QUESTEX GOLD & COPPER LTD.
(FORMERLY COLORADO RESOURCES LTD.)

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of QuestEx Gold & Copper Ltd. (formerly Colorado Resources Ltd.)

Opinion

We have audited the consolidated financial statements of QuestEx Gold & Copper Ltd. (formerly Colorado Resources Ltd.) (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters or conditions that indicate the existence of a material uncertainty 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 Matter

The financial statements of the Company for the year ended March 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on July 16, 2020.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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 identified above 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.

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 International Financial Reporting Standards, 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 Barry Hartley.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 29, 2021

QUESTEX GOLD & COPPER LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31
(Expressed in Canadian dollars)

	Note	2021	2020 (Note 4)
ASSETS		**$**	$
Current			
Cash and cash equivalents	6	**1,208,319**	573,200
Restricted cash	6	**594,294**	1,622,314
Receivables		**81,892**	56,942
Prepaid expenses and deposits		**83,221**	79,286
Marketable securities	7	**411,361**	25,280
Net investment in sublease	10	**28,942**	25,684
		2,408,029	2,382,706
Non-Current			
Net investment in sublease	10	**7,792**	36,733
Reclamation deposits	8	**167,000**	167,000
Equipment	9	**16,952**	5,724
Right-of-use asset	10	**20,838**	29,329
Exploration and evaluation assets	4, 11	**6,448,483**	5,947,946
		9,069,094	8,569,438
LIABILITIES			
Current			
Accounts payable and accrued liabilities	12	**227,738**	369,233
Flow-through share premium liability	13	**304,690**	-
Lease liability	10	**56,406**	44,324
		588,834	413,557
Non-Current			
Flow-through share premium liability	13	**-**	631,720
Lease liability	10	**9,252**	59,204
		598,086	1,104,481
EQUITY			
Share capital	15	**49,386,228**	47,173,446
Share-based payments reserve		**1,424,634**	1,117,714
Deficit	4	**(42,339,854)**	(40,826,203)
		8,471,008	7,464,957
		9,069,094	8,569,438

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 22)

Approved on behalf of the Board:
_*"Cecil Bond"*_______, Director
_*"Joseph Mullin"*__, Director

QUESTEX GOLD & COPPER LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31
(Expressed in Canadian dollars)

	Note	2021	2020 (Note 4)
		$	$
Expenses			
Consulting	21(a)	**326,043**	278,332
Depreciation - equipment	9	**5,543**	9,532
Depreciation - right-of-use asset	10	**34,400**	24,114
Directors' fees	21(a)	**-**	25,000
Exploration expenditures	4, 16	**1,064,827**	1,472,656
Finance charge	14	**-**	21,250
Interest on lease liability	10	**11,714**	10,877
Interest on loan payable		**-**	16,109
Investor relations		**126,369**	125,552
Office and administration	21(a)	**143,820**	137,547
Professional fees		**86,799**	133,346
Salaries and benefits	21(a)	**207,432**	131,935
Share-based payments expense	15(e), 21(a)	**499,908**	360,028
Transfer agent, regulatory and filing fees		**20,645**	52,674
Travel and accommodation		**54,368**	98,152
		2,581,868	2,897,104
Other Items			
Accretion on sublease	10	**(6,108)**	(1,992)
Foreign exchange gain		**(10,522)**	-
Gain on disposal of exploration and evaluation assets	11(g)	**(506,500)**	-
Gain on settlement of trade payables		**-**	(96,135)
Interest and miscellaneous income	12	**(11,657)**	(26,362)
Loss on derecognition of right-of-use asset	10	**-**	9,463
Settlement of FT share premium liability on incurring eligible expenditures	13	**(327,030)**	-
Write-off of cash in subsidiary	6	**28,388**	-
Unrealized (gain) loss on marketable securities	7	**(32,580)**	31,780
		(866,009)	(83,246)
Loss and comprehensive income loss for the year		**(1,715,859)**	(2,813,858)
Basic and diluted loss per share		**$ (0.08)**	$ (0.17)
Basic and diluted weighted average number of shares outstanding		**22,667,630**	16,211,074

See accompanying notes to the consolidated financial statements.

QUESTEX GOLD & COPPER LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Share-based payments reserve	Deficit	Total
			$	$	$	$
Balance, April 1, 2019		**12,513,714**	**40,988,917**	**1,154,769**	**(38,898,847)**	**3,244,839**
Net loss for the year		-	-	-	(2,813,858)	(2,813,858)
Private placements, net of share issue costs	15(b)	6,006,045	4,662,545	364,716	-	5,027,261
Flow-through share premium	13, 15(b)	-	(631,720)	-	-	(631,720)
Shares issued to Newmont for settlement of loan	14, 15	633,672	538,621	-	-	538,621
Shares issued pursuant to Buckingham acquisition	5, 15	1,249,005	1,249,005	124,703	-	1,373,708
Shares issued for bonus fees on loan	14, 15	25,000	21,250	-	-	21,250
Shares issued for mineral property option payment	11(e), 15	689,655	344,828	-	-	344,828
Share-based payments expense	15(e)	-	-	360,028	-	360,028
Reclass of expired or forfeited stock options and warrants	15(c)	-	-	(886,502)	886,502	-
Balance, March 31, 2020		**21,117,091**	**47,173,446**	**1,117,714**	**(40,826,203)**	**7,464,957**
Net loss for the year		-	-	-	(1,715,859)	(1,715,859)
Private placement, net of share issue costs	15(b)	2,533,535	1,713,062	9,220	-	1,722,282
Shares issued for mineral property option payment	11(e)	900,397	499,720	-	-	499,720
Share-based payments expense	15(e)	-	-	499,908	-	499,908
Reclass of expired stock options	15(c)	-	-	(202,208)	202,208	-
Balance, March 31, 2021		**24,551,023**	**49,386,228**	**1,424,634**	**(42,339,854)**	**8,471,008**

See accompanying notes to the consolidated financial statements.

QUESTEX GOLD & COPPER LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31
(Expressed in Canadian dollars)

	Note	2021	2020 (Note 4)
Operating Activities			
Net loss for the year		**(1,715,859)**	(2,813,858)
Items not involving cash:			
Depreciation - equipment	9	**5,543**	9,532
Depreciation - right-of-use asset	10	**34,400**	24,114
Interest on loan payable		**-**	16,109
Accretion of lease liability	10	**11,714**	10,877
Accretion on sublease	10	**25,683**	-
Finance charge	14	**-**	21,250
Gain on disposal of exploration and evaluation assets	11(g)	**(506,500)**	-
Gain on settlement of trade payables		**-**	(96,135)
Loss on derecognition of ROU asset	10	**-**	9,463
Share-based payments expense	15(e)	**499,908**	360,028
Settlement of share premium liability	13	**(327,030)**	-
Unrealized (gain) loss on marektable securities	7	**(32,581)**	31,780
		(2,004,722)	(2,426,840)
Net change in non-cash working capital	17	**(161,629)**	(714,369)
Cash used in operating activities		**(2,166,351)**	(3,141,209)
Investing Activities			
Cash received on sale of exploration and evaluation assets	11(g)	**153,000**	-
Acquisition of exploration and evaluation assets	11	**(817)**	(4,506)
Net investment in sublease	10	**-**	5,958
Purchase of reclamation bonds	8	**-**	(5,000)
Purchase of equipment	9	**(16,771)**	(3,199)
Cash received on acquisition of Buckingham Copper	5	**-**	20,241
Cash provided by investing activities		**135,412**	13,494
Financing Activities			
Lease liability payments	10	**(75,493)**	(38,630)
Proceeds from Buckingham loan	5	**-**	200,000
Proceeds pursuant to private placement	15(b)	**1,773,475**	5,308,341
Share issue costs	15(b)	**(59,944)**	(281,080)
Cash provided by financing activities		**1,638,038**	5,188,631
Net increase (decrease) in cash and cash equivalents		**(392,901)**	2,060,916
Cash and cash equivalents, beginning of year		**2,195,514**	134,598
Cash and cash equivalents, end of year		**1,802,613**	2,195,514
Cash, cash equivalents and restricted cash is comprised of:			
Cash		**(91,681)**	-
Cash equivalents		**1,300,000**	573,200
Restricted cash		**594,294**	1,622,314
		1,802,613	2,195,514
Supplemental cash flow information	17		

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

QuestEx Gold & Copper Ltd. ("**QuestEx**" or the "**Company**"), formerly Colorado Resources Ltd. was incorporated on October 9, 2009 under the Business Corporations Act (British Columbia). On September 28, 2020, the Company changed its name from Colorado Resources Ltd. to QuestEx Gold & Copper Ltd. 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 ("**BC**").

The Company is listed on the TSX Venture Exchange (the "**TSX-V**"), having the symbol QEX.V as a Tier 1 issuer and its corporate office and principal place of business are located at Suite 500 – 666 Burrard Street, Vancouver, BC V6C 3P6.

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 consolidated 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 $1,715,859 during the year ended March 31, 2021 and, as of that date, the Company's accumulated deficit was $42,339,854. The Company had working capital of $1,819,195 as at March 31, 2021 of which $571,294 was restricted cash as a result of flow-through expenditure requirements (Note 13) and $23,000 was restricted cash related to collateral for the Company's credit card (Note 6). As described in Note 22, the Company completed a non-brokered private placement subsequent to March 31, 2021, issuing a total of 15,043,212 common shares of the Company for gross proceeds of $11,110,421. Even with this successful financing, 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.

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.

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)

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 consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**").

These consolidated 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 July 28, 2021.

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and the following subsidiaries:

	Percent Ownership	Jurisdiction	Principal Activity
Buckingham Copper Corp. (Note 5)	100%	Canada	Exploration
Colorado Gold S.A. de C.V.	100%	Mexico	Inactive
Colorado Exploration Inc.	100%	USA	Inactive

A subsidiary is an entity that the Company controls, either directly or indirectly. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign Currency Transactions

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities that are measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value are reported at the exchange rate at the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

d) Mineral Exploration and Evaluation Expenditures

<u>Pre-exploration Costs</u>

Pre-exploration costs are expensed in the year in which they are incurred.

<u>Acquisition Costs</u>

The fair value of all consideration paid to acquire an exploration and evaluation asset is capitalized, including amounts arising under option agreements. Consideration may include cash, loans or other financial liabilities, and equity instruments including common shares and share purchase warrants.

Costs directly related to exploration and evaluation expenditures are expensed as incurred. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property, plant and equipment during the exploration phase.

When a project is deemed to no longer have commercially viable prospects to the Company, acquisition costs in respect of that project are deemed to be impaired. As a result, those acquisition costs, in excess of estimated recoveries, are written off to profit or loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property will be considered to be a mine under development and will be classified as ‘mines under construction’. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Equipment

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Major Maintenance and Repairs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and Losses

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

Depreciation

Depreciation is recognized in profit or loss and is provided at the following annual rates:

Furniture and fixtures	20%
Office equipment	30%
Field equipment	30%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Right-of-use asset and lease liability

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset ("**ROU asset**") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions:

i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months: or
ii) for leases of low value.

The payments for such leases are recognized in the consolidated statements of loss and comprehensive loss over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statements of loss and comprehensive loss.

g) Impairment of Non-Financial Assets

Impairment tests of non-financial assets, including exploration and evaluation assets, are undertaken whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in accumulated other comprehensive loss/income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made 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) <u>Critical accounting estimates</u>

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes Option Pricing Model ("**Black-Scholes Model**") that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Model requires the input of highly subjective assumptions, including the volatility of share prices and forfeiture rates. Changes in subjective input assumptions can materially affect the fair value estimate.

Flow-through share private placements

As an incentive to complete private placements, the Company may issue common shares, which by agreement are designated as flow-through ("**FT**") shares. The shares are usually issued at a premium to the trading price of the Company's shares because the Company renounces the resulting expenditures and income tax benefits to the FT shareholders. On issue, share capital is increased only by the non-FT share equivalent value and share-based payments reserve is increased by the fair value of warrants, if any, as determined by the Black-Scholes Model. Any premium is recorded as a FT share premium liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Significant Accounting Estimates and Judgments (continued)

i) <u>Critical accounting estimates</u> (continued)

Right-of-use asset

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

Discount rate

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, right-of-use asset and investment in sublease, specific to the asset, underlying currency and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

ii) <u>Critical accounting judgments</u>

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

Going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Significant Accounting Estimates and Judgments (continued)

ii) Critical accounting judgments (continued)

Right-of-use asset

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Impairment

The assessment of any impairment or recovery of right-of-use assets, equipment and exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions and the useful lives of assets. Judgment is required in assessing the appropriate level of cash generating units ("**CGU**") to be tested for such impairment, if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, indicators of impairment are identified suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the CGU or group of CGUs level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

Decommissioning liabilities

In the event that decommissioning liabilities are required to be recognized, such liabilities would be stated at the fair value of estimated future costs. Such estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations, and remediation practices.

Asset acquisition versus business combination

Management had to apply judgment with respect to whether the acquisition of Buckingham Copper Corp. ("**Buckingham**") was an asset acquisition or business combination. The assessments required management to assess the inputs, processes and outputs of the companies acquired at the time of acquisition. Pursuant to the assessment, Buckingham was considered to be an asset acquisition (Note 5).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial Instruments

Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost:

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value less transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset is measured at amortized cost using the effective interest method, net of impairment loss, if necessary.

*Financial assets measured at fair value through other comprehensive income ("**FVTOCI**")*

A financial asset measured at FVTOCI is recognized initially at fair value less transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

*Financial assets measured at fair value through profit or loss ("**FVTPL**")*

A financial asset measured at FVTPL is recognized initially at fair value, with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss.

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial Instruments (continued)

Financial Liabilities

A financial liability classified as amortized cost is initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and are subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. In this context, interest expense includes initial transaction costs and premiums payable on redemptions, as well as any interest or coupon payable while the liability is outstanding. A financial liability measured at FVTPL is recognized initially at fair value, with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss.

j) Provisions

Provisions are recognized as liabilities when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

k) Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value, based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

l) Equity Units

The proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated first to share capital up to the fair value of the common share, determined by reference to the quoted market price of the common shares on the issuance date, with the residual amount of proceeds, if any, allocated to the reserve for warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Flow-through Shares

The Company will, from time to time, issue FT common shares to finance a significant portion of its exploration program. Pursuant to the terms of the FT share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates proceeds from the FT share and unit offerings using the residual method into i) share capital, ii) fair value of warrants determined using the Black-Scholes Model and iii) FT share premium. The FT share premium, if any, represents the premium investors paid for the FT feature, which is recognized as a liability. Upon expenditures being incurred, the Company derecognizes the liability. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of FT shares are restricted to be used only for certain Canadian resource property exploration expenditures incurred within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as restricted cash on the consolidated statements of financial position.

The Company may also be subject to a Part XII.6 tax on FT proceeds renounced under the Look-back Rule, in accordance with Government of Canada FT regulations. When applicable, this tax is accrued as a financial expense until paid.

n) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net loss, except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill, and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new share options and are shown in equity as a deduction, net of tax, from the proceeds. Where the Company issued common shares and warrants together as units, value is allocated first to share capital based on the market value of common shares on the date of issue, with any residual value from the proceeds being allocated to the warrants.

p) Earnings/Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. Diluted earnings per common share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Diluted loss per common share excludes the effects of any instruments that would be anti-dilutive if they were converted.

q) 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, at the grant date, of equity-settled share option awards is charged to profit or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in share-based payments reserve. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest.

Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value of awards is calculated using the Black-Scholes Model which considers the following factors:

- Exercise price
- Expected life of the award
- Expected volatility
- Current market price of the underlying shares
- Risk-free interest rate
- Dividend yield

Upon exercise of equity-settled share option awards, shares are issued from treasury and the amount reflected in share-based payments reserve is transferred to share capital along with any consideration paid.

Upon cancellation or expiration of stock options, the amount reflected in share-based payments reserve is transferred to deficit.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Taxes Recoverable

Mineral Tax Credit

The federal and provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and by their nature are subject to measurement uncertainty. Adjustments, if any, resulting from such a review are recorded in the period that the tax filings are amended.

4. CHANGE IN ACCOUNTING POLICY

Exploration and evaluation expenditures

During the year ended March 31, 2020, the Company changed its accounting policy with respect to exploration and evaluation expenditures. Previously, the Company capitalized exploration and evaluation expenditures directly related to specific mineral properties, net of any impairment.

Under the new policy, exploration and evaluation expenditures are recognized in profit or loss as incurred, up to the time a decision is made to proceed with the development of the related exploration property due to the existence of recoverable reserves. A mineral resource is considered to have economic potential when it is expected that a documented resource can be legally and economically developed considering forecast metal prices. Management believes that this treatment provides a more accurate depiction of the Company's activities.

As provided by IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, the Company has accounted for this change on a retrospective basis. The impact of this change is as follows:

Consolidated Statements of Financial Position **As at**	March 31, 2020	April 1, 2019
	$	$
Total exploration and evaluation assets, as previously reported	26,480,272	22,676,882
Effect of change in accounting policy	(20,532,326)	(19,059,670)
Total exploration and evaluation assets, restated	5,947,946	3,617,212
Deficit, as previously reported	(20,293,877)	(19,839,177)
Effect of change in accounting policy	(20,532,326)	(19,059,670)
Total deficit, restated	(40,826,203)	(38,898,847)

(Expressed in Canadian dollars)

4. CHANGE IN ACCOUNTING POLICY (continued)

Exploration and evaluation expenditures (continued)

Consolidated Statement of Loss and Comprehensive Loss
Year ended March 31, 2020

	As Previously Reported	Effect of Change in Accounting Policy	Restated
	$	$	$
Exploration expenditures	-	1,472,656	1,472,656
Net loss and comprehensive loss for the year	(1,341,202)	(1,472,656)	(2,813,858)
Loss per share, basic and diluted	(0.01)	(0.16)	(0.17)

Consolidated Statement of Cash Flows
Year ended March 31, 2020

	As Previously Reported	Effect of Change in Accounting Policy	Restated
	$	$	$
Cash Used in Operating Activities	(1,668,553)	(1,472,656)	(3,141,209)
Cash Provided by (Used in) Investing Activities	(1,459,162)	1,472,656	13,494

5. 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 QuestEx common shares issued. The acquisition also resulted in all outstanding Buckingham warrants being converted to QuestEx warrants at the same ratio as the common shares (the “**Replacement Warrants**”), resulting in an additional 210,000 QuestEx 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.

(Expressed in Canadian dollars)

5. ACQUISITION OF BUCKINGHAM (continued)

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 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	$	0.60

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 (Note 11)	851,740
Exploration and evaluation assets - Sofia (Note 11)	1,129,660
Loan to QuestEx	200,000
Liabilities assumed:	
Accounts payable	(518,076)
Total	1,748,804

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

6. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash at banks earn 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 FT shares received but not yet spent at the end of the reporting period, as well as $23,000 as collateral for the Company's credit card.

During the year ended March 31, 2021, $28,388 of cash held in the Company's dormant wholly-owned Mexican subsidiary Colorado Gold S.A. de C.V. was written off due to uncertainty of recovery.

(Expressed in Canadian dollars)

7. MARKETABLE SECURITIES

At March 31, 2021, marketable securities consisted of an investment of 1,264,000 (March 31, 2020: 1,264,000) common shares of Damara Gold Corp. ("**Damara**") and 350,000 (March 31, 2020: Nil) common shares of Fireweed Zinc Ltd. ("**Fireweed**") (Note 11(g)). The Company's marketable securities are measured at 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, 2019	57,060
Unrealized loss on FVTPL investment	(31,780)
Balance, March 31, 2020	25,280
Value of shares received pursuant to mineral property sale to Fireweed (Note 11(g))	353,500
Unrealized gain in Damara shares	120,081
Unrealized loss in Fireweed shares	(87,500)
Balance, March 31, 2021	411,361

8. 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 North ROK, Coyote, KSP, Kingpin, Castle, Moat, Hit and Heart Peaks properties. The reclamation deposits are held with the Ministry of Energy and Mines in BC. As at March 31, 2021, reclamation bonds included guaranteed investment certificates with maturity dates ranging from June 3, 2021 to March 11, 2022.

(Expressed in Canadian dollars)

9. 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, 2019	13,775	58,387	285,687	357,849
Additions	-	3,199	-	3,199
Balance, March 31, 2020	13,775	61,586	285,687	361,048
Additions	-	16,771	-	16,771
Write-off of fully depreciated equipment	(13,775)	(58,385)	(285,687)	(357,847)
Balance, March 31, 2021	-	19,972	-	19,972
Accumulated Depreciation				
Balance, March 31, 2019	12,593	53,062	280,137	345,792
Depreciation for the year	382	3,600	5,550	9,532
Balance, March 31, 2020	12,975	56,662	285,687	355,324
Depreciation for the year	800	4,743	-	5,543
Write-off of fully depreciated equipment	(13,775)	(58,385)	(285,687)	(357,847)
Balance, March 31, 2021	-	3,020	-	3,020
Carrying Amount				
Balance, March 31, 2020	800	4,924	-	5,724
Balance, March 31, 2021	-	16,952	-	16,952

During the year ended March 31, 2021, the Company wrote off certain equipment that was fully depreciated and either not owned anymore or did not have any further value.

10. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On transition to IFRS 16, the Company had a lease agreement for its office space in Kelowna, BC. 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.

Effective March 1, 2020, the Company entered into a lease agreement for office space in Vancouver, BC. The ROU asset for the Vancouver office is being amortized on a straight-line basis until the end of the lease term of March 2022.

Effective June 12, 2020, the Company entered into a lease agreement for office space in Richmond, BC. The ROU asset for the Richmond office is being amortized on a straight-line basis until the end of the lease term of June 2021. In June 2021, the Company renewed its Richmond office lease for one more year.

The annual incremental borrowing rate used to calculate the ROU asset and lease liability is 12%.

(Expressed in Canadian dollars)

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

The continuity of the ROU asset, lease liability and investment in sublease is as follows:

Right-of-use assets	$
Value of ROU asset as at April 1, 2019	101,187
Addition to ROU asset during the year	30,094
Depreciation	(24,114)
Extinguishment on signing of sublease	(68,375)
Loss on derecognition of ROU asset	(9,463)
Value of ROU asset as at March 31, 2020	29,329
Addition of ROU asset during the year	25,909
Depreciation	(34,400)
Value of ROU asset as at March 31, 2021	20,838

Lease liability	$
Lease liability recognized as of April 1, 2019	101,187
Addition to lease liability during the year	30,094
Interest on lease liability, net	10,877
Lease payments	(38,630)
Lease liability recognized as of March 31, 2020	103,528
Addition to lease liability during the year	25,909
Interest on lease liability, net	11,714
Lease payments	(75,493)
Lease liability recognized as of March 31, 2021	65,658
Current portion	56,406
Non-current portion	9,252
	65,658

Investment in Sublease	$
Value of investment in sublease as at April 1, 2019	-
Investment in sublease effective January 1, 2020	68,375
Sub-lease income	(5,958)
Value of investment in sublease as at March 31, 2020	62,417
Sub-lease income	(25,683)
Value of investment in sublease as at March 31, 2021	36,734
Current portion	28,942
Non-current portion	7,792
	36,734

(Expressed in Canadian dollars)

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

The future minimum lease payments as of March 31, 2021 were as follows:

Year ending March 31	$
2022	79,027
2023	13,952
	92,979
Less: common area maintenance excluded from ROU asset	(31,600)
Less: amount representing interest payments	4,279
Present value of net minimum lease payments	65,658

11. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation assets is presented below:

	North ROK	Coyote	KSP	KingPin	Castle	Sofia	Total
	$	$	$	$	$	$	$
Balance, March 31, 2019	590,466	58,447	2,387,738	136,950	443,611	-	3,617,212
Acquisition of Buckingham	-	-	-	-	851,740	1,129,660	1,981,400
Other acquisition costs	500	-	1,318	63	345,887	1,566	349,334
Balance, March 31, 2020	590,966	58,447	2,389,056	137,013	1,641,238	1,131,226	5,947,946
Issuance of shares	-	-	-	-	499,720	-	499,720
Staking	-	-	-	-	-	817	817
Balance, March 31, 2021	590,966	58,447	2,389,056	137,013	2,140,958	1,132,043	6,448,483

BRITISH COLUMBIA

a) North ROK Property

QuestEx holds a 100% interest in the North ROK property located approximately 65 kilometres (“**km**”) south of Dease Lake and straddles Highway 37 approximately 15 km northwest of Imperial Metals’ Red Chris mine in northern BC. The North ROK property is subject to a 2% net smelter return (“**NSR**”) royalty which can be repurchased in its entirety.

b) Coyote Property

QuestEx holds a 100% interest in the Coyote property which is located south of the North ROK property approximately 75 km south of Dease Lake on the east side of Highway 37 approximately 10 km northwest of Imperial Metals’ Red Chris mine in northern BC. The Coyote property is subject to various NSRs, a portion of which can be repurchased.

c) KSP Property

QuestEx holds a 100% interest in the KSP property located to the southeast of the Snip Mine, BC. The KSP property is subject to various NSRs, portions of which can be repurchased.

11. EXPLORATION AND EVALUATION ASSETS (continued)

BRITISH COLUMBIA (continued)

d) <u>KingPin Property</u>

The Company holds a 100% interest in several mineral claims located in the Golden Triangle area in northwest BC. The KingPin property is subject to various NSRs, portions of which can be repurchased.

e) <u>Castle Property</u>

QuestEx holds a 100% interest in the Castle Property located in the Liard Mining District of BC, subject to a 2% NSR, of which the NSR can be repurchased in its entirety.

On August 20, 2019, the Company acquired a property option agreement (the "**Moat Option Agreement**") as part of the Buckingham acquisition (Note 5). 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 (Note 15).

On December 14, 2020, the Company issued 900,397 common shares to the optionor of the Moat Property valued at $499,720 which was capitalized to exploration and evaluation assets (Note 15).

In order to earn a 100% interest in the Moat Property, the Company's remaining commitment is to 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 to the Moat Property (Note 5).

f) <u>Sofia Property</u>

On August 20, 2019, the Company acquired a property option agreement as part of the Buckingham Acquisition (Note 5). As a result, the Company holds a 100% interest in a group of mining claims in the Liard Mining Division of Northeast BC. The Sofia property is subject to a 2% NSR, a portion of which can be repurchased.

In connection with the Buckingham acquisition, the Company allocated $1,129,660 in acquisition costs to the Sofia Property (Note 5).

g) <u>Other</u>

Other properties in which the Company owned a 100% interest at March 31, 2021 included the GS property, the Stu property and Iskut claims, all located near Stewart, BC, Heart Peaks northwest of Dease Lake and the Hit property in the Aspen Grove district of southern BC. As at March 31, 2021, these properties had a carrying value of $Nil.

The Company also had certain additional early stage and grassroots exploration properties located in the Macmillan Pass area of northern Yukon Territory as well as the GJ Key property located near Stewart, BC which were sold as discussed below.

(Expressed in Canadian dollars)

11. EXPLORATION AND EVALUATION ASSETS (continued)

BRITISH COLUMBIA (continued)

g) Other (continued)

Sale of Assets

i. In December 2020, the Company completed the sale of its portfolio of mineral properties in Yukon's Macmillan Pass district to Fireweed, which consisted of a 100% interest in four properties. QuestEx will retain a 0.5% NSR royalty for base metals and silver, and a 2% NSR royalty for gold on each of the properties. In consideration, QuestEx received 350,000 common shares of Fireweed, valued at $1.01 per share for a total of $353,500, plus a cash payment of $110,000.

   The common shares are considered FVTPL and are included in marketable securities (Note 7). As a result of these properties having a capitalized value of $Nil, the total amount of $463,500 was recorded as a gain on disposal of exploration and evaluation assets.

   In connection with the sale, the Company's President and CEO each earned bonuses of $6,855 (Note 21(a)).

ii. In February 2021, the Company completed a sale of its GJ Key property to Newcrest Red Chris Mining Limited, which consisted of a 50% interest in two claims. In consideration, QuestEx received a cash payment of $43,000 which was recorded as a gain on disposal of exploration and evaluation assets.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following amounts:

	March 31, 2021	March 31, 2020
	$	$
Accounts payable	112,233	181,901
Accrued liabilities	86,855	113,627
Due to related parties (Note 21(b))	28,650	73,705
	227,738	369,233

During the year ended March 31, 2021, 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 was 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 and the $10,000 was recorded as miscellaneous income.

(Expressed in Canadian dollars)

13. 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, 2019	-
Flow-through share premium liability on the issuance of flow-through common shares (Note 15)	631,720
Balance, March 31, 2020	631,720
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(327,030)
Balance, March 31, 2021	304,690

As at March 31, 2021, an amount of $571,294 in qualifying Canadian exploration expenditures remained to be spent pursuant to a private placement of FT shares that was completed on March 31, 2020. The amount must be spent by December 31, 2021.

14. LOAN

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 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 the Company'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) (Note 15).

On August 20, 2019, Newmont exercised its pre-emptive right and subscribed for 633,672 units of the Company 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 (Note 15).

14. LOAN (continued)

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 5).

15. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value

b) Share issuance details

Year ended March 31, 2021

- On September 28, 2020, the Company completed a non-brokered private placement, issuing 2,533,535 units (the "**Units**") at an issue price of $0.70 for gross proceeds of $1,773,475. Each Unit consisted of one non FT ("**NFT**") common share of the Company and one-half of one 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 of September 28, 2022.

  In connection with the private placement, share issue costs totaled $69,164 including 31,200 finder warrants with a fair value of $9,220, having the same terms as those in the private placement. The Company also wrote off a previous share issue cost liability of $8,751, partially offsetting the $69,164.

- As per Note 11(e), on December 14, 2020, the Company issued 900,397 common shares to the optionor of the Moat Property valued at $499,720.

Year ended March 31, 2020

- On March 31, 2020, the Company completed a non-brokered private placement, issuing 692,966 non-FT ("**NFT**") units at a price of $0.60 per unit for gross proceeds of $415,780. Each NFT unit consisted of one NFT common share of the Company and one half of one common share purchase warrant, with each whole warrant entitling the holder to acquire an additional NFT common share at an exercise price of $0.90 with an expiry of March 31, 2023.

  The Company's share price on March 31, 2020 was $0.35 and as a result, the Company allocated $242,538 of the gross proceeds to share capital and the remaining $173,242 to reserves.

- On March 31, 2020, the Company completed a non-brokered private placement, issuing 1,579,300 FT common shares at an issue price of $0.75 per FT share for gross proceeds of $1,184,475.

  The Company's share price on March 31, 2020 was $0.35 and as a result, the Company allocated $552,755 of the gross proceeds to share capital and the remaining $631,720 to FT share premium liability (Note 13).

15. SHARE CAPITAL (continued)

b) Share issuance details (continued)

Year ended March 31, 2020 (continued)

No finders' fees or commissions were paid in connection with the March 31, 2020 private placements. Share issue costs totaled $74,739.

- On December 11, 2019, the Company issued 689,655 common shares pursuant to the Moat Option Agreement. The number of shares issued was determined using the trailing ten-day volume weighted average share price of $0.58 as at December 10, 2019, settling the obligation to issue $400,000 worth of common shares prior to December 27, 2019. On the date of issuance, December 11, 2019, the shares were valued at $0.50 based on the closing price, and thus the value of the shares issued was $344,828. See Notes 5 and 11(d) for details of the Moat Option Agreement;

- On August 20, 2019, the Company completed a private placement, issuing 1,526,785 FT units at a price of $1.20 per unit, and 2,206,993 NFT units at a price of $0.85, for aggregate gross proceeds of $3,708,086. Each FT unit consisted of one FT common share of the Company and one half of one common share purchase warrant, with each whole warrant entitling the holder to acquire an additional NFT common share of the Company at an exercise price of $1.50 per share with an expiry of August 20, 2022. Each NFT unit consisted of one NFT common share of the Company and one half of one NFT common share purchase warrant, with each whole warrant entitling the holder to acquire an additional NFT common share of the Company at an exercise price of $1.20 per share with an expiry of August 20, 2022. On issuance of the units, $152,679 was allocated to the warrants and no amount was allocated to FT share premium liability.

  In connection with the private placement, the Company issued 68,888 agent warrants with a fair value of $38,795, paid agents' fees of $82,140, and incurred other cash share issuance costs of $124,201. Certain agent warrants are exercisable at $1.50 for three years and the remaining agent warrants are exercisable at $1.20 for three years;

- As part of the units issued to Newmont on August 20, 2019, the Company issued 633,672 common shares to Newmont to settle loan and interest payable of $538,621 (Note 14);

- On August 20, 2019, the Company issued 25,000 Bonus Shares with a fair value of $21,250 to Newmont at a value of $0.85 per share pursuant to the Loan (Note 14); and

- On August 20, 2019, pursuant to the Buckingham Acquisition, the Company issued 1,249,005 common shares valued at the market price of $1.00 per unit (Note 5).

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.

(Expressed in Canadian dollars)

15. SHARE CAPITAL (continued)

c) Stock options (continued)

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

	Number of options	Weighted average exercise price
		$
Balance, March 31, 2019	264,250	2.50
Granted	765,000	1.20
Forfeited	(85,750)	2.50
Expired	(38,500)	2.70
Balance, March 31, 2020	905,000	1.40
Granted	1,071,130	0.99
Forfeited	(110,000)	1.75
Expired	(70,000)	1.43
Balance, March 31, 2021	1,796,130	1.12

The following stock options were outstanding as at March 31, 2021:

Outstanding		Exercisable	Weighted average Exercise Price	Expiry Date	Weighted average remaining life (in years)
			$		
10,000	1	10,000	4.40	June 6, 2021	0.18
40,000		40,000	2.60	June 6, 2022	1.18
695,000	2	564,688	1.20	September 5, 2024	3.44
31,000		13,563	0.90	April 1, 2025	4.01
105,000		52,500	0.90	June 29, 2025	4.25
915,130		457,565	1.00	September 28, 2025	4.50
1,796,130		1,138,316	1.12		3.97

1 Subsequent March 31, 2021, these stock options expired unexercised.

2 Subsequent to March 31, 2021, 125,000 stock options with an exercise price of $1.20 were cancelled.

During the year ended March 31, 2021, the Company reclassified $202,208 (2020: $886,502) from share-based payments reserve to share capital with respect to options or share purchase warrants that expired or were forfeited during the year.

(Expressed in Canadian dollars)

15. SHARE CAPITAL (continued)

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, 2019	1,630,550	4.60
Issued	2,809,090	1.20
Expired	(1,630,550)	4.60
Balance, March 31, 2020	2,809,090	1.20
Issued pursuant to private placement	1,266,767	1.00
Finder warrants issued pursuant to private placement	31,200	1.00
Balance, March 31, 2021	4,107,057	1.17

The following share purchase warrants were outstanding as at March 31, 2021:

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
1,297,967	1,297,967	1.00	September 28, 2022
346,483	346,483	0.90	March 31, 2023
4,107,057	4,107,057		

The fair value of $9,220 for the 31,200 finder warrants issued pursuant to the September 28, 2020 private placement was determined using the Black-Scholes Model with the following weighted average assumptions:

Market price of shares	$	0.70
Exercise price	$	1.00
Risk-free interest rate		0.23%
Expected stock price volatility		97%
Expected dividend yield		0.0%
Expected life in years		2.0
Fair value	$	0.30

e) Share-based payments expense

The share-based payments expense for the stock options that vested during the year ended March 31, 2021 was $499,908 (2020: $360,028).

The weighted average fair value at grant date of options granted during the year ended March 31, 2021 was $0.44 per option (2020: $0.70).

(Expressed in Canadian dollars)

15. SHARE CAPITAL (continued)

e) Share-based payments expense (continued)

The fair value of the stock options that were granted during the years ended March 31, 2021 and 2020 was calculated using the Black-Scholes Model with the following weighted average assumptions:

	2021	2020
Risk-free interest rate	0.31%	1.32%
Expected stock price volatility	96%	116%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0

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

16. EXPLORATION EXPENDITURES

The Company's exploration expenditures for the year ended March 31, 2021 were as follows:

	North ROK	KSP	Castle	Sofia	Other	Total
	$	$	$	$	$	$
Exploration expenditures						
Analysis and storage	9,050	6,997	11,765	28,051	-	55,863
Camp	-	21,845	31,235	48,586	-	101,666
Community engagement	2,025	-	2,225	7,785	-	12,035
Consulting	4,238	90,096	50,296	116,504	7,648	268,782
Info tech and communications	-	693	3,936	2,397	588	7,614
Field equipment	-	1,122	6,813	13,101	-	21,036
Fuel	-	145	2,137	275	-	2,557
Helicopter	-	-	42,215	96,557	-	138,772
Salaries and overhead	12,130	129,567	127,672	154,248	-	423,617
Travel and accommodation	-	1,087	10,523	21,275	-	32,885
Total exploration expenditures	27,443	251,552	288,817	488,779	8,236	1,064,827

(Expressed in Canadian dollars)

16. EXPLORATION EXPENDITURES (continued)

The Company's exploration expenditures for the year ended March 31, 2020 were as follows:

	North ROK	KSP	Castle	Sofia	Other	Total
	$	$	$	$	$	$
Exploration expenditures						
Analysis and storage	-	35,602	77,559	-	-	113,161
Community engagement	24,050	44,000	2,025	-	-	70,075
Consulting	13,217	18,318	398,642	37,179	620	467,976
Drilling	-	-	303,319	-	-	303,319
Field equipment	-	380	53,547	-	-	53,927
Fuel	-	-	940	-	-	940
Helicopter	-	3,724	307,179	29,890	-	340,793
Salaries and overhead	4,621	34,471	63,169	3,557	1,256	107,074
Travel and accommodation	2,400	2,717	10,274	-	-	15,391
Total exploration expenditures	44,288	139,212	1,216,654	70,626	1,876	1,472,656

17. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the years ended March 31 consisted of the following:

	2021	2020
	$	$
Receivables	(24,950)	(3,607)
Prepaid expenses and deposits	(3,935)	(27,227)
Accounts payable and accrued liabilities	(132,744)	(683,535)
	(161,629)	(714,369)

Financing and investing activities that do not have a direct impact on cash flows are excluded from the consolidated statement of cash flows.

The non-cash financing and investing transactions for the year ended March 31, 2021 consisted of the Company:

- issuing 31,200 finder warrants with a fair value of $9,220 in connection with the September 28, 2020 private placement;
- writing off an old share issue cost liability in the amount of $8,751; and
- issuing 900,397 common shares with a value of $499,720 to the optionor of the Moat Property.

17. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

The non-cash financing and investing transactions for the year ended March 31, 2020 consisted of the Company issuing:

- 689,655 common shares with a value of $344,828 to the optionor of the Moat Property;
- 68,888 agent warrants with a fair value of $38,795 in connection with the August 20, 2019 private placement;
- 633,672 common shares valued $538,621 pursuant to the settlement of the Loan;
- 25,000 common shares valued at $21,250 as bonus shares;
- 1,249,005 common shares valued at $1,249,005 pursuant to the Buckingham Acquisition; and
- 210,000 Replacement Warrants valued at $124,703 (Note 5).

18. 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.

18. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. 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. A change of 1% in short-term interest rates would not have a material impact on net loss or comprehensive loss.

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

Commodity Price Risk

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 monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company also holds marketable securities in companies that are subject to the effect of changes in certain commodity prices. A significant decrease in commodity prices for which the Company is exploring for could impact the Company's ability to raise capital.

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 (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 prepares annual or interim expenditure budgets, which are regularly monitored and updated as considered necessary.

(Expressed in Canadian dollars)

18. FINANCIAL INSTRUMENTS (continued)

General Objectives, Policies and Processes (continued)

Liquidity Risk (continued)

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 methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts of cash and cash equivalents, receivables and accounts payable approximate fair value due to their short-term nature.

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

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;
- 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 did not have any Level 2 or 3 financial instruments as at March 31, 2021 or March 31, 2020. The Company's financial instruments as at March 31 were as follows:

	2021	2020
	$	$
Financial assets at FVTPL		
Cash and cash equivalents	1,208,319	573,200
Restricted cash	594,294	1,622,314
Marketable securities	411,361	25,280
Financial assets at amortized cost		
Receivables	81,892	56,942
Financial liabilities at amortized cost		
Accounts payable	112,233	181,901
Due to related parties	28,650	73,705

(Expressed in Canadian dollars)

19. 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.

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.

20. INCOME TAXES

Taxation in the Company and its subsidiaries' operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to loss before income taxes. These differences result from the following items for the years ended March 31:

	2021	2020
	$	$
Loss before income taxes	(1,715,859)	(2,813,858)
Canadian federal and provincial income tax rates	27.00%	27.00%
Income tax recovery based on the above rates	(463,282)	(759,742)
Increase (decrease) due to:		
Non-deductible expenses and other permanent differences	141,414	105,546
Flow-through shares	193,513	376,462
Impact of under (over) provision in prior year	39,640	330,585
Origination and reversal of temporary differences	(16,185)	(69,493)
Change in unrecognized deferred tax assets	104,900	16,642
Net income tax recovery	-	-

(Expressed in Canadian dollars)

20. INCOME TAXES (continued)

Deferred Tax Assets and Liabilities

Unrecognized deductible temporary differences and unused losses were as follows:

	March 31, 2021	March 31, 2020
	$	$
Non-capital losses	14,351,761	13,444,352
Share issue costs	257,613	448,141
Exploration and evaluation assets	8,865,216	9,457,724
Plant and equipment	338,443	287,008
Marketable securities	36,854	69,434
Capital losses and other	114,081	114,081
Non-refundable ITC	233,481	233,481
Lease liability	65,659	103,528
Unrecognized deferred tax assets	24,263,108	24,157,749

In assessing the ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

As at March 31, 2021, the Company had non-capital losses of approximately $14,315,000 (2020: $13,175,000) that expire as follows:

	$
2030	71,000
2031	676,000
2032	1,177,000
2033	977,000
2034	1,268,000
2035	1,112,000
2036	935,000
2037	824,000
2038	1,935,000
2039	2,992,000
2040	1,120,000
2041	1,228,000
	14,315,000

FT shares require the Company to spend an amount equal to the gross proceeds of the issued FT shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended March 31, 2021, the Company received $Nil (2020: $3,016,618) from the issuance of FT shares, and renounced same to the subscribers. These amounts will not be available to the Company for deduction from future taxable income.

As at March 31, 2021, the Company had approximately $571,000 (2020: $1,622,000) of remaining FT expenditures to complete.

21. RELATED PARTY TRANSACTIONS

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.

In addition to key management personnel, the Company transacted with the following related parties during the years ended March 31, 2021 and 2020:

- Joseph E. Mullin LLC ("**Mullin LLC**") is a private company controlled by the Company's CEO, Mr. Joseph Mullin;

- Mount Arvon Partners LLC ("**Mount Arvon**"), a private company controlled by the Company's CEO;

- TSquared Accounting Inc. ("**TSquared**") is a private company controlled by the Company's CFO, Mr. Tim Thiessen;

- Elemental Capital Partners LLP ("**Elemental**") is a partnership controlled by Dr. Fletcher Morgan who was a director on the Board (Note 22);

- Barresi Geological Services Ltd. ("**Barresi Geo**") is a private company controlled by the Company's President, Mr. Tony Barresi;

- Minco Corporate Management Inc. ("**Minco**"), a private company controlled by the Company's former CFO, Terese Gieselman; and

- Anacott Resources Corp. ("**Anacott**"), a public company in which Dr. Morgan was the former CEO and a director;

(Expressed in Canadian dollars)

21. RELATED PARTY TRANSACTIONS (continued)

a) Related Party Transactions

The Company's related party transactions for the year ended March 31 were as follows:

		2021	2020
		$	$
Administration and labour	1	2,325	135,206
Bonuses	2	13,710	-
Consulting fees	3	272,000	146,214
Directors' fees		-	25,000
Equipment rental	4	2,000	-
Salaries	5	263,932	98,620
Share-based payments expense	6	362,804	234,136
Total		916,771	639,176

1 Administration and labour for the year ended March 31, 2021 consisted of fees earned by Anacott. Administration and labour for the year ended March 31, 2020 consisted of fees of $6,512 earned by Minco and $128,694 earned by Anacott.

2 Bonuses for the year ended March 31, 2021 consisted of $6,855 earned by each of Mr. Barresi and Mount Arvon in connection with the mineral property sale to Fireweed (Note 11(g)).

3 Consulting fees for the year ended March 31, 2021 consisted of $155,000 of fees earned by Mullin LLC and Mount Arvon for CEO services, $81,000 of fees earned by TSquared for CFO services and $36,000 of fees earned by Elemental for Executive Chair services. Consulting fees for the year ended March 31, 2020 consisted of fees of $4,481 earned by Minco, $135,733 earned by Mullin LLC for CEO services and $6,000 earned by Elemental.

4 Equipment rental consisted exclusively of exploration equipment rented to the Company by Barresi Geo.

5 Salaries for the year ended March 31, 2021 consisted of $142,000 earned by the Company's President, Tony Barresi, including a $10,000 signing bonus and $121,932 earned by the Company's Vice President of Exploration, Dave Fleming. Salaries for the year ended March 31, 2020 consisted of $34,000 earned by the former CEO, Robert Shaw and $64,620 earned by the former CFO, Eric Casey.

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

b) Related Party Balances

The following related party balances were included in accounts payable and accrued liabilities (Note 12):

		March 31, 2021	March 31, 2020
Accounts Payable	**Service for:**	$	$
Anacott	Administration	-	37,005
Elemental	Executive Chairman	6,300	6,300
Mount Arvon	CEO	15,000	30,400
Tsquared	CFO	7,350	-
		28,650	73,705

22. SUBSEQUENT EVENTS

In addition to subsequent events disclosed elsewhere in these consolidated financial statements, the following events occurred after March 31, 2021:

- On April 16, 2021, the Company completed a non-brokered private placement, issuing a total of 15,043,212 common shares of the Company for gross proceeds of $11,110,421. The private placement was comprised of 9,063,014 FT common shares at a price of $0.83 per FT share for gross proceeds of $7,522,302 and 5,980,198 NFT common shares at a price of $0.60 per NFT share for gross proceeds of $3,588,119.

  Skeena Resources Limited ("**Skeena**") acquired a total of 5,547,142 common shares under the private placement, representing a 14.01% equity interest in the Company on a non-diluted basis. Newmont Corporation acquired a total of 2,425,790 common shares under the private placement to maintain its 16.13% equity interest in the Company.

  Certain arm's length finders and financial advisors were paid cash fees totaling $282,800 and issued an aggregate of 253,000 warrants with each warrant entitling the holder to purchase one common share of the Company at a price of $0.75 per share until April 15, 2023.

- On April 16, 2021, the Company granted 1,235,000 stock options to Directors, Officers, employees and consultants with each stock option exercisable into one common share of the Company at an exercise price of $0.96 per share, subject to certain vesting requirements, with an expiry of April 15, 2026.

- On April 24, 2021, the Company appointed Ms. Kelly Earle to the Company's Board, as a result of an Investor Rights Agreement between the Company and Skeena, whereby Skeena was provided the right to appoint a nominee to the Company's Board. On April 24, 2021, the Company granted 100,000 stock options to Ms. Earle with each stock option exercisable into one common share of the Company at an exercise price of $1.19 per share, subject to certain vesting requirements, with an expiry of April 24, 2026.

- On July 6, 2021, the Company announced the resignation of Dr. Fletcher Morgan from the Company's Board.