COLORADO RESOURCES LTD.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2020

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

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

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

COLORADO RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

	Note	**June 30, 2020**	March 31, 2020
ASSETS		**$**	$
Current			
Cash and cash equivalents	5	**314,275**	573,200
Restricted cash	5	**1,521,969**	1,622,314
Receivables		**64,498**	56,942
Prepaid expenses and deposits		**57,745**	79,286
Marketable securities	6	**37,920**	25,280
Current portion of net investment in sublease	9	**26,462**	25,684
		2,022,869	2,382,706
Non-Current			
Net investment in sublease	9	**29,819**	36,733
Reclamation deposits	7	**172,000**	167,000
Property, plant and equipment	8	**7,036**	5,724
Right-of-use asset	9	**25,664**	29,329
Exploration and evaluation assets	10	**26,590,541**	26,480,272
		28,847,929	29,101,764
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	**317,557**	369,233
Lease liability	9	**45,668**	44,324
		363,225	413,557
Non-Current			
Flow-through share premium liability	12	**631,720**	631,720
Lease liability	9	**47,270**	59,204
		1,042,215	1,104,481
EQUITY			
Share capital	14	**47,173,446**	47,173,446
Share-based payments reserve		**1,180,553**	1,117,714
Deficit		**(20,548,285)**	(20,293,877)
		27,805,714	27,997,283
		28,847,929	29,101,764

Approved on behalf of the Board:
_*"Cecil Bond"*______ , Director
_*"Fletcher Morgan"*__ , Director

See accompanying notes to the condensed consolidated interim financial statements.

COLORADO RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED JUNE 30
(Unaudited - Expressed in Canadian dollars)

	Note	**2020**	2019
		$	$
Expenses			
Accretion of lease liability	9	**1,192**	4,130
Consulting	18(a)	**86,600**	9,706
Depreciation	8, 9	**5,238**	11,791
Directors' fees	18(a)	**-**	25,000
Interest on lease liability		**3,003**	-
Interest on loan payable		**-**	10,278
Investor relations		**30,869**	(2,110)
Office and administration	18(a)	**42,173**	27,613
Professional fees		**26,308**	130,408
Salaries and benefits	18(a)	**1,841**	53,851
Share-based payments expense	14(e), 18(a)	**65,860**	-
Transfer agent, regulatory and filing fees		**2,092**	1,424
Travel and accommodation		**-**	4,725
		265,176	276,816
Other Items			
Accretion on sublease		**(1,812)**	-
Foreign exchange gain		**(11,280)**	-
Interest and miscellaneous income		**(10,403)**	(496)
Write-off of cash in subsidiary		**28,388**	-
Unrealized (gain) loss on marketable securities	6	**(12,640)**	180
		(7,747)	(316)
Loss and comprehensive loss for the period		**(257,429)**	(276,500)
Basic and diluted loss per share		**$ (0.01)**	$ (0.02)
Basic and diluted weighted average number of shares outstanding		**21,117,091**	12,513,714

See accompanying notes to the condensed consolidated interim financial statements.

COLORADO RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Share-based payments reserve	Deficit	Total
			$	$	$	$
Balance, March 31, 2019		**12,513,714**	**40,988,917**	**1,154,769**	**(19,839,177)**	**22,304,509**
Net loss for the period		-	-	-	(276,500)	(276,500)
Reclass of expired or forfeited stock options and warrants	3, 14(c)	-	-	(75,386)	75,386	-
Balance, June 30, 2019		**12,513,714**	**40,988,917**	**1,079,383**	**(20,040,291)**	**22,028,009**
Net loss for the period		-	-	-	(1,064,702)	(1,064,702)
Private placements, net of share issue costs		6,006,045	4,662,545	364,716	-	5,027,261
Flow-through share premium		-	(631,720)	-	-	(631,720)
Shares issued for settlement of loan	13	633,672	538,621	-	-	538,621
Shares issued pursuant to Buckingham acquisition	4	1,249,005	1,249,005	124,703	-	1,373,708
Shares issued for bonus fees on loan	13	25,000	21,250	-	-	21,250
Shares issued for mineral property option payment		689,655	344,828	-	-	344,828
Share-based payments expense		-	-	360,028	-	360,028
Reclass of expired or forfeited stock options and warrants		-	-	(811,116)	811,116	-
Balance March 31, 2020		**21,117,091**	**47,173,446**	**1,117,714**	**(20,293,877)**	**27,997,283**
Net loss for the period		-	-	-	(257,429)	(257,429)
Share-based payments expense	14(e)	-	-	65,860	-	65,860
Reclass of expired stock options	14(c)	-	-	(3,021)	3,021	-
Balance, June 30, 2020		**21,117,091**	**47,173,446**	**1,180,553**	**(20,548,285)**	**27,805,714**

COLORADO RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30
(Unaudited - Expressed in Canadian dollars)

	Note	**2020**	2019
Operating Activities			
Net loss for the period		**(257,429)**	(276,500)
Items not involving cash:			
Depreciation	8, 9	**6,429**	11,791
Accrued interest		**6,136**	10,278
Accretion of lease liability	9	**1,192**	4,130
Share-based payments expense	14(e)	**65,860**	-
Unrealized (gain) loss on marektable securities	6	**(12,640)**	180
		(190,452)	(250,121)
Net change in non-cash working capital	13	**(37,691)**	187,384
Cash used in operating activities		**(228,143)**	(62,737)
Investing Activities			
Purchase of reclamation bonds	7	**(5,000)**	-
Purchase of property, plant and equipment	8	**(4,076)**	-
Exploration and evaluation assets expenditures	10	**(110,269)**	-
Cash used in investing activities		**(119,345)**	-
Financing Activities			
Buckingham loan	13	**-**	200,000
Lease liability payments	9	**(11,782)**	(13,442)
Cash provided by (used in) financing activities		**(11,782)**	186,558
Net increase (decrease) in cash and cash equivalents		**(359,270)**	123,821
Cash and cash equivalents, beginning of period		**2,195,514**	134,598
Cash and cash equivalents, end of period		**1,836,244**	258,419
Cash, cash equivalents and restricted cash is comprised of:			
Cash and cash equivalents		**314,275**	258,419
Restricted cash		**1,521,969**	-
		1,836,244	258,419
Supplemental cash flow information	13		

1. NATURE OF OPERATIONS AND GOING CONCERN

Colorado Resources Ltd. (the "**Company**") was incorporated on October 9, 2009 under the Business Corporations Act (British Columbia). The Company is in the exploration stage and its principal business activities include the acquisition, exploration and development of mineral properties. The Company's principal properties are located in British Columbia.

The Company is listed on the TSX Venture Exchange (the "**TSX-V**"), having the symbol CXO.V as a Tier 1 issuer and its corporate office and principal place of business are located at Suite 2300 - 1066 W Hastings Street, Vancouver, B.C. V6E 3X2.

Effective August 21, 2020, the Company consolidated its common shares on the basis of one post-consolidated common share for every ten pre-consolidated common shares held. The 211,170,915 pre-consolidated common shares issued and outstanding were adjusted to 21,117,091 post-consolidated common shares. As required by International Accounting Standards ("IAS") 33 *Earnings per Share*, all references to share capital, common shares outstanding, warrants outstanding, options outstanding and per share amounts in these condensed consolidated interim financial statements and these accompanying notes for time periods prior to the share consolidation have been restated to reflect the one-for-ten share consolidation.

The Company has not generated revenues from its operations to date. The Company incurred a net loss of $257,429 during the three months ended June 30, 2020 (2019: $276,500) and, as of that date, the Company's accumulated deficit was $20,548,285 (March 31, 2020: $20,293,877). The Company had working capital of $1,659,644 as at June 30, 2020 (March 31, 2020: $1,969,149) of which the Company has flow through expenditure requirements of $1,521,969 (March 31, 2020: $1,622,314). These conditions indicate the existence of material uncertainties, which may cast significant doubt on the Company's ability to continue as a going concern. The Company will continue to have to raise funds beyond its current working capital balance in order to continue the development of its exploration properties and general operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Since March 2020, COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financing capabilities. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. It is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these condensed consolidated interim financial statements. Should the Company's stock price remain at or below current prevailing levels for an extended period, this could have a further significant adverse impact on the Company's financial position and results of operations for future periods.

As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

No adjustments have been made to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**") using accounting principles consistent with International Financial Reporting Standards ("**IFRS**") as issued by the IASB.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the "**Board**") approved these consolidated financial statements on August 31, 2020.

These condensed consolidated interim financial statements are presented in Canadian Dollars, which is the functional currency of the Company and its subsidiaries.

3. CHANGE IN ACCOUNTING POLICY

Share-based payments reserve

During the year ended March 31, 2020, the Company amended its accounting policy with respect to contributed surplus. Firstly, the Company changed the name from contributed surplus to share-based payments reserve. Secondly, the Company amended its accounting policy to reclassify amounts from share-based payments reserve with respect to cancelled or expired options and warrants, to deficit. Previously, if granted options or warrants vested and then subsequently expired or were forfeited, no reversal of contributed surplus was recognized.

Therefore, under the new accounting policy, share-based payments reserve consists of the fair value of stock options and warrants granted since inception, less amounts transferred to share capital for exercised stock options and warrants and less amounts transferred to deficit for cancelled or expired stock options and warrants.

The amounts have been retrospectively recast with $3,968,953 reallocated for options and warrants that expired prior to March 31, 2019, and another $75,386 for options and warrants that expired during the three months ended June 30, 2019. As the amounts are an adjustment within shareholders' equity, the recasting had no effect on the condensed interim financial position, operating results or cash flows previously reported.

(Unaudited - Expressed in Canadian dollars)

4. ACQUISITION OF BUCKINGHAM

On August 20, 2019, the Company completed a plan of arrangement with Buckingham Copper Corp. ("**Buckingham**"), which resulted in the acquisition of Buckingham (the "**Buckingham Acquisition**"), with Buckingham shareholders receiving one half of a common share of the Company for each Buckingham common share held, resulting in 1,249,005 Colorado common shares issued. The acquisition also resulted in all outstanding Buckingham warrants being converted to Colorado warrants at the same ratio as the common shares (the "**Replacement Warrants**"), resulting in an additional 210,000 Colorado warrants outstanding and exercisable at $1.20 until August 20, 2022.

At the time of the Buckingham Acquisition, Buckingham's assets consisted primarily of cash, receivables and prepaids, and exploration and evaluation assets, and it did not have any processes capable of generating outputs; therefore, Buckingham did not meet the definition of a business. Accordingly, as Buckingham did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the acquisition constituted an asset acquisition and has been accounted for as such.

As the acquisition was considered an asset acquisition, the excess of value of consideration paid over net assets acquired was allocated to Buckingham's Moat and Sofia properties.

The fair value of the common shares amounted to $1,249,005, based on the trading price of the Company's shares on the issuance date. The fair value of the Replacement Warrants, in accordance with IFRS 2, was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Market price of shares	$	1.00
Exercise price	$	1.20
Risk-free interest rate		1.19%
Expected stock price volatility		102%
Expected dividend yield		0.0%
Expected life in years		3.0
Fair value	$	0.06

The Company considered the Buckingham transaction an asset acquisition with details as follows:

Consideration paid:	$
Issuance of 1,249,005 common shares at $1.00/share	1,249,005
Transaction costs	375,096
Fair value of 210,000 Replacement Warrants issued	124,703
Total	1,748,804
Assets acquired:	$
Cash	20,241
Receivables	26,385
Prepaids	38,854
Exploration and evaluation assets - Moat	851,740
Exploration and evaluation assets - Sofia	1,129,660
Loan to Colorado	200,000
Liabilities assumed:	
Accounts payable	(518,076)
Total	1,748,804

(Unaudited - Expressed in Canadian dollars)

4. ACQUISITION OF BUCKINGHAM (continued)

Upon completion of the plan of arrangement, the $200,000 loan owed by Colorado to Buckingham became an intercompany balance.

5. CASH AND CASH EQUIVALENTS, RESTRICTED CASH

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates. Cash equivalents are held in cashable guaranteed investment certificates. Restricted cash relates to the portion of proceeds received on issuance of flow-through ("**FT**") shares received but not yet spent at the end of the reporting period.

6. MARKETABLE SECURITIES

Marketable securities consist of an investment of 1,264,000 (March 31, 2020: 1,264,000) common shares of Damara Gold Corp. ("**Damara**"). The Company's marketable securities are measured at fair value through profit or loss ("**FVTPL**"). The fair value of the marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation.

A summary of the changes in FVTPL investments is presented below:

	$
Balance, March 31, 2020	25,280
Unrealized gain on FVTPL investment	12,640
Balance, June 30, 2020	37,920

7. RECLAMATION DEPOSITS

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company on its Hit, North ROK, ROK-Coyote, Heart Peaks, KSP and Moat properties. The reclamation deposits are held with the Ministry of Energy and Mines in British Columbia. As at June 30, 2020, reclamation bonds included guaranteed investment certificates with maturity dates ranging from July 9, 2020 to June 15, 2021.

(Unaudited - Expressed in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT

A summary of the changes in property, plant and equipment is presented below:

	Furniture & fixtures	Office equipment	Field equipment	Total
	$	$	$	$
Cost				
Balance, March 31, 2020	13,775	61,586	285,687	361,048
Additions	-	4,076	-	4,076
Write-off of old property, plant and equipment	(13,775)	(58,385)	(285,687)	(357,847)
Balance, June 30, 2020	-	7,277	-	7,277
Accumulated Depreciation				
Balance, March 31, 2020	12,975	56,662	285,687	355,324
Depreciation for the period	800	1,964	-	2,764
Write-off of old property, plant and equipment	(13,775)	(58,385)	(285,687)	(357,847)
Balance, June 30, 2020	-	241	-	241
Carrying Amount				
Balance, June 30, 2020	-	7,036	-	7,036

During the three months ended June 30, 2020, the Company wrote off certain property, plant and equipment that was fully depreciated and either not owned anymore or did not have any further value.

9. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On transition to IFRS 16, the Company had a lease agreement for its office space in Kelowna, British Columbia. Effective March 1, 2020, the Company entered into a separate lease agreement for office space in Vancouver, British Columbia.

Furthermore, effective January 1, 2020, the Kelowna office was subleased by the Company. The Company classified the sublease as a finance lease and derecognized the ROU asset in respect of the sublease, for which a net investment in sublease of $68,375 was recorded.

The ROU asset for the Vancouver office is amortized on a straight-line basis until the end of the lease term of March 2022.

(Unaudited - Expressed in Canadian dollars)

9. RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

The continuity of the ROU asset and lease liability for the three months ended June 30, 2020 is as follows:

Right-of-use assets	$
Value of ROU asset as at March 31, 2020	29,329
Depreciation	(3,665)
Value of ROU asset as at June 30, 2020	25,664

Lease liability	$
Lease liability recognized as of March 31, 2020	103,528
Interest on lease liability, net	1,192
Lease payments	(11,782)
Lease liability recognized as of June 30, 2020	92,938
Current portion	45,668
Non-current portion	47,270
	92,938

Investment in Sublease	$
Balance, March 31, 2020	62,417
Sub-lease income	(6,136)
Balance, June 30, 2020	56,281
Current portion	26,462
Non-current portion	29,819
	56,281

The future minimum lease payments as of March 31, 2020 were as follows:

Year ending March 31	$
2021	74,786
2022	74,786
	149,572
Less: common area maintenance excluded from ROU asset	(40,831)
Less: amount representing interest payments	(15,803)
Present value of net minimum lease payments	92,938

(Unaudited - Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation assets, all of which are in British Columbia, is presented below:

	North ROK and ROK-Coyote	KSP	KingPin	Castle	Sofia	Total
	$	$	$	$	$	$
Balance, March 31, 2020	6,696,201	14,930,382	298,913	3,352,924	1,201,852	26,480,272
Exploration costs						
Salaries and overhead	-	13,795	-	29,244	35,488	78,527
Analysis	2,800	1,006	-	-	-	3,806
Camp	-	-	-	10,837	-	10,837
Consulting	113	-	-	5,744	-	5,857
Field equipment and fuel	-	-	-	522	-	522
Labour	7,137	-	-	680	-	7,817
Travel and transportation	-	-	-	2,903	-	2,903
Total exploration costs	10,050	14,801	-	49,930	35,488	110,269
Balance, June 30, 2020	6,706,251	14,945,183	298,913	3,402,854	1,237,340	26,590,541

10. EXPLORATION AND EVALUATION ASSETS (continued)

BRITISH COLUMBIA

a) North ROK and ROK-Coyote Properties

Colorado holds a 100% interest in the North ROK and ROK-Coyote properties located in northern British Columbia (collectively the "**North ROK / ROK Coyote Property**") subject to certain net smelter return ("**NSR**") royalties.

The ROK-Coyote portion of the North ROK / ROK Coyote Property is subject to a 2% NSR agreement on three claims ("**ROK NSR**"). The ROK NSR can be extinguished in its entirety for a purchase price of $2,000,000. An additional NSR also includes an agreement with an arm's length and a previously non-arm's length party for a 2% NSR on 16 claims ("**Real McCoy and Coyote NSR**") of which 1% of the Real McCoy and Coyote NSR can be purchased for an aggregate $2,000,000.

As at June 30, 2020, the Company had capitalized $6,706,251 of acquisition and exploration costs, net of British Columbia Mining Exploration Tax ("**BCMET**") recoveries.

b) KSP Property

Colorado holds a 100% interest (subject to certain NSR's) in the KSP property located to the southeast of the past-producing Snip Mine, British Columbia.

KSP Option

Pursuant to an option agreement dated December 19, 2013 (the "**KSP Option**") between the Company and SnipGold Corp. ("**SnipGold**"), Colorado had the right to acquire up to an 80% interest in the southeastern portion of SnipGold's Iskut Property. On June 21, 2016, Seabridge Gold Inc. ("**Seabridge**") acquired SnipGold and assumed all obligations of SnipGold.

In consideration for the KSP Option, the Company made aggregate cash payments of $500,000 and incurred exploration expenditures of $6,000,000 over a four-year period to earn an initial 51% interest ("**Initial Interest**").

On May 10, 2017, the Company provided notice pursuant to the KSP Option to exercise the Initial Interest and acquired a 51% interest in the Property.

On August 3, 2017 Colorado entered into an amending agreement with Seabridge wherein the parties amended the KSP Option, and Colorado purchased the remaining 49% interest. The Company received TSX-V approval and completed the transaction with a payment of $1,000,000 in cash and an issuance of 200,000 Colorado shares at $3.80 per share for $760,000. Seabridge retained a 2% NSR on the KSP Property, half of which can be purchased at any time for $2,000,000.

KSP Other

The KSP Property includes several additional claims and mineral leases acquired through staking or purchase agreements wherein:

- one mineral tenure is subject to a 2% NSR of which the NSR may be purchased in its entirety for $1,000,000;
- one mineral tenure is subject to a 1% NSR of which the NSR may be purchased in its entirety for $500,000; and
- two mineral tenures are subject to a 2% NSR.

10. EXPLORATION AND EVALUATION ASSETS (continued)

BRITISH COLUMBIA (continued)

b) KSP Property (continued)

KSP Other (continued)

As at June 30, 2020, the Company had capitalized $14,945,183 of acquisition and exploration costs, net of BCMET recoveries.

c) KingPin Property

The Company acquired a 100% interest in several mineral claims located in the Golden Triangle area in northwestern British Columbia through staking (collectively referred to as the "**KingPin Property**").

On April 20, 2016, the Company entered into a purchase agreement to acquire a 100% interest in the Max Property, subject to a retained 2% NSR and paid $20,000 cash and issued 20,000 common shares.

The Company has the option to purchase from the vendor 1% of the NSR for $1,000,000 within 240 days of commercial production and at any time thereafter the remaining 1% for $5,000,000. The Max Property forms part of the KingPin Property.

As at June 30, 2020, the Company had capitalized $298,913 of acquisition and exploration costs, net of BCMET recoveries.

d) Castle Property

Colorado holds a 100% interest (subject to a 2% NSR) in the Castle Property located in the Liard Mining District of British Columbia. The underlying original vendor holds a 2% NSR, which the Company has the option to purchase for $4,000,000.

On August 20, 2019, the Company acquired a property option agreement (the "**Moat Option Agreement**") as part of the Buckingham acquisition (Note 4). Under the Moat Option Agreement, the Company can acquire the undivided 100% right, title and interest to a group of mining claims (the "**Moat Property**"), subject to a 2.5% NSR.

On December 11, 2019, the Company issued 689,655 common shares to the optionor of the Moat Property valued at $344,828 which was capitalized to exploration and evaluation assets.

In order to earn a 100% interest in the Moat Property, the Company has the following commitments:

- issue $500,000 in common shares by December 27, 2020; and
- issue $700,000 in common shares by December 27, 2021.

The Moat Property adjoins the Castle Property to the east and southeast and has become part of Castle for exploration work and reporting purposes. In connection with the Buckingham acquisition, the Company allocated $851,740 in acquisition costs (see Note 4).

As at June 30, 2020, the Company had capitalized $3,402,854 of acquisition and explorations costs.

(Unaudited - Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

BRITISH COLUMBIA (continued)

e) Sofia Property

On August 20, 2019, the Company acquired a property option agreement (the "**Sofia Option Agreement**") as part of the Buckingham Acquisition (Note 4). Under the Sofia Option Agreement, the Company acquired the undivided 100% right, title and interest to a group of mining claims in the Liard Mining Division of Northeast British Columbia, subject to a 2% NSR. The Company may purchase 1% of the NSR for $2,000,000 until one year following commencement of commercial production.

In connection with the Buckingham acquisition, the Company allocated $1,129,660 in acquisition costs (see Note 4).

As at June 30, 2020, the Company had capitalized $1,237,340 of acquisition and explorations costs.

f) Other

Other properties in which the Company owns a 100% interest include the GJ Key property, the GS property, the Stu property and Iskut claims, all located near Stewart, British Columbia, Hearts Peak northwest of Dease Lake and the Hit property in the Aspen Grove district of southern British Columbia. Certain additional early stage and grassroots exploration properties are located in the Macmillan Pass area of northern Yukon Territory. As at June 30, 2020, these properties have a value of $Nil as the Company no longer intends to pursue these properties.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following amounts as at June 30:

	2020	2019
	$	$
Accounts payable	122,947	181,901
Accrued liabilities	99,596	113,627
Due to related parties (see Note 18(b))	95,014	73,705
	317,557	369,233

During the six months ended June 30, 2020, the Company applied for the COVID-19 Relief Line of Credit through the Government sponsored Canada Emergency Business Account. On June 5, 2020, the Company received the amount of $40,000. On January 1, 2021, this operating line of credit will be converted to a 2-year 0% interest term loan, to be repaid by December 31, 2022. $10,000 of the loan will be forgiven if $30,000 is repaid in full on or before December 31, 2022. The amount of $30,000 is included in accrued liabilities.

12. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

	$
Balance, March 31, 2020	631,720
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	-
Balance, June 30, 2020	631,720

12. FLOW-THROUGH SHARE PREMIUM LIABILITY (continued)

Of the $1,521,969 of qualifying Canadian exploration expenditures remaining to be spent at June 30, 2020, pursuant to FT private placements completed during the years ended March 31, 2020 and 2019, $337,469 and $1,184,500 must be spent by December 31, 2020 and December 31, 2021, respectively.

13. LOAN PAYABLE

Newmont Loan

On September 13, 2018, the Company obtained a secured loan of $500,000 (the "**Loan**") from Goldcorp Inc. ("**Goldcorp**"). Terms of the Loan included interest at a rate of 8% per annum compounded monthly, a maximum term of twelve months, maturing on September 13, 2019 (the "**Maturity Date**") with early repayment provisions, and security against the Company's KSP, Castle, North ROK and ROK-Coyote properties.

Additional terms included the Company's option to pay interest in cash or, subject to the approval of the TSX-V, in shares (the "**Interest Shares**"). The issue price of any Interest Shares was set at the lower of the 10-day volume weighted average price and the closing price of Colorado's common shares on the last trading day prior to payment.

On April 18, 2019, Goldcorp was acquired by Newmont Mining Corporation ("**Newmont**").

In connection with the Loan, the Company issued the following common shares (the "**Bonus Shares**") pursuant to the terms of the Loan:

- 25,000 Bonus Shares to Goldcorp on September 18, 2018, valued at $21,250 being the market price of the shares of $0.85 on the date of issuance; and

- 25,000 Bonus Shares to Newmont on August 20, 2019, valued at $21,250 as a result of the Loan being repaid after the six-month anniversary (recorded as Finance Charge on the statement of loss and comprehensive loss).

On August 20, 2019, Newmont exercised its pre-emptive right and subscribed for 633,672 units of Colorado at a price of $0.85 per unit for aggregate proceeds of $538,621, with each unit consisting of one common share and one-half of one common share purchase warrant exercisable at $1.20 for three years, thereby extinguishing the Company's loan amount of $500,000, the related interest of $38,621 and releasing the security against the properties.

Buckingham Loan

In order to provide the Company with bridge financing, Buckingham provided a $200,000 non-recourse subordinated loan to the Company. On August 20, 2019, the Company and Buckingham closed the Buckingham Acquisition, resulting in Buckingham being a wholly-owned subsidiary of the Company and the loan becoming an intercompany balance (see Note 4).

14. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value

b) Share issuance details

There were no share issuances during the three months ended June 30, 2020 or 2019.

(Unaudited - Expressed in Canadian dollars)

14. SHARE CAPITAL

c) Stock options

The Company has a 10% rolling stock option plan, whereby it can grant stock options to directors, officers, employees and consultants of up to an aggregate maximum of 10% of the common shares outstanding. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		$
Balance, March 31, 2020	905,000	1.40
Granted	136,000	0.90
Expired	(12,500)	1.50
Balance, June 30, 2020	1,028,500	1.32

The following stock options were outstanding as at June 30, 2020:

Outstanding	Exercisable	Weighted average Exercise Price	Expiry Date	Weighted average remaining life (in years)
		$		
7,500	7,500	0.80	December 30, 2020	0.50
30,000	30,000	4.40	June 6, 2021	0.93
40,000	40,000	2.60	June 6, 2022	1.93
50,000	50,000	1.50	February 16, 2023	2.63
765,000	334,688	1.20	September 5, 2024	4.19
31,000	7,750	0.90	April 1, 2025	4.76
105,000	26,250	0.90	June 29, 2025	5.00
1,028,500	496,188	1.32		4.00

During the three months ended June 30, 2020, the Company reclassified $3,021 (2019: $75,386) from share-based payments reserve to share capital with respect to the options that expired or were forfeited during the period.

d) Share purchase warrants

A summary of the changes in share purchase warrants is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, March 31, 2020 and June 30, 2020	2,809,090	1.20

(Unaudited - Expressed in Canadian dollars)

14. SHARE CAPITAL (continued)

d) Share purchase warrants (continued)

The following share purchase warrants were outstanding as at June 30, 2020:

Outstanding	Exercisable	Exercise Price	Expiry Date
		$	
1,650,180	1,650,180	1.20	August 20, 2022
812,427	812,427	1.50	August 20, 2022
346,483	346,483	0.90	March 31, 2023
2,809,090	2,809,090		

e) Share-based payments expense

The share-based payments expense for the stock options that vested during the three months ended June 30, 2020 was $65,860 (2019: $Nil).

The weighted average fair value at grant date of options granted during the three months ended June 30, 2020 was $0.03 per option (2019: $Nil).

The fair value of the stock options that were granted during the three months ended June 30, 2020 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.34%
Expected stock price volatility	96%
Expected dividend yield	0.0%
Expected option life in years	5.0

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

15. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the three months ended June 30 consisted of the following:

	2020	2019
	$	$
Receivables	(7,556)	(322)
Prepaid expenses and deposits	21,541	1,676
Accounts payable and accrued liabilities	(51,676)	186,030
	(37,691)	187,384

Financing and investing activities that do not have a direct impact on cash flows are excluded from the condensed consolidated interim statement of cash flows. There were no non-cash financing or investing transactions for the three months ended June 30, 2020 or June 30, 2019.

16. FINANCIAL INSTRUMENTS

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

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

General Objectives, Policies and Processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

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

<u>Market Risk</u>

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of interest rate and commodity price risk.

<u>Interest Rate Risk</u>

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and fixed interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and guaranteed investment certificates are subject to floating interest rates.

<u>Commodity Price Risk</u>

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company also holds marketable securities that are subject to changes in market price.

16. FINANCIAL INSTRUMENTS (continued)

General Objectives, Policies and Processes (continued)

Foreign Exchange Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not hold significant monetary assets or liabilities in foreign currencies and therefore is not exposed to significant risks arising from the fluctuation of foreign exchange rates.

Credit Risk

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

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to endeavour that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. However, circumstances may arise where the Company is unable to meet those goals (See Note 1). The key to managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing accounts payable and accrued liabilities, lease liability and option payment commitments. The Company endeavours not to maintain any trade payables beyond a 30-day period to maturity.

Determination of Fair Value

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

The consolidated statements of financial position carrying amounts for receivables, accounts payable and accrued liabilities and loan payable approximate fair value due to their short-term nature.

(Unaudited - Expressed in Canadian dollars)

16. FINANCIAL INSTRUMENTS (continued)

General Objectives, Policies and Processes (continued)

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities which include cash and cash equivalents and marketable securities, accounts payable and accrued liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) which include the net investment in sublease and lease liability; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments as at June 30, 2020 are as follows:

	Level 1	Level 2	Level 3
	$	$	$
Financial assets at FVTPL			
Cash and cash equivalents	314,275	-	-
Restricted cash	1,521,969	-	-
Marketable securities	37,920	-	-
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	317,557	-	-

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company's strategy remains unchanged from the year ended March 31, 2020.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met.

(Unaudited - Expressed in Canadian dollars)

17. CAPITAL MANAGEMENT (continued)

In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's treasury management policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

18. RELATED PARTY TRANSACTIONS

A related party transaction is a transaction between the issuer and a related party of the issuer at the time the transaction is agreed to as a consequence of which the issuer directly or indirectly enters into specified transactions, including a purchase or sale of assets, issuing securities, borrowing or lending money, and forgiving debts or liabilities.

Key management compensation

Key management personnel at the Company are the Directors and Officers of the Company. Transactions with key management personnel and their related parties are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

a) Related Party Transactions

The Company's related party transactions for the three months ended June 30 were as follows:

		2020	2019
		$	$
Administration and labour	1	1,700	6,513
Consulting fees	2	69,000	4,481
Salaries	3	6,075	43,462
Share-based payments expense	4	33,881	-
Total		110,656	54,456

1 Administration for the three months ended June 30, 2020 consisted of fees earned by Anacott Resources Ltd., a company related by a common director. Administration and labour for the three months ended June 30, 2019 consisted of fees earned by Minco Corporate Management Inc. ("**Minco**"), a company controlled by the former CFO, Terese Gieselman.

2 Consulting fees for the three months ended June 30, 2020 consisted of $30,000 of fees earned by the CEO, Mr. Joseph Mullin through Joseph E. Mullin LLC, a private company controlled by him, $21,000 of fees earned by the CFO, Mr. Tim Thiessen through TSquared Accounting Inc. ("**TSquared**"), a private company controlled by him and $18,000 of fees earned by the Company's Chair of the Board, Mr. Fletcher Morgan through Elemental Capital Partners LLP ("**Elemental**"), a company controlled by him. Consulting fees for the three months ended June 30, 2019 consisted exclusively of fees earned by Minco.

3 Salaries for the three months ended June 30, 2020 consisted exclusively of amounts earned by the Company's Vice President of Exploration, Dave Fleming. Salaries for the three months ended June 30, 2019 consisted of an amount of $34,000 earned by the former CEO, Robert Shaw and an amount of $9,462 earned by the former CFO, Eric Casey.

4 Share-based payments expense is the fair value of stock options that have been granted to key management personnel.

(Unaudited - Expressed in Canadian dollars)

18. RELATED PARTY TRANSACTIONS (continued)

b) Related Party Balances

The following related party balances were included in accounts payable and accrued liabilities:

		June 30, 2020	March 31, 2020
Amounts due to:	**Service for:**	$	$
Anacott Resources Ltd.	Administration	39,814	37,005
Elemental	Executive Chairman	18,900	6,300
Joseph E. Mullin LLC	CEO	30,000	30,400
TSquared	CFO	6,300	-
		95,014	73,705

19. EVENTS AFTER THE REPORTING DATE

On August 26, 2020, the Company announced the undertaking of a non-brokered private placement comprised of up to 2,142,857 units of the Company at a price of $0.70 per unit for gross proceeds of up to $1,500,000. Each unit will consist of one common share of the Company and one-half of one non-transferable share purchase warrant, with each whole warrant entitling the holder to acquire an additional common share of the Company at an exercise price of $1.00 per share with an expiry date of 24 months after completion of the private placement. The Company may pay finders' fees in accordance with the rules and policies of the TSX-V. The private placement remains subject to TSX-V approval.