EVOLVING GOLD

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended December 31, 2019 and 2018

Expressed in Canadian dollars

PREPARED BY MANAGEMENT

Contents

Notice to Reader

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

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

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

Evolving Gold Corp.

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

As at

	Note	December 31, 2019	March 31, 2019
Assets			
Current Assets			
Cash and cash equivalents	5	$ 4,835	$ 16,205
Accounts receivable		-	1,728
GST receivable		5,816	1,200
Prepaid expenses		8,479	8,318
		19,130	27,451
Non-Current Assets			
Property, plant and equipment	7	-	1,697
Reclamation bonds	8	19,081	19,590
Total Assets		**$ 38,211**	**$ 48,738**
Liabilitites			
Current Liabilities			
Accounts payable and accrued liabilities	9	$ 157,317	$ 229,906
Loans	10	61,036	70,198
		218,353	300,104
Other Liabilities			
Asset retirement obligation	8	19,081	19,590
		19,081	19,590
Shareholders' Equity			
Share Capital	11	85,243,166	85,230,416
Reserves	11	348,403	348,403
Deficit		(84,681,029)	(84,740,012)
Accumulated Other Comprehensive Loss		(1,109,763)	(1,109,763)
Total Equity (Deficit)		(199,223)	(270,956)
Total Liabilities and Shareholders' Equity		**$ 38,211**	**$ 48,738**

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

"R. Bruce Duncan"	***"Robert Horsley"***
Director	Director

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

Evolving Gold Corp.

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Expressed in Canadian Dollars

For the nine-month period ended December 31, 2019 and 2018

	Note	Three-month period ended December 31, 2019	Three-month period ended December 31, 2018	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2018
Expenses					
Accounting and audit		$ 5,305	$ 13,714	$ 5,305	$ 22,374
Amortization	7	-	348	318	2,005
Bank charges and interest		167	512	1,273	1,535
Interest and finance charges	10	13,786	452	13,786	452
Legal		7,820	599	9,034	5,119
Management fees	15	37,500	37,500	112,500	112,500
Mineral properties	6	-	2,573	2,740	44,947
Office expense		4,804	28,930	63,926	153,791
Share-based payments	12,15	-	-	-	5,696
Transfer agent and filing fees		21,977	3,128	27,966	11,378
		(91,359)	(87,756)	(236,848)	(359,797)
Other Items					
Recovery on mineral property		-	-	204,843	-
Gain on settlement of debt	10	-	280,383	88,198	280,383
Gain on disposal of assets		-	-	2,431	-
Change in fair value of available-for-sale securities		-	(24,330)	-	(152,000)
Gain on disposition of available-for-sale securities		-	20,825	-	20,825
Foreign exchange		90	(30,675)	242	(33,651)
Interest income		-	-	117	229
Net and Comprehensive loss for the period		**$ (91,269)**	**$ 158,447**	**$ 58,983**	**$ (244,011)**
Loss per share:					
basic and diluted		$ (0.01)	$ 0.01	$ 0.00	$ (0.02)
Weighed average number of common shares outstanding					
basic and diluted		15,722,378	15,722,378	15,836,923	15,722,378

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

Evolving Gold Corp.

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Expressed in Canadian Dollars

For the nine-month period ended December 31, 2019 and 2018

		Share Capital										
	Note	Number of Shares		Amount		Reserves		Deficit		Accumulated Other Comprehensive Loss		Total Shareholders' Equity (deficit)
Balance at March 31, 2018		**15,722,378**	**$**	**85,230,416**	**$**	**342,707**	**$**	**(84,708,286)**	**$**	**(1,059,921)**	**$**	**(195,084)**
Share-based payments	12	-		-		5,696		-				5,696
Loss for the period		-		-		-		(244,011)		-		(244,011)
Balance at December 31, 2018		**15,722,378**	**$**	**85,230,416**	**$**	**348,403**	**$**	**(84,952,297)**	**$**	**(1,059,921)**	**$**	**(433,399)**
Income for the period		-		-		-		162,443		-		162,443
Impact of adopting IFRS 9		-		-		-		49,842		(49,842)		-
Balance at March 31, 2019		**15,722,378**	**$**	**85,230,416**	**$**	**348,403**	**$**	**(84,740,012)**	**$**	**(1,109,763)**	**$**	**(270,956)**
Shares issued as financing bonus		500,000		12,750		-		-		-		12,750
Loss for the period		-		-		-		58,983		-		58,983
Balance at December 31, 2019		**16,222,378**	**$**	**85,243,166**	**$**	**348,403**	**$**	**(84,681,029)**	**$**	**(1,109,763)**	**$**	**(199,223)**

Expressed in Canadian Dollars

	Nine-month period ended December 31,	
	2019	2018
Operating Activities		
Net Income (loss) for the period	58,983	(244,012)
Items not involving cash		
Share-based payments	-	5,696
Amortization	318	2,005
Change in fair value of marketable securities	-	131,175
Disposal of equipment	1,379	-
Changes in assets and liabilities		
Accounts Receivable	(2,888)	(607)
Prepaid expenses	(161)	41,575
Accounts payable and accrued liabilities	(72,589)	(218,910)
Cash used in operating activities	(14,958)	(283,078)
Financing Activity		
Issuance of common stock	12,750	-
Shareholder loans and accrued interest	61,036	60,452
Shareholder loans forgiven	(70,198)	-
Cash provided by financing activity	**3,588**	**60,452**
Investment Activities		
Proceeds from disposition of marketable securities	-	20,825
Cash provided by investment activities	**-**	**20,825**
Effects of exchange rate changes	-	-
Net change in cash and cash equivalents	(11,370)	(201,801)
Cash and cash equivalents, beginning balance	16,205	243,823
Cash and cash equivalents, ending balance	**4,835**	**42,022**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Evolving Gold Corp. (the "Company" or "Evolving") was incorporated as 6109527 Canada Ltd. on June 19, 2003, under the *Canada Business Corporation Act* and is in the business of acquiring, exploring and evaluating mineral properties. The Company is in the exploration stage and has interests in mineral properties located in Canada.

On July 25, 2014, the Company listed on the Canadian Stock Exchange ("CSX"). The head office, principal address and records office of the Company are located at 5213 Durie Road, Mississauga, Ontario L5M 2C6.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. During the nine-month period ended December 31, 2019, the Company had comprehensive income of $58,983 and, as of that date, has an accumulated deficit of $84,681,029 (Year ended March 31, 2019: $84,740,012) since inception and expects to incur losses from operations for the foreseeable future. These conditions indicate the existence of material uncertainty, which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. Such adjustments have not been included in these consolidated financial statements and could be material.

2. BASIS OF PREPARATION

a) Statement of Compliance

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements but do not contain all of the information required for full annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 28, 2019.

b) Basis of Measurement

The unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except for available-for-sale and held-for-trading financial assets and derivative liabilities, which are accounted for at fair value. The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated. The preparation of unaudited condensed consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated interim financial statements are disclosed in Note 4.

The unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Expressed in Canadian Dollars

Details of subsidiaries are as follows:

		Percentage owned	
	Incorporation Jurisdiction	December 31, 2019	March 31, 2018
Evolving Gold Corporation ("Evolving US")	USA	100%	100%
Rattlesnake Mining Corporation	Canada	100%	100%
Rattlesnake Mining Company (Wyoming)	USA	100%	100%

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are set out in Note 3 to the annual audited consolidated financial statements as of and for the year ended March 31, 2019, which are incorporated herein by reference. The reader is referred to those statements for a detailed discussion of the accounting policies.

These unaudited condensed consolidated interim financial statements as at and for the nine-month period ended December 31, 2019 have been prepared in accordance with the policies described in the annual audited consolidated financial statements, which have been applied consistently to these financial statements, except for the following change in accounting policy.

Recent Accounting Pronouncements

Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is the new standard that is likely to be relevant to the Company. However, management has yet to assess the impact on the Company's operations.

IFRS 16 New accounting standard that replaces IAS 17, IFRIC 4, SIC 15, and SIC 27 for the recognition, measurement, presentation, and disclosure of leases for both the lessee and lessor (effective for annual periods beginning on or after January 1, 2019).

The Company has not early adopted this standard, and as the Company does not have any leases over one year to maturity, the standard is not expected to have a material impact on the results and financial position of the Company when the standard is adopted.

4. 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 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. Information about critical estimates and 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 unaudited condensed consolidated interim financial statements within the next financial year are discussed below.

The estimates and assumptions of the Company are set out in Note 4 to the annual audited Consolidated Financial Statements as of and for the year ended March 31, 2019, which are incorporated herein by reference. The reader is referred to those statements for a detailed discussion of the accounting policies.

Expressed in Canadian Dollars

5. CASH AND CASH EQUIVALENTS

Cash at banks and on hand earn interest at floating rates based on daily bank deposit rates. As at December 31, 2019, cash and cash equivalents was $4,835 (March 31, 2019: $16,205) held in commercial deposit accounts with a Canadian

6. EXPLORATION AND EVALUATION EXPENDITURES

a) Expenditures During the Year

The Company's exploration and evaluation expenditures for the nine-month period ended December 31, 2019 and the year ended March 31, 2019 are summarized as:

	Lithium Lakes	Nicobi	Oxen	Toro	Jake Creek	December 31, 2019
Reclamation	$ -	$ -	$ -	$ -	$ 2,740	**$ 2,740**
	$ -	$ -	$ -	$ -	$ 2,740	**$ 2,740**

	Lithium Lakes	Nicobi	Oxen	Toro	Jake Creek	March 31, 2019
Acquisition and land maintenance	$ 431	$ -	$ -	$ 12,734	$ -	**$ 13,165**
Consulting - geological	9,924	5,879	-	9,385	-	**25,188**
Field expenses and other	-	-	-	290	-	**290**
Reclamation	-	-	-	-	8,131	**8,131**
	$ 10,355	$ 5,879	$ -	$ 22,409	$ 8,131	**$ 46,774**

b) Transactions During the Period

During the nine-month period ended December 31, 2019, the Company evaluated its existing properties and conducted minimal work, including property expenditures noted related to Jake Creek to allow for the return of bonds held by various regulatory bodies, and general administrative costs of maintaining the subsidiary while the remaining bonds are outstanding.

During the period, the Company underwent and completed a review of its previously filed request for a Quebec Mineral Exploration Tax Credit. A total of $204,843 (2018: $nil) was received by the Company.

c) Properties

Lithium Lakes

On June 16, 2016, the Company purchased the Lithium Lakes Property in Quebec, Canada. Pursuant to the purchase agreement, the Company issued to the vendor a total of 300,000 common shares fair valued at $0.31 per share ($93,000). The Company also paid the vendor $40,000. The Lithium Lakes claims are subject to a 1% net smelter returns royalty, whereby the Company will have the right, at any time, to acquire one-half of the royalty by paying $500,000 to the royalty holder. During the year ended March 31, 2017, the Company increased its land position by staking several claims adjacent to its existing mineral claims.

Toro

On October 21, 2016, the Company claimed the Toro Property in the James Bay area of the Quebec province (Canada). It consists of 324 generally contiguous claims in nine blocks, covering about 17,224 hectares. The area is prospective for gold and base metals. During the year ended March 31, 2017, the Company increased its land position by staking several claims adjacent to its existing mineral claims.

Nicobi

On January 27th, 2017, the Company claimed the Nicobi Property in the Abitibi area of the Quebec province (Canada). It consists of 57 contiguous claims, covering about 3,193 hectares. The area is prospective for gold and base metals.

Oxen

On February 7th, 2017, the Company acquired the Oxen Property in the Ungava Bay area of the Quebec province (Canada). It consists of 17 contiguous claims, covering about 788 hectares. The area is prospective for gold and base metals.

Jake Creek Property

The Jake Creek Property was located in northern Humboldt County, Nevada, approximately 45 miles northeast of Winnemucca, and consisted of 699 generally contiguous, unpatented mining claims covering approximately 14,405 acres. The Company was the sole owner of the Jake Creek Property claim block and held an undivided 100% interest. As of December 31, 2016, the Company allowed the claims to lapse, and accordingly the Company no longer has any interest in these claims.

Expressed in Canadian Dollars

7. PROPERTY, PLANT AND EQUIPMENT

	Office furniture and equipment	Computer equipment and software	Total
Cost:			
March 31, 2019	$ 50,043	$ 4,174	$ 54,217
Additions	-	-	-
Disposals	(50,043)	(4,174)	(54,217)
December 31, 2019	$ -	$ -	$ -
Depreciation:			
March 31, 2019	$ (50,043)	$ (2,477)	$ (52,520)
Additions	-	(318)	(318)
Disposals	50,043	2,795	52,838
December 31, 2019	$ -	$ -	$ -
Net book value:			
At December 31, 2019	**$ -**	**$ -**	**$ -**

	Office furniture and equipment	Computer equipment and software	Total
Cost:			
March 31, 2018	$ 50,043	$ 16,520	$ 66,563
Additions	-	-	-
Disposals	-	(12,346)	(12,346)
March 31, 2019	$ 50,043	$ 4,174	$ 54,217
Depreciation:			
March 31, 2018	$ (50,043)	$ (12,470)	$ (62,513)
Additions	-	(2,353)	(2,353)
Disposals	-	12,346	12,346
March 31, 2019	$ (50,043)	$ (2,477)	$ (52,520)
Net book value:			
At March 31, 2019	**$ -**	**$ 1,697**	**$ 1,697**

During the year ended March 31, 2019, the Company disposed of various laptops and monitors for total proceeds of $nil. Subsequent to the period end, the Company disposed of all remaining assets as a result of the closure of the leased office premises. A gain of $2,431 was recorded on the sale of the assets.

Expressed in Canadian Dollars

8. ASSET RETIREMENT OBLIGATIONS

The Company continues to maintain reclamation bonds on deposit related to its former United States properties. The full repayment of the bonds may take up to three years, as the refund of the balance of the bond held is dependent upon the regrowth of native flora. The Company may be required to engage in additional reclamation work to complete said regrowth. The Company fulfills its site restoration obligations as required when a drill site is abandoned, and accordingly, no discounted present value was calculated due to the expected short-term nature of the obligation.

The reclamation bond balances and asset retirement obligations vary due to the effects of foreign exchange, and are as follows:

	December 31, 2019	**March 31, 2019**
Reclamation bonds	**$ 19,081**	**$ 19,590**
Asset retirement obligations	**$ 19,081**	**$ 19,590**

9. ACCOUNTS PAYABLE AND DEBT SETTLEMENTS

Accounts payable and accrued liabilities consists of trade payables, accruals and other non-trade payables.

During the year ended March 31, 2019, the Company recognized a gain on debt of $548,947 as certain accounts payable were written down as no longer payable.

10. SHORT-TERM LOAN

On November 7, 2018, the Company entered into a loan agreement with a potential acquirer of the Company, and received a loan of $60,000, subsequently increased by $27,000, and bearing interest at a rate of 5% per annuum, repayable on November 7, 2019. On October 2, 2019, the Company announced that the proposed reverse takeover had been terminated. As a result of a mutually agreed settlement, the loan received from Bocana had been forgiven. Accordingly, during the nine-month period ended December 31, 2019, the Company recorded a gain of $88,198 (2018: $nil) as a result of the settlement of the Bocana transaction.

On October 29, 2019, the Company entered into a loan agreement with a shareholder, and received a loan of $60,000, and bearing interest at a rate of 10% per annuum, repayable on October 29, 2020. The loan is convertible to common shares of the Company at the lesser of $0.075 per share, or such price the company has then most recently issued shares on a private or public basis (subject to a minimum of five cents per share), and may be prepaid, provided a full 12 months of interest is paid. The Company issued 500,000 bonus shares to the lender at a fair value of $0.0255 ($12,750).

11. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, issuable in series. The holders of common shares are entitled to receive dividends, which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regard to the Company's residual assets.

The changes to share capital during the nine-month period ended December 31, 2019 and the year ended March 31, 2019 are summarized in the consolidated statement of shareholders' equity.

During the nine-month period ended December 31, 2019, and the year ended March 31, 2019, the Company did not complete any share capital transactions.

Expressed in Canadian Dollars

b) Share Purchase Warrants

The following is a summary of changes in warrants for the nine-month period ended December 31, 2019 and the year ended March 31, 2019:

	December 31, 2019			March 31, 2019		
	Number of warrants	**Weighted average exercise price**		**Number of warrants**	**Weighted average exercise price**	
Warrants outstanding, beginning of year	1,000,000	$	0.15	1,000,000	$	0.15
Issued	-	$	-	-	$	-
Expired	-	$	-	-	$	-
Warrants outstanding, end of period	1,000,000	$	0.15	1,000,000	$	0.15

As at December 31, 2019 and March 31, 2019, following the consolidation of common shares, the Company had total outstanding warrants as follows:

	Number of warrants	**Exercise price**	**Expiry**
Share purchase warrants	1,000,000	$0.15	April 19, 2021
	1,000,000		

12. SHARE-BASED PAYMENTS

The Company established a share purchase option plan (the "Plan") in September 2004. In September 2007, shareholder approval was obtained to adopt a "rolling" stock option plan. The Board of Directors administers the Plan, pursuant to which the Board of Directors may grant, from time to time, incentive stock options up to an aggregate maximum of 10% of the issued and outstanding shares of the Company to directors, officers, employees, consultants or advisors. All options granted under the Plan shall expire not later than the tenth anniversary of the date the options were granted. The exercise price of an option is determined by the Board of Directors, but shall not be less than the market price of the common shares of the Company on the CSX on the last business day before the date on which the options are granted, less any discount permitted by the rules of the exchange. Vesting and terms are at the discretion of the Board of Directors. The vesting of options range from vested immediately, a vesting period of three months to a two-year period from the date of the grant at 25% and 20%, respectively. Options granted for investor relations vest in accordance with CSX regulation.

Details of options outstanding as at December 31, 2019 and March 31, 2019 are as follows:

	Number of options	**December 31, 2019 Weighted average exercise price**		**Number of options**	**March 31, 2019 Weighted average exercise price**	
Options outstanding, beginning of period	1,549,000	$	0.33	1,549,000	$	0.33
Options expired	(425,000)	$	0.05	-	$	-
Options exercised	-	$	-	-	$	-
Options outstanding, end of period	**1,124,000**	**$**	**0.44**	**1,549,000**	**$**	**0.33**
Options exercisable, end of period	**1,124,000**	**$**	**0.44**	**1,549,000**	**$**	**0.33**

Expressed in Canadian Dollars

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

Expiry Date	Exercise Price	Options Outstanding
July 25, 2021	$0.50	750,000
December 31, 2021	$0.50	149,000
September 5, 2022	$0.20	225,000
		1,124,000

At March 31, 2019, the following options were outstanding:

Expiry Date	Exercise Price	Options Outstanding
December 19, 2019	$0.05	425,000
July 25, 2021	$0.50	750,000
December 31, 2021	$0.50	149,000
September 5, 2022	$0.20	225,000
		1,549,000

Fair Value of Options Granted During the Year

There were no options granted during nine-month period ended December 31, 2019 or during the year ended March 31, 2019. During the period, 425,000 options expired unexercised.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

Amounts Capitalized Arising from Share-based Payment Transactions

No amounts were capitalized during the nine-month period ended December 31, 2019 or the year ended March 31, 2019.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short term to maturity of its financial instruments.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in commodity prices. The Company is not exposed to significant commodity price risk as the Company does not hold significant marketable securities.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company currently has minimal net effective exposure to foreign exchange rate fluctuation. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. The Company holds balances in US dollars that could give rise to exposure to foreign exchange risk.

Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately $1,102 (March 31, 2019: $900) as detailed below:

United States Dollar Denominated Balances	**December 31,2019**	**March 31, 2019**
Cash	$ -	$ (8)
Accounts payable	(11,082)	(8,988)
	$ (1,102)	**$ (8,996)**
10% change in exchange rate impact	**$ (1,102)**	**$ (900)**

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

Expressed in Canadian Dollars

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at December 31, 2019 and March 31, 2019 relating to cash and cash equivalents of $4,835 and $16,205, respectively, held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all cash and cash equivalent assets based on changes that are reasonably possible at the reporting date

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditures.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Accounts payable and other liabilities	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Over 5 years**	**Total**
December 31, 2019	$ 157,317	$ 61,.036	$ -	$ -	$ 218,353
March 31, 2019	$ 229,906	$ 70,198	$ -	$ -	$ 300,104

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statement of financial position carrying amounts for cash and cash equivalents and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

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14. CAPITAL MANAGEMENT

The Company monitors its cash, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements nor were there any changes in the Company's capital management processes during the nine-month period ended December 31, 2019 and the year ended March 31, 2019.

15. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include the Company's CEO and CFO. Payments to key management are recorded as management fees. Share-based payments were incurred for both key management and directors. No directors' fees were paid during the applicable years.

The following key management compensation was incurred:

	Three Months ended December 31, 2019	Three Months ended December 31, 2018	Nine Months ended December 31, 2019	Nine Months ended December 31, 2018
Management fees and salaries	$ 37,500	$ 37,500	$ 112,500	$ 112,500
Share-based payments	-	-	-	5,696
	$ 37,500	**$ 37,500**	**$ 112,500**	**$ 118,196**

Management fees are payable in Canadian dollars. After allowing for offsetting accruals, write-downs, expense allocations and disbursements, unpaid and accrued management fees as of December 31, 2019 were $57,500 (March 31, 2018 $87,500).

16. COMMITMENT

The Company had a lease expiring August 31, 2016 for office space occupied by its head office, which was renewed during the year ended March 31, 2017 for an additional three-year term. Future minimum payments under the operating lease as at the end of the indicated periods are as follows:

	December 31, 2019	March 31, 2019
Within one year	$ -	$ 30,725
After one year, but no more than two years	-	-
More than two years	-	-
	$ -	$30,725

17. LOSS PER SHARE

Basic loss per share amounts is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The basic and diluted loss per share is the same, as there are no instruments that have a dilutive effect on earnings. Diluted loss per share for each of years presented excludes the effect of potentially dilutive securities, including 1,124,000 share purchase options (March 31, 2019: 1,549,000 options) and 1,000,000 share purchase warrants (March 31, 2019: 1,000,000 warrants), as their inclusion in the calculation of diluted loss per share would have been anti-dilutive.

18. EVENTS SUBSEQUENT TO THE YEAR END

The Company has evaluated its activities subsequent to December 31, 2019 and has determined that there were no material events to be reported.