 142,500           | 30,000            |

### 15. COMMITMENTS

The Company has certain commitments related to key management compensation for \$26,500 per month with no specific expiry of terms (Note 13).

The Company appointed a director as president and is bound by a consulting agreement (“the agreement”). Per the agreement, in the event of termination of the agreement, the Company will be liable to pay: the remaining balance of fees and a lump sum equal to 12 months of the standing monthly management fee expense.

The Company has certain commitments in connection with its mineral properties (Note 7).

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#### **16. EVENTS AFTER THE REPORTING PERIOD**

On January 26, 2021, the Company and O3 Mining finalized an agreement whereby the second anniversary expenditure amount of \$800,000 for the FCI Property with an original deadline of November 3, 2020 was further extended to November 3, 2021 (Note 7). Additionally, the Company will issue 500,000 common shares to O3 upon exchange approval of the amended agreement and the Year 2 Anniversary Date will be changed to November 3, 2021.