Gatling Exploration Inc.

Financial Statements

Six Months Ended September 30, 2020

(Unaudited – Expressed in Canadian Dollars)

Gatling Exploration Inc.

Six Months Ended September 30, 2020

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

November 26, 2020

Gatling Exploration Inc.
Condensed Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	September 30, 2020	March 31, 2020
Assets		
Current		
Cash and cash equivalents	$ 704,169	$ 23,813
Receivables (note 12)	118,501	194,714
Prepaid expenses (note 12)	143,487	180,078
	966,157	398,605
Non-current		
Property, plant and equipment (note 7)	148,710	159,121
Right-of-use asset (note 9)	294,529	371,363
	$ 1,409,396	$ 929,089
Liabilities		
Current		
Accounts payable and accrued liabilities (note 12)	$ 442,911	$ 1,476,896
Lease obligation – current portion (note 10)	157,799	146,468
Other liabilities (note 11)	68,479	-
	669,189	1,623,364
Non-current		
Lease obligation (note 10)	169,429	251,567
	838,618	1,874,931
Shareholders' Equity (Deficiency)		
Share Capital (note 13)	16,685,120	13,117,320
Share-based Payments Reserve (note 13)	1,745,922	1,200,083
Deficit	(17,860,264)	(15,263,245)
	570,778	(945,842)
	$ 1,409,396	$ 929,089

Going Concern (note 2)
Commitments (notes 11 and 15)
Subsequent Events (note 16)

Approved on behalf of the Board:

"Richard Boulay"	*"Nav Dhaliwal"*
………………………………. Director	………………………………. Director
Richard Boulay	Nav Dhaliwal

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

Gatling Exploration Inc.

Condensed Interim Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Six Months Ended September 30, 2020	Six Months Ended September 30, 2019
Expenses				
Consulting fees (note 12)	$ 276,750	$ 133,398	$ 426,750	$ 266,816
Depreciation (notes 7 and 9)	42,735	45,592	85,469	84,134
Exploration and evaluation expenditures (notes 7, 8 and 12)	882,905	1,930,631	1,218,560	3,404,739
Foreign exchange	918	899	3,513	949
General exploration	-	79,110	-	79,110
Lease interest accretion (note 10)	10,084	14,106	21,222	29,115
Management fees (note 12)	45,000	45,000	90,000	90,000
Office and general (note 12)	20,750	37,526	45,996	86,435
Professional fees (note 12)	38,248	62,410	74,413	114,669
Rent (recovery) (note 12)	(17,248)	4,129	(28,119)	8,258
Share-based payments (notes 12 and 13)	545,839	176,204	545,839	176,204
Shareholder communications and investor relations	178,148	473,597	236,794	509,952
Transfer agent and filings fees	5,243	2,029	6,796	9,177
Travel	2,315	68,891	4,630	181,652
Loss Before Other Items	(2,031,687)	(3,073,522)	(2,731,863)	(5,041,210)
Other Items				
Other income	134,021	251,598	134,021	369,644
Interest income	823	14,369	823	41,937
Net Loss and Comprehensive Loss for the Period	$ (1,896,843)	$ (2,807,555)	$ (2,597,019)	$ (4,629,629)
Basic and Diluted Loss Per Share	$ (0.03)	$ (0.06)	$ (0.05)	$ (0.10)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	58,911,775	49,067,591	53,327,242	47,343,244

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

Gatling Exploration Inc.
Condensed Interim Statements of Changes in Equity (Deficiency)
(Unaudited – Expressed in Canadian Dollars)

	Share Capital								
	Number of Shares		Share Capital		Share-based Payments Reserve		Deficit		Total
Balance, March 31, 2019	**45,670,840**	**$**	**12,378,787**	**$**	**1,213,212**	**$**	**(5,468,786)**	**$**	**8,123,213**
Shares issued for exploration and evaluation expenditures (note 8)	1,750,000		595,000		-		-		595,000
Stock options granted	-		-		176,204		-		176,204
Shares issued on exercise of stock options	200,000		60,000		-		-		60,000
Transfer of stock option fair value on exercise	-		54,954		(54,954)		-		-
Net loss and comprehensive loss for period	-		-		-		(4,629,629)		(4,629,629)
Balance, September 30, 2019	**47,620,840**		**13,088,741**		**1,334,462**		**(10,098,415)**		**4,324,788**
Shares issued on exercise of stock options	60,500		12,705		-		-		12,705
Transfer of stock option fair value on exercise	-		15,874		(15,874)		-		-
Transfer of stock option fair value on expiry	-		-		(118,505)		118,505		-
Net loss and comprehensive loss for period	-		-		-		(5,283,335)		(5,283,335)
Balance, March 31, 2020	**47,681,340**		**13,117,320**		**1,200,083**		**(15,263,245)**		**(945,842)**
Private placements	14,350,000		3,790,000		-		-		3,790,000
Share issuance costs	-		(19,700)		-		-		(19,700)
Flow-through liability	-		(202,500)		-		-		(202,500)
Stock options granted	-		-		545,839		-		545,839
Net loss and comprehensive loss for period	-		-		-		(2,597,019)		(2,597,019)
Balance, September 30, 2020	**62,031,340**	**$**	**16,685,120**	**$**	**1,745,922**	**$**	**(17,860,264)**	**$**	**570,778**

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

Gatling Exploration Inc.
Condensed Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2019
Operating Activities		
Net loss for the period	$ (2,597,019)	$ (4,629,629)
Items not involving cash		
Depreciation	87,245	84,134
Shares issued for exploration and evaluation expenditures	-	595,000
General exploration	-	79,111
Lease interest accretion	21,222	29,115
Share-based payments	545,839	176,204
Other income	(134,021)	(369,644)
Changes in non-cash working capital		
Receivables	76,213	(338,569)
Prepaid expenses	36,591	114,260
Accounts payable and accrued liabilities	(1,033,985)	265,666
Cash Used in Operating Activities	(2,997,915)	(3,994,352)
Investing Activity		
Purchase of equipment	-	(107,153)
Cash Used in Investing Activity	-	(107,153)
Financing Activities		
Shares issued for cash	3,790,000	60,000
Share issue costs	(19,700)	-
Repayments of lease obligation	(92,029)	(89,765)
Cash Provided by (Used in) Financing Activities	3,678,271	(29,765)
Inflow (Outflow) of Cash and Cash Equivalents	680,356	(4,131,270)
Cash and Cash Equivalents, Beginning of Period	23,813	8,003,294
Cash and Cash Equivalents, End of Period	$ 704,169	$ 3,872,024
Cash and Cash Equivalents		
Cash (cheques issued in excess of cash)	$ 453,781	$ (52,628)
Term deposits	250,388	3,924,652
	$ 704,169	$ 3,872,024
Supplemental Disclosure with Respect to Cash Flows		
Income tax paid	$ -	$ -
Interest received	$ 823	$ 41,937
Interest paid	$ 21,923	$ 24,517
Non-cash financing activities		
Fair value of shares issued for exploration and evaluation	$ -	$ 595,000
Fair value of stock options exercised	$ -	$ -
Capitalization of right-of-use asset and lease obligation	$ -	$ 525,030

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

1. NATURE OF OPERATIONS

Gatling Exploration Inc. (the "Company") is an exploration stage company incorporated on August 2, 2018, under the laws of the province of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties located in the province of Ontario, Canada. The Company's common shares are traded on the TSX Venture Exchange under the symbol "GTR". The Company's shares also trade on the OTC Exchange in the United States under the symbol "GATGF". The Company's head office and principal business address is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6. The Company's registered and records office is 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

2. GOING CONCERN

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred a loss during the six months ended September 30, 2020 of $2,597,019 (2019 - $4,629,629) and as at September 30, 2020 has a deficit of $17,860,264 (March 31, 2020 - $15,263,245), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. There can be no assurance that management will obtain the necessary financing in the future.

If the going concern assumption were not appropriate for these condensed interim financial statements then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

In March 2020, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The condensed interim financial statements of the Company should be read in conjunction with the Company's March 31, 2020 audited financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

3. BASIS OF PRESENTATION (Continued)

a) Statement of compliance (continued)

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 26, 2020.

b) Basis of measurement

These condensed interim financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the significant accounting policies (note 4). These condensed interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in note 4 to the audited financial statements for the year ended March 31, 2020.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next fiscal year are discussed below.

a) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

b) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity that are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

c) Going concern risk assessment

The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation projects when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed interim financial statements do not give effect to any adjustments 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 condensed interim financial statements.

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

a) Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made that management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at September 30, 2020, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

(Unaudited – Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

b) Fair value of stock options granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

c) Leases

Lease obligations that are recognized at September 30, 2020 have been estimated using a 12% discount rate based on the cost of borrowing for debt instruments of comparable terms for companies with a comparable investment grade to the Company. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security in a similar economic environment.

6. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash and cash equivalents are classified as fair value through profit or loss; receivables, as amortized cost; and accounts payable and accrued liabilities and lease obligation, as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

September 30, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 704,169	$ -	$ -	$ 704,169

March 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 23,813	$ -	$ -	$ 23,813

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash and cash equivalents, by placing at major Canadian financial institutions. The Company has minimal credit risk. The receivables balance of $118,501 is owing from the Canada Revenue Agency (March 31, 2020 - $178,964 of the balance of $194,714).

6. FINANCIAL INSTRUMENTS (Continued)

b) 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of September 30, 2020 equal $770,139 (March 31, 2020 - $1,874,931); $455,324 (March 31, 2020 - $1,623,364) of the liabilities presented as accounts payable and lease obligation – current portion are due within one month of the reporting date.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) *Currency risk* – The Company has no funds held in a foreign currency and only a small amount of its accounts payable and accrued liabilities is denominated in US dollars. A fluctuation in the exchanges rates between the Canadian and US dollars of 10% would result in a nominal change to the Company's accounts payable and accrued liabilities and foreign exchange gain or loss. The Company does not use any techniques to mitigate currency risk.

ii) *Interest rate risk* – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash and cash equivalents is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

d) Capital management

The Company considers its capital to be comprised of shareholders' equity.

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 new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the six months ended September 30, 2020. The Company is not subject to externally imposed capital requirements.

(Unaudited – Expressed in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Camp and Infrastructure	Computer Equipment	Equipment	Leasehold Improvements	Total
Cost					
Balance, March 31, 2019	$ -	$ -	$ 497	$ -	$ 497
Additions	106,604	25,920	23,554	21,923	178,001
Balance, March 31, 2020 and September 30, 2020	$ 106,604	$ 25,920	$ 24,051	$ 21,923	$ 178,498
Depreciation					
Balance, March 31, 2019	$ -	$ -	$ 50	$ -	$ 50
Depreciation*	6,216	3,888	2,803	6,420	19,327
Balance, March 31, 2020	6,216	3,888	2,853	6,420	19,377
Depreciation*	1,776	3,305	2,120	3,210	10,411
Balance, September 30, 2020	$ 7,992	$ 7,193	$ 4,973	$ 9,630	$ 29,788
Net book value, March 31, 2020	$ 100,388	$ 22,032	$ 21,198	$ 15,503	$ 159,121
Net book value, September 30, 2020	$ 98,612	$ 18,727	$ 19,078	$ 12,293	$ 148,710

* Camp and infrastructure depreciation is included in exploration and evaluation expenditures

8. EXPLORATION AND EVALUATION EXPENDITURES

Larder Lake Project

On September 24, 2018, as part of a plan of arrangement, the Company received a 100% interest in the Larder Lake Project, located in Ontario. A portion of the project includes a 1.5% net smelter return royalty (“NSR”), of which 1% may be repurchased by the Company for $750,000. The plan of arrangement was deemed to be a purchase of an asset. As such, IFRS 2 *Share-based Payments* was used to determine fair value of the assets acquired. As the fair value of the assets given up to acquire the assets was more readily available, the Company valued the acquisition using the fair value of shares issued of $0.28 per share. On September 24, 2018, the fair value of the assets acquired and liabilities assumed were as follows:

	Amount
Consideration provided (fair value of 33,426,512 common shares at $0.28 per share)	$ 9,359,423
Allocated to net assets acquired:	
Cash transferred to Company	(7,000,000)
Fair value of Larder Lake Project acquired	(2,359,423)
	$ -

Fair value of $2,359,423 was allocated to the project and expensed for the period as exploration and evaluation costs.

(Unaudited – Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

Larder Lake Project (continued)

On April 1, 2019, the Company entered into an assignment and assumption agreement to acquire the Kir Vit claim package in Ontario. Under the terms of the agreement, the Company took assignment of a January 2017 underlying agreement between the vendor and certain parties that originally staked the claims comprising Kir Vit (the "stakers"). In consideration of the assignment, the Company issued 1,750,000 common shares to the vendor valued at $595,000.

On July 9, 2019, the Company exercised the option in the underlying agreement and made a cash payment of $250,000 to the stakers. The vendor was granted a 0.5% NSR. The stakers retain a 2% NSR, of which the Company may repurchase one-half (1%) for $1,000,000. If the Company announces a production decision, a $4,000,000 payment is due to the vendor and a $250,000 payment is due to the stakers.

Summaries of exploration and evaluation expenditures for the six months ended September 30, 2020 and year ended March 31, 2020 are as follows:

Six Months Ended September 30, 2020		**Larder Lake Project**
Acquisition Costs		
Claim costs	$	20,848
Total Acquisition Costs		**20,848**
Property Exploration Costs		
Assays and geochemistry		153,165
Camp and other costs		148,720
Depreciation		1,776
Drilling		590,018
Geological		292,066
Geophysics		3,394
Travel and transport		8,573
Total Exploration Costs		**1,197,712**
Total Exploration and Evaluation Expenditures	**$**	**1,218,560**

(Unaudited – Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

Year Ended March 31, 2020		Larder Lake Project
Acquisition Costs		
Fair value of Larder Lake Project acquired	$	845,000
Claim costs		101,022
Total Acquisition Costs		**946,022**
Property Exploration Costs		
Assays and geochemistry		812,462
Camp and other costs		430,497
Depreciation		6,216
Drilling		4,302,870
Geochemical		3,205
Geological		703,850
Geophysics		64,208
Travel and transport		79,754
Total Exploration Costs		**6,403,062**
Total Exploration and Evaluation Expenditures	**$**	**7,349,084**

9. RIGHT-OF-USE ASSET

		Right-of-Use Asset
Cost		
Balance, April 1, 2019, March 31, 2020 and September 30, 2020	$	525,030
Depreciation		
Balance, April 1, 2019	$	-
Depreciation		153,667
Balance, March 31, 2020		153,667
Depreciation		76,834
Balance, September 30, 2020	$	230,501
Net book value, March 31, 2020	$	371,363
Net book value, September 30, 2020	$	294,529

(Unaudited – Expressed in Canadian Dollars)

10. LEASE OBLIGATION

	September 30, 2020	March 31, 2020
Balance, beginning of period	$ 398,035	$ 525,030
Lease interest accretion	21,222	54,422
Lease payments	(92,029)	(181,417)
Balance, end of period	327,228	398,035
Current portion	(157,799)	(146,468)
Non-current portion	$ 169,429	$ 251,567

11. OTHER LIABILITIES

Other liabilities consist of the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through share issuances.

	September 30, 2020	March 31, 2020
Balance, beginning of period	$ -	$ 418,533
Liability incurred on flow-through shares issued in July 2020	202,500	-
Settlement of flow-through share liability by incurring expenditures	(134,021)	(418,533)
Balance, end of period	$ 68,479	$ -

In November 2018, the Company issued 11,544,328 flow-through shares at a price of $0.30 per share. The premium paid by investors was calculated as $0.045 per share. Accordingly, $519,495 was recorded as other liabilities.

In July 2020, the Company issued 4,050,000 flow-through shares at a price of $0.30 per share. The premium paid by investors was calculated as $0.05 per share. Accordingly, $202,500 was recorded as other liabilities.

As at September 30, 2020, the Company had $410,873 (March 31, 2020 - $nil) of remaining commitment to incur exploration expenditures in relation to its July 2020 flow-through financing and did not have any remaining commitment to incur exploration expenditures in relation to its November 2018 flow-through financing (March 31, 2020 - $nil).

(Unaudited – Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the condensed interim statements of comprehensive loss:

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2019
Short-term compensation (consulting fees, exploration and evaluation expenditures, management fees and professional fees)	$ 390,000	$ 330,000
Share-based compensation	316,012	66,352
	$ 706,012	$ 396,352

During the six months ended September 30, 2020, short-term compensation to related parties consisted of $105,000 (2019 - $45,000) in consulting fees, $150,000 (2019 - $150,000) in exploration and evaluation expenditures, $90,000 (2019 - $90,000) in management fees and $45,000 (2019 - $45,000) in professional fees.

Transactions with related parties are included in the amounts shown on the condensed interim statements of comprehensive loss as follows:

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2019
Related company controlled by officer and director (consulting fees and office and general)	$ 50,000	$ 60,000
Related companies with common officers and directors (rent recovery)	$ 84,000	$ 48,000

As at September 30, 2020, the Company had receivables of $nil (March 31, 2020 - $15,750) related to office rent recovery from companies with common officers and directors.

As at September 30, 2020, the Company had prepaid expenses of $9,317 (March 31, 2020 - $7,500) related to expenses with a company controlled by a member of key management.

As at September 30, 2020, the Company had accounts payable of $10,000 (March 31, 2020 - $62,500) with companies controlled by officers and directors, $nil (March 31, 2020 - $10,575) related to shared office and general expenses with a company controlled by an officer and director and $22,050 (March 31, 2020 - $nil) related to prepaid office rent recovery from companies with common officers and directors. The balances owing are unsecured, non-interest-bearing and have no specific terms of repayment.

13. SHARE CAPITAL

a) Authorized

Unlimited number of common voting shares without par value

(Unaudited – Expressed in Canadian Dollars)

13. SHARE CAPITAL (Continued)

b) Issued and outstanding

During the six months ended September 30, 2020

On July 20, 2020, the Company closed a private placement for total gross proceeds of $3,790,000. The Company issued 4,050,000 flow-through common shares of the Company at a price of $0.30 per flow-through common share for gross proceeds of $1,215,000 and 10,300,000 common shares of the Company at a price of $0.25 per common share for gross proceeds of $2,575,000.

The premium paid by investors on the flow-through shares was calculated as $0.05 per share. Accordingly, $202,500 was recorded as other liabilities. Share issue costs of $19,700 were incurred.

During the year ended March 31, 2020

On April 12, 2019, the Company issued 1,750,000 common shares valued at $595,000 for the Kir Vit claims (note 8).

During the year ended March 31, 2020, the Company issued 260,500 common shares for proceeds of $72,705 on the exercise of 260,500 stock options. The value of the stock options of $70,828 was transferred to share capital from share-based payments reserve upon exercise.

c) Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the plan. Options granted may not exceed a term of ten years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities.

Options granted for investor relations activities vest over a twelve-month period with no more than 25% of the options vesting in any three-month period.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Six Months Ended September 30, 2020		**Year Ended March 31, 2020**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	4,214,500	$ 0.27	4,525,000	$ 0.25
Granted	1,900,000	$ 0.34	400,000	$ 0.49
Exercised	-	-	(260,500)	$ 0.28
Expired	-	-	(450,000)	$ 0.24
Outstanding, end of period	6,114,500	$ 0.29	4,214,500	$ 0.27

(Unaudited – Expressed in Canadian Dollars)

13. SHARE CAPITAL (Continued)

c) Stock options (continued)

The weighted average share price on the date of exercise for the year ended March 31, 2020 was $0.52.

The following stock options were outstanding and exercisable at September 30, 2020:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
October 15, 2021	1.04	$ 0.21	2,664,500	2,664,500
February 13, 2022	1.37	$ 0.33	1,000,000	1,000,000
February 27, 2022	1.41	$ 0.31	250,000	250,000
August 1, 2022	1.84	$ 0.39	100,000	100,000
September 16, 2022	1.96	$ 0.58	200,000	200,000
July 22, 2023	2.81	$ 0.34	1,900,000	1,900,000
	1.70		6,114,500	6,114,500

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, share-based payments of $545,839 (year ended March 31, 2020 - $176,204) were recognized during the six months ended September 30, 2020.

The fair value of each stock option granted was calculated using the following weighted average assumptions:

	Six Months Ended September 30, 2020	Year Ended March 31, 2020
Expected life (years)	3.00	3.00
Risk-free interest rate	0.28%	1.50%
Annualized volatility	170%	167%
Dividend yield	N/A	N/A
Stock price at grant date	$ 0.34	$ 0.51
Exercise price	$ 0.34	$ 0.49
Weighted average grant date fair value	$ 0.29	$ 0.44

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility and the volatility of a comparable company to estimate the volatility of the share price.

During the six months ended September 30, 2020, the Company did not transfer any amounts (year ended March 31, 2020 - $70,828) from the share-based payments reserve to share capital as no stock options were exercised (year ended March 31, 2020 - 260,500).

During the six months ended September 30, 2020, the Company did not transfer any amounts (year ended March 31, 2020 - $118,505) from the share-based payments reserve to deficit as no stock options expired (year ended March 31, 2020 - 450,000).

(Unaudited – Expressed in Canadian Dollars)

14. SEGMENTED DISCLOSURE

The Company has one operating segment, being mineral exploration and development. All of the Company's assets are located in Canada.

15. COMMITMENTS

a) The Company has entered into agreements with officers and directors that include termination and change of control clauses. In the case of termination without cause, the officers and directors are entitled to an amount equal to a multiple (ranging from one to two times) the annual base fee payable. In the case of a change of control, the officers and directors are entitled to an amount equal to a multiple (ranging from one to three times) the sum of the annual base fee and minimum incentive fee payable. As at September 30, 2020, the total annual base fee of the officers and directors under the agreements is $540,000 and the total annual minimum incentive fee is $60,000.

b) The Company has entered into an office sublease agreement that commenced March 1, 2019 and expires August 30, 2022 with remaining basic rent per fiscal year approximately as follows:

Fiscal 2021	$	94,000
Fiscal 2022		190,000
Fiscal 2023		80,000
	$	364,000

16. SUBSEQUENT EVENTS

a) On November 1, 2020, the Company entered into an agreement with an officer and director that includes termination and change of control clauses. In the case of termination without cause, the officer and director is entitled to an amount equal to two times the annual base fee payable. In the case of a change of control, the officer and director is entitled to an amount equal to three times the sum of the annual base fee and minimum incentive fee payable. The total annual base fee of the officer and director under the agreement is $240,000 and the total annual minimum incentive fee is $50,000.

b) On November 25, 2020, the Company announced it had entered into an agreement with a lead agent in connection with a marketed private placement to raise gross proceeds of up to $5,000,000. Prior to completion of the marketed private placement, the Company will consolidate its common shares on the basis of one new share for two old shares.

The marketed private placement will consist of 5,454,545 post-consolidated common shares on a flow-through basis at a price of $0.55 per flow-through share, and 4,000,000 units at a price of $0.50 per unit. Each unit will consist of one post-consolidated common share and one-half of one transferable share purchase warrant. Each whole warrant will be exercisable into one additional post-consolidated common share at a price of $0.70 per share for a period of two years from the date of issue. After statutory hold periods on the warrants expire, if the common shares of the Company trade on the TSX-V at a price of $1.10 or more for 10 consecutive trading days at any time, then the warrants will expire, subject to the Company's discretion, on the earlier of the expiry date and the date which is 10 calendar days after the Company provides notice to the holders of the warrants that expiry has been accelerated.

16. SUBSEQUENT EVENTS (Continued)

b) (continued)

In connection with the marketed private placement, the agents will be entitled to a cash fee of 6% of the gross proceeds of the sale of the units. Additionally, the Company will grant broker warrants equal to 6% of the aggregate number of units issued and 5% of the aggregate number of flow-through shares issued in the marketed private placement. Each broker warrant will be exercisable to acquire one common share of the Company at $0.70 for a period of two years after the closing date.

As of November 26, 2020, the consolidation has not been completed. No share and per share amounts have been revised to reflect the pending consolidation. The marketed private placement has not closed and is subject to acceptance of the TSX-V.