

# **Cartier Iron Corporation**

## **Condensed Interim Financial Statements**

**March 31, 2020**

**(expressed in Canadian dollars)**

**(unaudited)**

### **Management's Comments on Unaudited Condensed Interim Financial Statements**

These unaudited condensed interim financial statements of Cartier Iron Corporation (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

# Cartier Iron Corporation

## Statements of Financial Position

(expressed in Canadian dollars)  
(unaudited)

	Notes	As at March 31, 2020 \$	As at December 31, 2019 \$
<b>Assets</b>			
Current			
Cash		44,473	19,614
Receivables	4	30,224	15,854
Due from Eloro Resources Ltd.	5	49,275	65,804
Prepaid expenses		95,717	33,008
		<u>219,689</u>	<u>134,280</u>
Investment in associate	6	299,479	430,272
Right-of-use asset	7	74,071	84,653
Exploration and evaluation	8	1,006,058	978,410
		<u>1,599,297</u>	<u>1,627,615</u>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities	14	789,860	710,053
Due to a related party	9	57,000	25,000
Current portion of lease liabilities	10	42,914	42,276
Unrenounced flow-through share premium		84,919	91,734
		<u>974,693</u>	<u>869,063</u>
Lease liabilities	10	33,913	44,884
		<u>1,008,606</u>	<u>913,947</u>
<b>Shareholders' equity</b>			
Share capital	11	10,107,371	10,107,371
Contributed surplus	11	196,149	196,149
Warrants	11	371,000	371,000
Deficit		(10,083,830)	(9,960,851)
		<u>590,690</u>	<u>713,669</u>
		<u>1,599,297</u>	<u>1,627,615</u>
<b>Going concern</b>	2		
<b>Commitments</b>	15		
<b>Subsequent events</b>	16		

Approved by the Board:

Thomas G. Larsen  
Director

Francis Sauve  
Director

# Cartier Iron Corporation

## Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

(unaudited)

		<b>3 months ended March 31,</b>	
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Expenses</b>			
Professional fees		7,000	7,084
Consulting fees	14	78,000	78,000
General and administrative		51,903	15,909
Investor relations		180	13,110
Interest		1,256	1,856
Depreciation	7	10,582	10,582
Gain on sale of investment in associate	6	(61,371)	-
Decrease in fair value of marketable securities		-	(10,680)
Impairment of exploration and evaluation		-	3,294
Other recoveries		(4,500)	-
Part XII.6 tax		1,160	-
		<u>84,210</u>	<u>119,155</u>
Loss before loss on investment of an associate		(84,210)	(119,155)
Dilution gain (loss) on change in interest in associate	6	(2,804)	13,261
Share of loss of an associate	6	(42,780)	(16,649)
Loss before income taxes		(129,794)	(122,544)
Deferred income tax recovery		6,815	-
<b>Loss and comprehensive loss</b>		<u>(122,979)</u>	<u>(122,544)</u>
<b>Loss per common share-basic and diluted</b>		<u>(0.002)</u>	<u>(0.002)</u>
<b>Weighted average number of common shares- basic and diluted</b>		<u>65,535,221</u>	<u>57,472,721</u>

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

# Cartier Iron Corporation

## Statements of Changes in Equity

(expressed in Canadian dollars)

(unaudited)

	Share capital \$	Contributed surplus \$	Warrants \$	Deficit \$	Total \$
<b>Balance, December 31, 2019</b>	10,107,371	196,149	371,000	(9,960,851)	713,669
Loss for the period	-	-	-	(122,979)	(122,979)
<b>Balance, March 31, 2020</b>	10,107,371	196,149	371,000	(10,083,830)	590,690
<b>Balance, December 31, 2018</b>	9,201,955	256,000	624,000	(9,334,343)	747,612
Loss for the period	-	-	-	(122,544)	(122,544)
<b>Balance, March 31, 2019</b>	9,201,955	256,000	624,000	(9,456,886)	625,069

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

# Cartier Iron Corporation

## Statements of Cash Flows

(expressed in Canadian dollars)

(unaudited)

	<b>3 months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Loss	(122,979)	(122,544)
Items not affecting cash		
Depreciation	10,582	10,582
Interest	1,256	1,856
Gain on sale of investment in associate	(61,371)	-
Increase in fair value of marketable securities	-	(10,680)
Impairment of exploration and evaluation	-	3,294
Dilution gain on change in interest in associate	2,804	(13,261)
Share of loss of an associate	42,780	16,649
Deferred income tax recovery	(6,815)	-
Changes in non-cash working capital		
Receivables	(14,370)	34,489
Prepaid expenses	(62,709)	4,581
Accounts payable and accrued liabilities	79,808	74,434
	<u>(131,014)</u>	<u>(599)</u>
<b>Financing activities</b>		
Advance from a related party	32,000	63,061
Interest paid	(1,256)	(1,856)
Repayment of lease liabilities	(10,333)	(9,733)
	<u>20,411</u>	<u>51,472</u>
<b>Investing activities</b>		
Proceeds on sale of investment in associate	146,580	-
Repayment of advances to Eloro	16,530	-
Exploration and evaluation	(27,648)	(45,539)
	<u>135,462</u>	<u>(45,539)</u>
<b>Net increase in cash</b>	<b>24,859</b>	<b>5,334</b>
<b>Cash, beginning of period</b>	<b>19,614</b>	<b>18,489</b>
<b>Cash, end of period</b>	<b>44,473</b>	<b>23,823</b>
<b>Supplementary information</b>		
Interest paid	1,256	1,856
Income taxes paid	-	-

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

# **Cartier Iron Corporation**

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

### **March 31, 2020**

(expressed in Canadian dollars)  
(unaudited)

#### **1. Nature of operations**

Cartier Iron Corporation (the "Company") is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the laws of Ontario and its registered office is located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

#### **2. Going concern**

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

The Company is in the exploration stage and does not generate revenue. As at March 31, 2020, the Company had a working capital deficit of \$755,004 (December 31, 2019 - \$734,783) and for the 3 months ended March 31, 2020, the Company recorded a loss of \$122,979 (2019 - \$122,544) and incurred a cashflow deficit from operations of \$131,014 (2019 - \$599). The working capital deficit, loss and cashflow deficit from operations limit the Company's ability to fund its operations and the acquisition, exploration and development of mineral resource properties.

The continued operation of the Company is dependent upon the support of the Company's creditors and the Company's ability to secure equity financing and advances from related parties to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

#### **3. Basis of presentation**

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

These interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these interim condensed financial statements are consistent with those disclosed in the Company's audited financial statements for the year ended December 31, 2019.

These interim condensed financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019.

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on May 29, 2020.

#### 4. Receivables

The Company files a Québec Corporation Income Tax Return claiming a refundable tax credit on eligible exploration expenditures incurred in Québec (“Refundable Tax Credits”) and a Québec Mining Duties Return claiming a credit on duties refundable for losses (“Credit on Duties”). It is the Company’s policy to record an estimate of amounts to be received for unassessed claims for Refundable Tax Credits and Credits on Duties as a receivable and a reduction to exploration and evaluation assets when there is reasonable assurance that the Company has complied with all conditions needed to obtain the credits. The amounts of the unassessed claims are subject to audit by Revenu Québec and Ressources naturelles de la Faune Québec.

	In respect returns filed for years ended December 31,			
	2018	2017	2016	2015
		\$	\$	\$
<b>Refundable Tax Credits</b>				
As filed	–	166,069	22,476	251,079
As assessed	–	–	–	251,079
Received	–	–	–	(251,079)
Included in receivables at March 31, 2020	–	–	–	–
<b>Credit on Duties</b>				
As filed	–	34,162	4,641	71,699
As assessed	–	–	–	–
Received during the period	–	–	–	–
Included in receivables at March 31, 2020	–	–	–	–

#### Notices of assessment

On November 8, 2018, the Company received notices of assessments from Revenu Québec for the repayment of \$135,750 (“Notices”) for the return of refunds of \$79,754 and \$34,818 received by the Company for the refundable tax credit on eligible exploration expenditures incurred in Québec in respect of 2014 and 2015, respectively and interest thereon of \$21,178.

The Company has filed notices of objection with respect to the Notices and it is not yet possible for the Company to make any realistic prediction about the outcome of the Notices. Accordingly, no amount has been recorded as a liability in these consolidated financial statements.

#### 5. Due from Eloro Resources Ltd. (“Eloro”)

The amount due from Eloro is unsecured, non-interest bearing and payable on demand. Three directors of the Company are directors of Eloro.

#### 6. Investment in associate

As at March 31, 2020, the Company held 2,402,000 Eloro common shares (2019 - 3,000,000) with a fair value of \$456,380 (December 31, 2019 - \$650,900), representing 6.08% of the outstanding Eloro common shares (December 31, 2019 - 7.76%). The Company continues to account for its investment in Eloro as an investment in associate. Although the Company holds less than 20% of the voting rights of Eloro, the Company continues have significant influence in Eloro as three directors (2018 - three directors) of the Company are also directors of Eloro.

	Number of Eloro common shares held	\$
Balance at December 31, 2019	3,000,000	430,272
Dispositions	(598,000)	(85,209)
Dilution loss	–	(2,804)
Share of loss	–	(42,780)
Balance at March 31, 2020	2,402,000	299,479

The following is a summary of the consolidated statement of position of Eloro and a reconciliation to carrying amounts as at March 31, 2020:

<b>Assets</b>	<b>\$</b>
Cash	15,421
Other current assets	101,480
	116,901
Right-of-use assets	74,612
Exploration and evaluation	5,022,058
	5,213,571
<b>Liabilities and shareholders' equity</b>	
Current liabilities	468,874
Due to Cartier	49,275
Lease liabilities	35,797
Shareholders' equity	4,659,626
	5,213,571

Reconciliation to carrying amount:

Share percentage ownership of Eloro	6.08%
	<b>\$</b>
Company's share of net assets of Eloro	316,985
Difference between the Company's share of net assets of Eloro and carrying value	(17,506)
Carrying value of investment in Eloro	299,479

The following is a summary of the consolidated statement of loss of Eloro for the year ended March 31, 2020:

	<b>\$</b>
<b>Expenses</b>	
Expenses	509,009
Stock-based compensation	501,000
Depreciation	42,636
Foreign exchange loss	9,898
Interest	5,935
Loss on sales of marketable securities	(42,995)
Unrealized gain on marketable securities	119,650
Impairment of exploration and evaluation	35,647
Pre-acquisition exploration and evaluation	92,980
Refundable tax credit notices of assessment	26,000
Other	(7,350)
	1,292,410
<b>Loss</b>	(1,292,410)
Other comprehensive loss	(31,898)
<b>Comprehensive loss</b>	(1,324,308)

## 7. Right-of-use assets

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>\$</b>	<b>\$</b>
Right-of-use assets	126,981	126,981
Accumulated depreciation	(52,909)	(42,328)
	74,072	84,653

## 8. Exploration and evaluation

	December 31, 2019	Exploration expenditures	Writedowns	March 31, 2020
	\$	\$	\$	\$
<b>Property</b>				
Gagnon	—	—	—	—
Big Easy	978,410	27,648	—	1,006,058
	978,410	27,648	—	1,006,058

### Gagnon, Quebec

The Company owns a 55% interest in Round Lake (formerly known as Penguin Lake, Black Dan and Aubrey-Ernie) and Jeannine, consisting of 126 claims covering 66.73 square kilometres in the Fermont Iron Ore District in the Labrador Trough in northeastern Québec (“Gagnon”).

A joint venture was formed between the Company and Champion to incur additional exploration expenditures. If a joint venture partner does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest would be reduced solely to a 1% royalty. The other joint venture partner will have the option to reduce the royalty from 1% to 0.5% by making a payment of \$3,000,000.

In the event that a joint venture partner proposes to acquire any property within 10 kilometres of Gagnon, the acquirer must offer the property at cost to the other party for inclusion in Gagnon.

As at March 31, 2020, facts and circumstances suggested that the carrying amount of Gagnon may exceed its recoverable amount. As required by International Financial Reporting Standard 6, *Exploration for and Evaluation of Mineral Resources* (“IFRS 6”), the Company assessed Gagnon for impairment. The Company concluded that there were a number of indicators of impairment, and accordingly, recorded an impairment of exploration and evaluation of \$Nil (2019 - \$3,294).

The Company has incurred the following cumulative exploration and evaluation expenditures on Gagnon:

	\$
Balance, December 31, 2019 and March 31, 2020	3,896,172

As at March 31, 2020, Champion held 14,644,971 common shares of the Company (December 31, 2019 - 14,644,971), representing 22.35% of the outstanding common shares of the Company (December 31, 2019 -22.35%). Pursuant to a standstill agreement, Champion may not sell or transfer more than 2,000,000 common shares during any 30-day period.

### Big Easy, Newfoundland and Labrador

The Company owns a 100% interest in Big Easy consisting of 507 mining claims (December 31, 2019 - 507) covering 126.8 square kilometres (December 31, 2019 - 126.8) located in Newfoundland and Labrador.

Pursuant to the definitive agreement, in order to complete the acquisition of Big Easy, the Company must issue common shares and incur exploration expenditures, as follows:

	Common shares	Exploration expenditures \$
Upon signing of definitive agreement (issued)	500,000	—
November 21, 2018 (issued and incurred)	500,000	500,000
September 6, 2020 (extended November 21, 2019)(see note 16 for subsequent event)	500,000	800,000
November 21, 2020	1,000,000	1,200,000
	2,500,000	2,500,000

Upon completion of the acquisition, the Company agreed to issue 100,000 common shares as a finder's fee, of which, 50,000 common shares with a fair value of \$4,500 have been issued and 50,000 common shares will be issued.

In the event that the Company does not issue common shares or incur exploration expenditures, the definitive agreement will terminate and the Company will transfer the mining licences and claims to the vendor.

In the event that the Company wishes to sell any or all of the property prior to November 21, 2020, the Company must obtain the permission of the vendor.

With respect to the common shares issued or to be issued to the vendor:

- a) the vendor will not grant a security interest in the common shares;
- b) the vendor has the right to sell tranches of less than 300,000 common shares;
- c) until November 21, 2021, the Company has a right of first refusal in the event that the vendor receives a third party offer to acquire any tranche of more than 300,000 common shares; and
- d) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote against any resolution put before the shareholders of the Company upon the recommendation of the Board of Directors
- e) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote in favour of:
  - (i) the election of board nominees that have not been proposed by the then Board of Directors, or
  - (ii) any shareholder resolution or proposal unless the Board of Directors recommends voting in favour of such shareholder resolution or proposal.

Big Easy is subject to a 3% net smelter royalty ("NSR"). The Company has options to reduce the NSR by:

- a) 0.25% by making a payment of \$250,000 by November 21, 2021; and
- b) a further 0.25% by making a payment of \$250,000 by November 21, 2022.

On April 24, 2019, the Company and the vendors of Big Easy amended the terms of the definitive agreement so that the Company's commitments have been waived and postponed for the length of the period from the dates set forth in the definitive agreement and the date on which permitting issues related to the Big Easy watershed encumbrances are resolved to the Company's satisfaction.

On February 10, 2020, the Company resolved permitting issues related to the Big Easy watershed encumbrances and received a permit for development. Accordingly, the deadline to issue the 500,000 common shares and incur exploration expenditures of \$800,000 has been extended from November 21, 2019 to September 6, 2020.

On March 4, 2020, the Company announced plans to commence a drilling program at Big Easy, however, as a result of the COVID-19 epidemic and deteriorating field conditions, the drill program was suspended and it was not possible to carry out an environmental sound and cost-effective program. The Company is evaluating its options for rescheduling the program.

See note 16 for subsequent event.

## 9. Due to related party

The amount due to a related party, advanced by a director and officer, is unsecured, non-interest bearing and has no fixed terms of repayment.

## 10. Lease liabilities

	\$
Balance, December 31, 2019	87,160
Accretion of interest	1,256
Lease payments	<u>(11,589)</u>
Balance, March 31, 2020	<u>76,827</u>
Current portion of lease liabilities	42,914
Long-term lease liabilities	<u>33,913</u>
	<u>76,827</u>

The lease for premises is a joint and several commitment with Eloro. The remaining lease term is 1.75 years.

## 11. Share capital

### Authorized

An unlimited number of common shares.

An unlimited number of Class A preferred shares 5% voting, redeemable, convertible, non-cumulative dividend, which are redeemable at \$0.10 per share and convertible on the basis of one common share for each Class A preferred share.

## Issued

	Number of common shares	\$
Balance, December 31, 2019 and March 31, 2020	65,535,221	10,092,371

## Stock options

The Company may grant options to its directors, officers, employees and consultants for up to 10% of the number of common shares outstanding. Options granted vest immediately and the maximum term of each option is 5 years. The exercise price shall not be less than the closing price of the common shares on a stock exchange in Canada on the last trading day immediately preceding the date of the grant, less any discount permissible under the rules of the principal stock exchange on which the common shares are listed for trading. In the event that the common shares are not listed for trading on any stock exchange, the exercise price shall be the fair market value as determined by the Board of Directors. As at March 31, 2020, there were 6,553,522 stock options (December 31, 2019 - 6,553,522) authorized to be issued under the stock option plan, of which, 2,375,000 stock options (December 31, 2019 - 2,375,000) were outstanding.

A summary of the Company's stock options is presented below:

	Weighted- average exercise price	Number of stock options outstanding and exercisable
Balance, December 31, 2019 and March 31, 2020	0.10	2,375,000

A summary of the Company's outstanding stock options is presented below:

Exercise price	Expiry date	Number of stock options
\$0.10	July 9, 2020	2,175,000
\$0.15	April 10, 2023	200,000
		2,375,000

## Warrants

A continuity of the Company's warrants is presented below:

	Weighted- average exercise price \$	Number of warrants
Balance, December 31, 2019	0.13	11,217,625
Expired	0.13	(7,000,000)
Balance, March 31, 2020	0.13	4,217,625

A summary of the Company's outstanding warrants is presented below:

Exercise price	Expiry date	Number of warrants
\$0.12	December 7, 2020	2,126,625
\$0.15	December 7, 2020	2,091,000
		4,217,625

The weighted average remaining contractual life of the outstanding warrants is 0.7 year.

## 12. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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.

### *Cash, due from Eloro, accounts payable and accrued liabilities and due to a related party*

The fair values of cash, due from Eloro, accounts payable and accrued liabilities and due to a related party at March 31, 2020 approximated their respective carrying value due to their short term to maturity.

### *Classification of fair value of financial instruments*

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;

Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data

## 13. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

### **Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is equal to the Company's cash and due from Eloro. The Company limits its exposure to credit risk on its cash by holding deposits with high credit quality Canadian chartered bank.

### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of oil and properties. Accounts payable and accrued liabilities are subject to normal trade terms.

The following table sets out financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	<b>Accounts payable and accrued liabilities</b>	<b>Due to a related party</b>	<b>Lease liability</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Less than 1 year	789,860	57,000	42,914	889,774
1-5 years	—	—	33,913	33,913
More than 5 years	—	—	—	—
Balance at March 31, 2020	789,860	57,000	76,827	923,687

**Market risk**

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

**Equity price risk**

Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. At March 31, 2020, the Company owned shares of Eloro (note 6).

**Currency risk**

Currency risk arises from the Company's financial instruments and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. As all of the Company's purchases are in Canadian dollars, the Company limits its exposure to currency risk by maintaining its cash in Canadian dollars.

**Interest rate risk**

The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

**Capital management**

Capital of the Company consists of share capital, contributed surplus, warrants and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issuance of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

**14. Related party transactions****Compensation of key management personnel**

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	3 months ended March 31,		March 31,	Outstanding at
	2020	2019	2020	December 31,
	\$	\$		2019
				\$
Consulting fees	78,000	78,000	527,667	454,477

Additional related party transactions are disclosed in notes 5, 6, 8, and 9. These transactions were in the normal course of business.

**15. Commitment****Flow-through expenditures**

Pursuant to a flow-through financing completed on June 7, 2019, the Company is committed to make eligible Canadian Exploration Expenditures of \$337,768 by December 31, 2020.

## 16. Subsequent events

### Canada Emergency Business Account loan

The Government of Canada announced that it will be providing the Canada Emergency Business Account ("CEBA") to support Canadian businesses that have been adversely affected by COVID-19. On April 20, 2020, the Company received a \$40,000 CEBA term loan. The term loan is government guaranteed, interest-free until December 31, 2022, and if not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing interest at the rate of 5%. The term loan can be repaid at any time without penalty, and if, \$30,000 is repaid by December 31, 2022, the remaining \$10,000 will be forgiven.

### Big Easy

On May 1, 2020, the, the Company and the vendors of the Big Easy amended the terms of the definitive agreement. Pursuant to the amendment, in order to complete the acquisition of Big Easy, the Company must issue common shares and incur exploration expenditures, as follows:

	Common shares	Exploration expenditures \$
Upon signing of definitive agreement (issued)	500,000	–
November 21, 2018 (issued and incurred)	500,000	500,000
May 15, 2020	500,000	–
September 6, 2021	500,000	500,000
September 6, 2022	500,000	500,000
September 6, 2023	–	500,000
	2,500,000	2,000,000