# SKYHARBOUR RESOURCES LTD.

## FINANCIAL STATEMENTS
**(Expressed in Canadian Dollars)**

## FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Skyharbour Resources Ltd.

***Opinion***

We have audited the accompanying financial statements of Skyharbour Resources Ltd. (the "Company"), which comprise the statements of financial position as at March 31, 2020 and 2019, and the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

***Basis for Opinion***

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the financial statements, which indicates that an inability to raise additional financing may impact the future assessment of the Company as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

**"DAVIDSON & COMPANY LLP"**

Vancouver, Canada | Chartered Professional Accountants

July 10, 2020

**SKYHARBOUR RESOURCES LTD.**
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash and cash equivalents (Note 3) | $ 610,934 | $ 1,352,374 |
| Receivables | 50,914 | 54,656 |
| Due from related parties (Note 9) | 26,331 | 11,162 |
| Prepaid expenses | 107,353 | 61,702 |
| | 795,532 | 1,479,894 |
| **Equipment** (Note 5) | - | 828 |
| **Exploration and evaluation assets** (Note 6) | 10,339,093 | 9,620,935 |
| | $ 11,134,625 | $ 11,101,657 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 158,361 | $ 313,714 |
| Flow-through premium liability (Note 7) | 8,616 | - |
| | 166,977 | 313,714 |
| **Shareholders' equity** | | |
| Capital stock (Note 7) | 46,798,289 | 45,149,974 |
| Reserves (Note 7) | 4,318,301 | 4,305,029 |
| Deficit | (40,148,942) | (38,667,060) |
| | 10,967,648 | 10,787,943 |
| | $ 11,134,625 | $ 11,101,657 |

**Nature and continuance of operations** (Note 1)
**Subsequent events** (Note 15)

**Approved and authorized by the Board of Directors on July 7, 2020.**

*"Jordan Trimble"* Director *"Jim Pettit"* Director

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

**SKYHARBOUR RESOURCES LTD.**
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
YEAR ENDED MARCH 31

| | 2020 | 2019 |
|---|---|---|
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | |
| Accounting and audit | $ 67,397 | $ 73,966 |
| Amortization (Note 5) | 828 | 3,308 |
| Consulting fees (Note 9) | 550,438 | 515,718 |
| Legal | 41,613 | 50,183 |
| Office and sundry | 41,128 | 74,670 |
| Rent | 34,326 | 35,202 |
| Shareholder information (Note 9) | 438,323 | 421,540 |
| Share-based payments (Note 8) | - | 435,463 |
| Telephone | 3,939 | 5,188 |
| Transfer agent and filing fees | 24,043 | 26,914 |
| Travel and promotion | 72,164 | 87,062 |
| Wages and benefits | 38,342 | 47,446 |
| | (1,312,541) | (1,776,660) |
| Realized loss on sale of marketable securities (Note 4) | (47,572) | (80,994) |
| Other income – flow-through premium liability (Note 7) | 112,535 | 176,446 |
| Interest income | 5,643 | 15,012 |
| Write-off of exploration and evaluation asset (Note 6) | (239,947) | - |
| | (169,341) | 110,464 |
| **Loss and comprehensive loss for the year** | $ (1,481,882) | $ (1,666,196) |
| **Basic and diluted loss per common share** | $ (0.02) | $ (0.03) |
| **Weighted average number of common shares outstanding - basic and diluted** | 67,811,433 | 60,204,772 |

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

**SKYHARBOUR RESOURCES LTD.**
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
YEAR ENDED MARCH 31

| | 2020 | 2019 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss for the year | $ (1,481,882) | $ (1,666,196) |
| Items not affecting cash: | | |
| Amortization | 828 | 3,308 |
| Realized loss on sale of marketable securities | 47,572 | 80,994 |
| Other income – flow-through premium liability | (112,535) | (176,446) |
| Write-off of exploration and evaluation asset | 239,947 | - |
| Share-based payments | - | 435,463 |
| Changes in non-cash working capital items: | | |
| Decrease in receivables | 3,742 | 1,923 |
| Increase in due from related parties | (15,169) | (836) |
| Increase in prepaid expenses | (45,651) | (43,792) |
| Increase (decrease) in accounts payable and accrued liabilities | (26,261) | 4,022 |
| Cash used in operating activities | (1,389,409) | (1,361,560) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from capital stock issued | 1,844,333 | 3,873,516 |
| Share issuance costs | (61,595) | (64,141) |
| Cash provided by financing activities | 1,782,738 | 3,809,375 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale of marketable securities | 52,428 | 200,256 |
| Option payments received | 50,000 | 50,000 |
| Expenditures on exploration and evaluation assets | (1,237,197) | (2,638,010) |
| Cash used in investing activities | (1,134,769) | (2,387,754) |
| **Increase (decrease) in cash and cash equivalents during the year** | (741,440) | 60,061 |
| **Cash and cash equivalents, beginning of year** | 1,352,374 | 1,292,313 |
| **Cash and cash equivalents, end of year** | $ 610,934 | $ 1,352,374 |

**Supplemental disclosure with respect to cash flows** (Note 12)

**SKYHARBOUR RESOURCES LTD.**
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

| | Capital Stock | | | | |
|---|---|---|---|---|---|
| | **Number** | **Amount** | **Reserves** | **Deficit** | **Total** |
| **Balance, as at March 31, 2018** | 54,620,176 | $ 41,472,134 | $ 3,914,477 | $(37,000,864) | $ 8,385,747 |
| Private placements | 7,500,285 | 3,189,893 | - | - | 3,189,893 |
| Options exercised | 100,000 | 39,000 | - | - | 39,000 |
| Options exercised | - | 24,737 | (24,737) | - | - |
| Warrants exercised | 1,720,263 | 644,623 | - | - | 644,623 |
| Warrants exercised | - | 27,550 | (27,550) | - | - |
| Share issuance costs - finders' warrants | - | (7,376) | 7,376 | - | - |
| Share issuance costs - cash | - | (64,141) | - | - | (64,141) |
| Share-based payments | - | - | 435,463 | - | 435,463 |
| Escrow shares cancelled | (2,928) | - | - | - | - |
| Flow-through share premium | - | (176,446) | - | - | (176,446) |
| Loss for the year | - | - | - | (1,666,196) | (1,666,196) |
| **Balance, as at March 31, 2019** | 63,937,796 | 45,149,974 | 4,305,029 | (38,667,060) | 10,787,943 |
| Private placements | 11,351,879 | 1,823,933 | - | - | 1,823,933 |
| Share issuance costs - cash | - | (61,595) | - | - | (61,595) |
| Share issuance costs - finders' warrants | - | (13,272) | 13,272 | - | - |
| Warrants exercised | 70,000 | 20,400 | - | - | 20,400 |
| Flow-through share premium | - | (121,151) | - | - | (121,151) |
| Loss for the year | - | - | - | (1,481,882) | (1,481,882) |
| **Balance, as at March 31, 2020** | 75,359,675 | $ 46,798,289 | $ 4,318,301 | $(40,148,942) | $10,967,648 |

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Skyharbour Resources Ltd. (the "Company") was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on July 24, 1970. The Company trades on the TSX Venture Exchange ("TSX-V") and is principally engaged in acquisition, exploration and evaluation of resource properties.

The head office and records office of the Company are located at Suite #1610 - 777 Dunsmuir Street, Vancouver, British Columbia, Canada. The registered office is located at Suite #1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada.

The Company's principal business activity is the acquisition and exploration of mineral property interests, at the present, principally in Saskatchewan, Canada. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to financing and exploring these property interests. There has been no determination whether the Company's interests in unproven mineral properties contain mineral reserves which are economically recoverable.

The Company continues to be dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects, and ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of the properties, and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

## 2. BASIS OF PRESENTATION

### Statement of Compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(Expressed in Canadian Dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Critical accounting estimates**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

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

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

iii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

iv) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

**Cash and cash equivalents**

Cash is comprised of cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

| | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Cash** | $ 509,659 | $ 253,861 |
| **Term deposits** | 101,275 | 1,098,513 |
| | $ 610,934 | $ 1,352,374 |

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following annual rates:

| | |
|---|---|
| Computer equipment | 30% |
| Furniture and equipment | 20% |

Equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to items of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance.

Gains and losses on disposal of an item of equipment are determined by comparing the net proceeds from disposal with the carrying amount of equipment and are recognized in profit or loss.

### Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs related to the acquisition and exploration of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets after an impairment test and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

### Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

**Impairment** (cont'd…)

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

**Provision for environmental rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year. The Company had no provisions for environmental rehabilitation as at March 31, 2020.

**Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**Share-based payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in reserves is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion of share-based payments previously recorded in reserves. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

**Flow-through common shares**

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being incurred, the Company derecognizes the flow-through premium liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used for only Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “Look-back” Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

**Income taxes**

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Financial instruments**

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) and amortized cost. The basis for classification depends on the entity’s business model and the contractual cash flow characteristics of the instrument.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

**Financial instruments** (cont'd...)

Classification

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income (loss) ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial liability is classified as measured at amortized cost or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The Company classifies its financial instruments as follows:

| Asset or Liability | IFRS 9 classification |
|---|---|
| Cash and cash equivalents | FVTPL |
| Receivables | Amortized cost |
| Due from related parties | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

**Financial instruments** (cont'd...)

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss impairment model.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

**Financial instruments** (cont'd...)

Measurement (cont'd...)

Impairment of financial instruments (cont'd...)

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**New standards, interpretations and amendments adopted**

*IFRS 16 – Leases*

The Company adopted IFRS 16 - Leases ("IFRS 16") on April 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values.

Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As at the date of transition, management has assessed that it does not have any leases to which IFRS 16 applies. The adoption of the new IFRS standard has therefore not resulted to adjustments in previously reported figures and there has been no change to the opening deficit balance as at April 1, 2019.

(Expressed in Canadian Dollars)

## 4. MARKETABLE SECURITIES

During the year ended March 31, 2020, the Company sold marketable securities consisting of 2,000,000 (2019 - 2,250,000) shares in a publicly traded company with an initial value of $100,000 (2019 - $382,500). These shares were received in fiscal 2020 and 2019, pursuant to an option agreement relating to the Preston Uranium Project (Note 6). The Company received net proceeds of $52,428 (2019 - $200,256) with respect to the sale of these shares and realized a loss on marketable securities of $47,572 (2019 - $80,994), which was recorded in profit or loss.

## 5. EQUIPMENT

| | | Furniture and Equipment |
|---|---|---|
| **Cost** | | |
| **Balance, March 31, 2018, 2019 and 2020** | $ | 19,850 |
| **Accumulated amortization** | | |
| Balance, March 31, 2018 | $ | 15,714 |
| Amortization | | 3,308 |
| Balance, March 31, 2019 | | 19,022 |
| Amortization | | 828 |
| **Balance, March 31, 2020** | $ | 19,850 |
| **Carrying amounts** | | |
| As at March 31, 2019 | $ | 828 |
| As at March 31, 2020 | $ | - |

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS

| **2020** | Falcon Point and Yurchison | Moore Lake, Sask. | Mann Lake, Sask. | Preston, Sask. | Total |
|---|---|---|---|---|---|
| **Acquisition costs:** | | | | | |
| Balance, beginning of year | $ 220,787 | $ 2,210,000 | $ 170,340 | $ 5,200 | $ 2,606,327 |
| Write-off | - | - | (170,340) | - | (170,340) |
| Balance, end of year | 220,787 | 2,210,000 | - | 5,200 | 2,435,987 |
| **Exploration costs:** | | | | | |
| Balance, beginning of year | 652,068 | 6,083,198 | 62,707 | 216,635 | 7,014,608 |
| Additions | | | | | |
| Accommodation/food | 72,327 | 19,273 | - | - | 91,600 |
| Assaying/sampling | 7,709 | 60,795 | - | - | 68,504 |
| Camp | - | 70,682 | - | - | 70,682 |
| Consulting & geologist | 104,120 | 97,050 | 6,900 | - | 208,070 |
| Drilling | - | 325,287 | - | - | 325,287 |
| Equipment & other rentals | 7,444 | 40,735 | - | - | 48,179 |
| GIS/technical logistics | 4,029 | 12,240 | - | - | 16,269 |
| Mileage/gas/propane | 580 | 55,497 | - | - | 56,077 |
| Mobilization/demobilization | - | 130,350 | - | - | 130,350 |
| Office/miscellaneous | 28 | 969 | - | - | 997 |
| Shipping/transportation | - | 1,933 | - | - | 1,933 |
| Staking/line-cutting/acquisitions | 41,371 | - | - | - | 41,371 |
| Supplies | 1,260 | 7,283 | - | - | 8,543 |
| Travel | 6,903 | 33,340 | - | - | 40,243 |
| | 245,771 | 855,434 | 6,900 | - | 1,108,105 |
| Option payments received | - | - | - | (150,000) | (150,000) |
| Write-off | - | - | (69,607) | - | (69,607) |
| Balance, end of year | 897,839 | 6,938,632 | - | 66,635 | 7,903,106 |
| **Total costs, March 31, 2020** | $ 1,118,626 | $ 9,148,632 | $ - | $ 71,835 | $10,339,093 |

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

| **2019** | Falcon Point and Yurchison | Moore Lake, Sask. | Mann Lake, Sask. | Preston, Sask. | Total |
|---|---|---|---|---|---|
| **Acquisition costs:** | | | | | |
| Balance, beginning of year | $ 213,723 | $ 1,910,000 | $ 170,340 | $ 5,200 | $ 2,299,263 |
| Additions | 7,064 | 300,000 | - | - | 307,064 |
| Balance, end of year | 220,787 | 2,210,000 | 170,340 | 5,200 | 2,606,327 |
| **Exploration costs:** | | | | | |
| Balance, beginning of year | 637,741 | 3,858,131 | 50,807 | 266,635 | 4,813,314 |
| Additions | | | | | |
| Accommodation/food | - | 45,235 | - | - | 45,235 |
| Assaying/sampling | - | 89,206 | - | - | 89,206 |
| Camp | - | 165,405 | - | - | 165,405 |
| Consulting & geologist | 11,900 | 292,874 | 11,900 | - | 316,674 |
| Drilling | - | 896,910 | - | - | 896,910 |
| Equipment & other rentals | - | 109,919 | - | - | 109,919 |
| GIS/technical logistics | - | 27,480 | - | - | 27,480 |
| Mileage/gas | - | 151,553 | - | - | 151,553 |
| Mobilization/demobilization | - | 142,676 | - | - | 142,676 |
| Office/miscellaneous | 2,427 | 1,623 | - | - | 4,050 |
| Supplies | - | 16,012 | - | - | 16,012 |
| Transportation/shipping | - | 7,063 | - | - | 7,063 |
| Travel | - | 279,111 | - | - | 279,111 |
| | 14,327 | 2,225,067 | 11,900 | - | 2,251,294 |
| Option payments received | - | - | - | (50,000) | (50,000) |
| Balance, end of year | 652,068 | 6,083,198 | 62,707 | 216,635 | 7,014,608 |
| **Total costs, March 31, 2019** | $ 872,855 | $ 8,293,198 | $ 233,047 | $ 221,835 | $ 9,620,935 |

## 6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

**Title to exploration and evaluation assets**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

**Preston Uranium Project in the Athabasca Basin, Saskatchewan**

The Company and Dixie Gold Inc. ("Dixie") (formerly Clean Commodities Corp.) each own a 50% interest in the Preston Uranium Project located in the Athabasca area of the province of Saskatchewan.

The Company and Dixie entered into an option agreement on March 7, 2017 whereby the optionee, Orano Canada Inc., may earn a 70% working interest in a portion of the Preston Uranium Project. To earn the first option of 51%, the optionee is required to contribute $100,000 in cash to each of the Company and Dixie ($100,000 to each company was received) and incur $2,800,000 in exploration expenditures over a three year period (incurred). The optionee may earn an additional 19% interest for a total of 70% over another three years by funding exploration expenditures in the total amount of $4,500,000 and making cash payments totaling $250,000 to each of Skyharbour and Dixie.

On March 27, 2017, the Company and Dixie entered into an option agreement which allows the optionee, Azincourt Energy Corp. ("Azincourt"), to acquire a 70% working interest in a portion of the Preston Uranium Project known as the East Preston Property. Under the agreement, the optionee will issue 4,500,000 listed common shares (2,250,000 shares issued to each optionor) and contribute cash of $1,000,000 ($500,000 to each optionor) and incur exploration expenditures totaling up to $2,500,000 over the three-year option agreement. During fiscal 2020, the Company entered into a debt settlement agreement whereby the debtor, Azincourt issued 2,000,000 of its common shares in lieu of paying $100,000 in cash to the Company, on or before 24 months following the execution date. The Company also received $50,000 pursuant to the original option agreement. As of March 31, 2020, the Company received 4,250,000 common shares (valued at $482,500) (Note 4) and $200,000 in cash from the optionee.

**Falcon Point in the Athabasca Region, Saskatchewan**

The Company holds a 100% interest in the Falcon Point uranium project as well as the Yurchison Lake project, together "Falcon Point and Yurchison Projects", both located on the eastern flank of the Athabasca basin, Saskatchewan. Denison Mines Corp. ("Denison") will retain a 2% Net Smelter Royalty ("NSR") in the projects of which 1% may be purchased by the Company for $1,000,000.

**Moore Lake Uranium Project, in the Athabasca Region, Saskatchewan**

On July 13, 2016, the Company entered into an agreement with Denison whereby the Company has an option to acquire a 100% interest in Denison's 100% interest in the Moore Lake uranium project located in the eastern Athabasca Basin, in Saskatchewan, Canada.

## 6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

**Moore Lake Uranium Project, in the Athabasca Region, Saskatchewan** (cont'd…)

Under the terms of the option agreement, the Company is required to issue 4,500,000 common shares (issued at a fair value of $1,710,000) and make staged cash payments over five years totaling $500,000 (paid) to Denison as well as incur $3,500,000 in exploration expenditures over five years (incurred) ("Option Period") to complete its acquisition of a 100% interest in the property. During the Option Period, the Company is the operator of the project and recognizes an administration fee of 10% of all direct and indirect expenses for the calculation of the required exploration expenditures incurred.

Denison may exercise a buyback option ("Buyback Option") to repurchase a 51% interest in the property by making a cash payment of $200,000 and spending $6,750,000 in exploration expenditures on the property over the following three-year period. The parties would then form a joint venture. If Denison fails to complete the Buyback Option, the Company will retain 100% ownership in the property.

Provided this first Buyback Option is not exercised by Denison, the Company would retain 100% ownership of the property and would have an additional five year period to incur an additional $3,000,000 in exploration expenditures on the project. At this point, Denison may elect to exercise a second buyback option to repurchase a 51% interest in the property by making a cash payment of $500,000 and spending $16,500,000 in exploration expenditures on the property over the following four year period. The parties would then form a joint venture. If Denison fails to complete this second buyback option, the Company will retain 100% ownership in the property.

Provided the first Buyback Option was not exercised by Denison and the Company does not complete the additional expenditures within the allotted five year period, Denison may elect to exercise a buyback option at any time to repurchase a 51% interest in the property by making a cash payment of $500,000 and spending at least 2.5 times the expenditures incurred by the Company since the beginning of the option agreement. The parties would then form a joint venture.

The Company now holds 100% interest in the property.

**Mann Lake in the Athabasca Region, Saskatchewan**

The Company holds a 100% interest in the Mann Lake uranium project. The Company has an option to purchase 1.5% of the property's underlying 2.5% NSR for $1,500,000. During the year ended March 31, 2020, due to a delay in the development of the property, the Company charged the carrying value of $239,947 to operations.

## 7. CAPITAL STOCK AND RESERVES

**Authorized**

An unlimited number of common shares without par value.

**Private placements**

During fiscal 2020, the Company issued capital stock as follows:

On November 29, 2019, the Company raised gross proceeds of $1,823,933 from a non-brokered private placement of 4,038,380 flow-through ("FT") units at a price of $0.18 per FT unit as well as 7,313,499 non-FT units at a price of $0.15 per non-FT unit. Each FT unit consists of one common share and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase one common share for a period of three years at a price of $0.22 per common share. Each non-FT unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one common share for a period of three years at a price of $0.22 per common share. The Company issued 250,837 finder's warrants with an exercise price of $0.22 for three years and paid cash finders' fees of $51,225 with respect to the private placement. The Company recognized a FT premium liability of $121,151 as a result of the premium price on the FT shares. As at March 31, 2020, the Company had incurred the $671,461 in eligible expenditures and recognized other income of $112,535 through profit or loss.

The 250,837 finders' warrants were valued at $13,272 using the Black-Scholes option pricing model using an expected life of 3 years, volatility of 59.2%, a dividend rate of 0% and risk-free interest rate of 1.62%.

The Company incurred additional share issue costs of $10,370 associated with these private placements.

During fiscal 2019, the Company issued capital stock as follows:

On December 7, 2018, the Company raised gross proceeds of $600,000 from a non-brokered FT private placement of 1,333,333 FT shares at a price of $0.45 per FT share. The Company recognized a FT premium liability of $53,333 as a result of the premium price on the FT shares. As at March 31, 2019, the Company had incurred the $600,000 in eligible expenditures and recognized other income of $53,333 through profit or loss.

On August 2, 2018, the Company raised gross proceeds of $2,589,894 from a non-brokered FT private placement of 2,462,256 FT units at a price of $0.45 per FT unit as well as 3,704,696 non-FT units at a price of $0.40 per non-FT unit. Each FT unit consists of one common share and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase one common share for a period of two years at a price of $0.60 per common share. Each non-FT unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one common share for a period of two years at a price of $0.60 per common share. The Company issued 79,097 finder's warrants with an exercise price of $0.60 for two years and paid cash finders' fees of $40,059 with respect to the private placement. The Company recognized a FT premium liability of $123,113 as a result of the premium price on the FT shares. As at March 31, 2019, the Company had incurred the $1,105,553 in eligible expenditures and recognized other income of $123,113 through profit or loss.

The 79,097 finders' warrants were valued at $7,376 using the Black-Scholes option pricing model using an expected life of 2 years, volatility of 59%, a dividend rate of 0% and risk-free interest rate of 2.08%.

The Company incurred additional share issue costs of $24,082 associated with these private placements.

(Expressed in Canadian Dollars)

## 8. STOCK OPTIONS AND WARRANTS

The Company has a stock option plan approved by shareholders to grant options to directors, officers, employees and consultants, to acquire up to 10% of issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

The following incentive stock options were outstanding at March 31, 2020:

| | Number of Shares | Exercise Price | Expiry Date |
|---|---|---|---|
| **Stock options:** | 202,500 | $ 0.30 | July 9, 2020 * |
| | 1,787,500 | 0.30 | September 29, 2021 |
| | 100,000 | 0.35 | December 22, 2021 |
| | 370,000 | 0.63 | February 13, 2022 |
| | 1,325,000 | 0.42 | August 17, 2023 |
| | 100,000 | 0.42 | August 28, 2023 |
| | 3,885,000 | | |

* Subsequent to March 31, 2020, these options expired unexercised.

The following share purchase warrants were outstanding at March 31, 2020:

| | Number of Shares | Exercise Price | Expiry Date |
|---|---|---|---|
| **Warrants:** | 1,527,500 | $ 0.40 | June 26, 2020 ** |
| | 5,014,920 | 0.60 | August 2, 2020 |
| | 14,349,200 | 0.27 | August 10, 2021 |
| | 9,583,526 | 0.22 | November 29, 2022 |
| | 30,475,146 | | |

** Subsequent to March 31, 2020, these warrants expired unexercised.

(Expressed in Canadian Dollars)

## 8. STOCK OPTIONS AND WARRANTS (cont'd…)

Stock option and share purchase warrant transactions are summarized as follows:

| | Warrants | | | Stock Options | | |
|---|---|---|---|---|---|---|
| | Number | | Weighted Average Exercise Price | Number | | Weighted Average Exercise Price |
| Outstanding March 31, 2018 | 23,791,452 | $ | 0.31 | 4,152,562 | $ | 0.37 |
| Granted | 5,022,811 | | 0.60 | 1,600,000 | | 0.42 |
| Exercised | (1,720,263) | | 0.37 | (100,000) | | 0.39 |
| Cancelled/expired | (652,010) | | 0.31 | (855,687) | | 0.44 |
| Outstanding March 31, 2019 | 26,441,990 | | 0.36 | 4,796,875 | | 0.37 |
| Granted | 9,583,526 | | 0.22 | - | | - |
| Exercised | (70,000) | | 0.29 | - | | - |
| Cancelled/expired | (5,480,370) | | 0.37 | (911,875) | | 0.35 |
| Outstanding March 31, 2020 | 30,475,146 | $ | 0.32 | 3,885,000 | $ | 0.38 |
| Number currently exercisable | 30,475,146 | $ | 0.32 | 3,885,000 | $ | 0.38 |

**Share-based payments**

During fiscal 2019, the Company granted Nil (2019 – 1,600,000) stock options to directors, officers, employees and consultants resulting in share-based payments expense using the Black-Scholes option-pricing model of $Nil (2019 - $435,463). This amount was also recorded as reserves on the statement of financial position. The weighted average fair value of the stock options granted during fiscal 2020 was $Nil (2019 - $0.27) per option.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

| | 2020 | 2019 |
|---|---|---|
| Risk-free interest rate | - | 2.19% - 2.25% |
| Expected life | - | 5 years |
| Annualized volatility | - | 76.54% - 76.65% |
| Estimated forfeiture rate | - | 0.00% |
| Dividend rate | - | 0.00% |

(Expressed in Canadian Dollars)

## 9. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are the Directors, Chief Executive Officer, and the Chief Financial Officer.

Compensation of the Company's key management personnel is comprised of the following:

| | | 2020 | | 2019 |
|---|---|---|---|---|
| Charged to profit and loss for consulting fees | $ | 277,006 | $ | 256,938 |
| Capitalized to exploration and evaluation assets | | 102,400 | | 131,000 |
| Share-based payments | | - | | 231,779 |
| Total expense | $ | 379,406 | $ | 619,717 |

Included in accounts payable and accrued liabilities at March 31, 2020 is $2,100 (2019 - $6,720) due to directors and/or their companies.

Due from related parties at March 31, 2020 is $26,331 (2019 - $11,162) and is non-interest bearing with no specific terms of repayment.

## 10. ADMINISTRATIVE AGREEMENT

The Company operates from the premises of a private company that provides office and administrative services to the Company and various other public companies on a short-term contract basis. The private company incurs costs which are reimbursed by the Company. No administrative fees are charged for this service.

(Expressed in Canadian Dollars)

## 11. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

| | 2020 | 2019 |
|---|---|---|
| Loss before income taxes | $ (1,481,882) | $ (1,666,196) |
| Combined Canadian federal and provincial statutory rate | 27% | 27% |
| Expected income tax recovery at statutory tax rates | $ 400,000 | $ 450,000 |
| Impact of future income tax rates applied versus current statutory rate | 26,000 | 7,000 |
| Impact of flow-through shares | (181,000) | (460,000) |
| Non-deductible expenditures | 51,000 | (144,000) |
| Change in unrecognized deductible temporary differences | (347,000) | 7,000 |
| Adjustment to prior years provision and other | 51,000 | 140,000 |
| Total deferred tax recovery | $ - | $ - |

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the financial position are as follows:

| | **2020** | **Expiry dates** | **2019** |
|---|---|---|---|
| Share issue costs | $ 186,000 | 2039 to 2044 | $ 218,000 |
| Non-Capital losses | 10,319,000 | 2026 to 2040 | 8,647,000 |
| Capital assets | 69,000 | No expiry | 69,000 |
| Mineral properties | - | No expiry | 272,000 |
| ITC | 212,000 | 2021 to 2040 | 191,000 |
| Allowable capital losses | 2,328,000 | No expiry | 2,304,000 |
| | $ 13,114,000 | | $ 11,701,000 |

(Expressed in Canadian Dollars)

## 12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

| | 2020 | 2019 |
|---|---|---|
| Cash paid or accrued during the year for interest | $ - | $ - |
| Cash paid during the year for income taxes | $ - | $ - |

During the year ended March 31, 2020, the Company:

a) Accrued $131,755 in exploration and evaluation assets through accounts payable and accrued liabilities.

b) Issued 250,837 finder warrants with a fair value of $13,272 with respect to private placements.

c) Received 2,000,000 shares of a public company, valued at $100,000 pursuant to an exploration and evaluation option agreement (Note 6).

During the year ended March 31, 2019, the Company:

d) Accrued $260,847 in exploration and evaluation assets through accounts payable and accrued liabilities.

e) Issued 79,097 finder units with a fair value of $7,376 with respect to private placements.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Cash and cash equivalents and marketable securities are carried at fair value using a level 1 fair value measurement. The fair values of due from related parties, receivables and accounts payable and accrued liabilities approximate their book values due to the short-term nature of the instruments.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because these instruments are due primarily from government agencies and cash and cash equivalents is held with reputable financial institutions.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. At March 31, 2020, the Company had cash and cash equivalents balance of $610,934 to settle current liabilities of $166,977.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant. The Company's marketable securities are exposed to market risk.

(a) Interest rate risk

The Company has cash balances held with financial institutions. The Company's current policy is to invest excess cash in short-term demand treasury bills issued by the Government of Canada and its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

The Company is not currently exposed to significant foreign currency risk as most transactions are denominated in Canadian dollars.

(c) Price risk

The company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

## 14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital restrictions.

## 15. SUBSEQUENT EVENTS

**Preston Uranium Project in the Athabasca Basin, Saskatchewan**

The Company and Dixie entered into an agreement whereby the debtor, Azincourt issued 5,000,000 of its common shares (50% each as to the Company & Dixie) as consideration to extend the March 27, 2020 deadline with respect to cash payments of $400,000 and $1,500,000 in exploration expenditures to March 31, 2021.

**Private Placement**

On May 1, 2020, the Company raised gross proceeds of $1,678,800 from a non-brokered private placement of 4,861,111 FT units at a price of $0.18 per FT unit as well as 5,358,666 non-FT units at a price of $0.15 per non-FT unit. Each FT and non-FT unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one common share for a period of three years at a price of $0.22 per common share. The Company issued 347,587 finders' warrants with an exercise price of $0.22 for three years and paid cash finders' fees of $65,658 with respect to the private placement.