

Eloro Resources Ltd.

Condensed Interim Consolidated Financial Statements

December 31, 2019

(expressed in Canadian dollars)

(unaudited)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of Eloro Resources Ltd. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

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

Eloro Resources Ltd.

Consolidated Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

	Notes	As at December 31, 2019 \$	As at March 31, 2019 \$
Assets			
Current			
Cash		74,408	31,328
Receivables		9,395	14,739
Marketable securities		65,025	158,900
Due from Cartier Iron Corporation	4	-	258,690
Prepaid expenses		64,793	57,303
		213,620	520,960
Right-of-use asset	3	95,930	-
Exploration and evaluation	5	4,914,384	4,761,752
		5,223,934	5,282,712
Liabilities			
Current			
Accounts payable and accrued liabilities	11	263,895	358,528
Due to Cartier Iron Corporation	6	65,804	-
Current portion of lease liabilities	3	41,030	-
		370,729	358,528
Lease liabilities	3	56,310	-
		427,039	358,528
Shareholders' equity			
Share capital	7	29,680,331	28,005,717
Warrants	7	61,000	1,164,937
Contributed surplus		2,986,457	3,065,885
Foreign currency reserve		81,767	111,267
Deficit		(28,012,660)	(27,423,622)
		4,796,895	4,924,184
		5,223,934	5,282,712
Going concern	2		
Commitments and contingencies	12		
Subsequent events	14		
Approved by the Board:			
	Thomas Larsen	Francis Sauve	
	Director	Director	

Eloro Resources Ltd.

Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

(unaudited)

	Notes	3 months ended December 31,		9 months ended December 31,	
		2019	2018	2019	2018
		\$	\$	\$	\$
Expenses					
Professional fees		5,383	6,250	19,578	20,030
Consulting fees	11	37,630	64,000	162,000	172,000
Stock-based compensation		-	-	-	154,000
Investor relations and marketing		23,417	7,558	44,846	116,207
General and office		51,210	48,762	107,229	153,590
Travel		4,974	3,268	26,933	39,277
Depreciation	3	-	-	21,318	-
Interest	3	-	-	3,270	-
Foreign exchange loss		-	-	11,733	-
Loss (gain) on sale of marketable securities		(13,720)	-	(23,130)	189,468
Unrealized loss (gain) on marketable securities		23,775	(50,450)	88,375	(170,495)
Impairment of exploration and evaluation	5	16,748	-	27,255	2,225
Pre-acquisition exploration and evaluation		52,751	-	86,980	-
Gain on settlement of accounts payable		-	-	-	(125,060)
Refundable tax credit notices of assessment	7	6,000	-	20,000	-
Other		(1,309)	-	(7,348)	(6,880)
		206,859	79,388	589,039	544,363
Loss		(206,859)	(79,388)	(589,039)	(544,363)
Other comprehensive loss to be reclassified to profit or loss in subsequent years (net of tax)					
Currency translation adjustment		(28,843)	18,238	(29,500)	17,010
Comprehensive loss		(235,702)	(61,150)	(618,539)	(527,353)
Loss per share-basic and diluted		(0.01)	-	(0.02)	(0.02)
Weighted average number of shares outstanding - basic and diluted		36,642,883	35,534,958	36,896,807	35,007,240

Eloro Resources Ltd.

Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	Share capital \$ (note 6)	Warrants \$ (note 6)	Contributed surplus \$	Foreign currency reserve \$	Deficit \$	Total \$
Balance, March 31, 2019	28,005,717	1,164,937	3,065,885	111,267	(27,423,622)	4,924,184
Private placement of units	500,000	-	-	-	-	500,000
Fair value of warrants issued	(34,000)	34,000	-	-	-	-
Fair value of broker warrants issued	(1,000)	1,000	-	-	-	-
Fair value of expired warrants	1,138,937	(1,138,937)	-	-	-	-
Fair value of cancelled stock options	79,428	-	(79,428)	-	-	-
Share issue costs	(8,750)	-	-	-	-	(8,750)
Other comprehensive loss	-	-	-	(29,500)	-	(29,500)
Loss	-	-	-	-	(589,039)	(589,039)
Balance, December 31, 2019	29,680,332	61,000	2,986,457	81,767	(28,012,660)	4,796,895
Balance, March 31, 2018	26,801,156	1,326,836	2,926,885	5,701	(26,658,960)	4,401,618
Settlement of accounts payable	355,940	-	-	-	-	355,940
Exercise of stock options	25,000	-	(15,000)	-	-	10,000
Fair value of stock options exercised	15,000	-	-	-	-	15,000
Exercise of warrants	230,118	-	-	-	-	230,118
Fair value of warrants exercised	112,007	(112,007)	-	-	-	-
Stock-based compensation	-	-	154,000	-	-	154,000
Share issue costs	(3,606)	-	-	-	-	(3,606)
Other comprehensive loss	-	-	-	17,010	-	17,010
Loss	-	-	-	-	(544,363)	(544,363)
Balance, December 31, 2018	27,535,615	1,214,829	3,065,885	22,711	(27,203,323)	4,635,717

Eloro Resources Ltd.

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	Notes	9 months ended December 31,	
		2019 \$	2018 \$
Cash provided by (used in)			
Operating activities			
Loss		(589,039)	(544,363)
Items not affecting cash			
Depreciation		21,318	-
Interest		3,270	-
Stock-based compensation		-	154,000
Loss on sale of marketable securities		(23,130)	189,468
Unrealized (gain) loss on marketable securities		88,375	(170,495)
Impairment of exploration and evaluation	5	27,255	2,225
Gain on sale of settlement of accounts payable		-	(125,060)
Changes in non-cash operating working capital			
Receivables		5,344	49,869
Prepaid expenses		(7,490)	(56,231)
Accounts payable and accrued liabilities		10,478	44,496
		<u>(463,618)</u>	<u>(456,090)</u>
Financing activities			
Private placement of units		-	-
Advance unit subscription proceeds		500,000	35,000
Exercise of stock options		-	25,000
Exercise of warrants		-	230,118
Share issue costs		(8,750)	(3,606)
Interest paid		(3,270)	-
Repayment of lease liabilities		(19,908)	-
		<u>468,072</u>	<u>286,512</u>
Investing activities			
Advances from Cartier Iron Corporation	4	324,494	(108,254)
Proceeds on sale of marketable securities		28,630	3,031
Exploration and evaluation		(284,998)	(136,041)
		<u>68,125</u>	<u>(241,264)</u>
Net increase (decrease) in cash		72,580	(410,842)
Cash, beginning of period		31,328	435,379
Currency translation adjustment		(29,500)	17,010
Cash, end of period		<u>74,408</u>	<u>41,547</u>

Eloro Resources Ltd.

Notes to Condensed Interim Consolidated Financial Statements

December 31, 2019

(expressed in Canadian dollars)
(unaudited)

1. Nature of operations

Eloro Resources Ltd. (the "Company") is a public company engaged in the exploration and development of a gold-silver property in Peru and base metal properties in Québec.

The Company was incorporated under the Business Corporations Act of Ontario on April 11, 1985 and its registered office is located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

2. Going-concern

These condensed interim consolidated financial statements have been prepared on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business.

The Company is in the exploration stage and has no revenue. During the 9 months ended December 31, 2019, the Company recorded a loss of \$589,039 (2018 - \$544,363) and as at that date, the Company had accumulated deficit of \$28,012,660 (March 31, 2019 - \$27,423,622), working capital deficit of \$157,109 (March 31, 2019 - \$162,432) and cash flow deficit from operations of \$463,618 (2018 - \$456,090). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

3. Basis of presentation

Statement of compliance

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

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

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

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on February 28, 2020.

Changes in accounting standards

On April 1, 2019, the Company adopted *IFRS 16, Leases* ("IFRS 16"). According to IFRS 16, a contract is, or contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. With exceptions for certain short-term leases and leases of low-value assets, IFRS 16 requires a lessee to recognize lease contracts as a right-of-use asset representing its right to use an identified asset for a period of time and a lease liability representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information which continues to be reported under *IAS 17, Leases*.

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date. Right-of-use assets are subsequently depreciated from the commencement date of the lease to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The lease liability is initially recognized as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications.

The Company is a party to a lease for offices premises until December 31, 2021. At April 1, 2019, the Company used its incremental borrowing rate of 6% to measure its lease liabilities.

	\$
Lease commitments at March 31, 2019	127,479
Discount using the incremental borrowing rate of 6%	(10,231)
<u>Lease liabilities recognized at April 1, 2019</u>	<u>117,428</u>

At April 1, 2019, the impact of adopting IFRS 16 on the Company's statement of financial position was as follows:

	\$
Assets	
<u>Right-of-use asset</u>	<u>117,428</u>
Liabilities	
Current	
Current portion of lease liabilities	40,421
<u>Lease liabilities</u>	<u>70,007</u>
	<u>117,428</u>

4. Due from Cartier Iron Corporation

The amount due from Cartier Iron Corporation was unsecured, non-interest bearing and due on demand. Three directors of the Company are directors of Cartier.

5. Exploration and evaluation

	March 31, 2019 \$	Expenditures \$	Writedown \$	December 31, 2019 \$
Property				
La Victoria	4,761,752	152,632	–	4,914,384
Other	–	27,255	(27,255)	–
	<u>4,761,752</u>	<u>179,887</u>	<u>(27,255)</u>	<u>4,914,384</u>

La Victoria, Peru

The Company owns an 82% interest in La Victoria (March 31, 2019 - 82%), a gold-silver property covering 8,933 hectares, consisting of 9 concessions covering 3,533 hectares (Ccori Orcco 1, Roberto N°1, Rufina, Rufina N° 2, San Felipe 1, San Felipe 2, San Markito, Santa Ana 1 and Victoria-APB) and 7 claims covering 5,400 hectares (Romina 01, 02, 03, 04, 05, 06 and 07) in the Huandoval District, Pallasca Province, Ancash Department, in the North-Central Mineral Belt of Peru.

La Victoria is subject to a 2% net smelter royalty ("NSR"), of which, the Company has the option to reduce the NSR to 1% by making a payment of \$3,000,000.

Grant of option for a 25% interest in La Victoria

EHR Resources Limited (“EHR”) owns an 18% interest in La Victoria and the Company has granted an option to EHR to increase its interest to 25%. The option agreement provides that EHR will have 45 days from the date that the Company receives all permits required to commence drilling at San Markito to provide written notice of its intention to proceed to increase its interest to 25%, failing which, the option will expire. In order to increase its interest, EHR must incur exploration expenditures of \$1,400,000 during the 6 months from 45 days from the date that the Company receives all permits required to commence drilling at San Markito.

Upon the earlier of EHR deciding to maintain an 18% interest in La Victoria or earning a 25% interest in La Victoria, a joint venture, with the Company as operator, will be formed to explore and develop La Victoria. If the Company or EHR does not fund its proportionate share of expenditures, its respective interest will be diluted and when its interest is diluted to less than 10%, the party’s interest shall be reduced to a 2% net smelter royalty on all production. The other party will have the option to reduce the royalty from 2% to 1% by making a payment of \$3,000,000.

If either the Company or EHR acquires an interest in any property within 5 kilometres of La Victoria, the acquirer must offer the other party the opportunity to participate in the acquisition up to its participating interest.

In the event the Company or EHR proposes to sell any interest in La Victoria to a third party, the other party has a right of first refusal to match the terms and conditions of the proposed sale. In the event that the Company proposes to sell a majority of its interest in La Victoria to a third party, the Company must first consult with EHR about the identity of the third party and the proposed terms of sale and if the Company proceeds with the sale, EHR will be obliged to sell its interest to the third party on a pro rata basis in accordance with the terms of the sale to the third party.

Iska Iska

On January 6, 2020, the Company signed a Definitive Agreement for an option to acquire a 99% interest in Iska Iska, a polymetallic property consisting of one mineral concession totaling 900 hectares located in Bolivia. In order to acquire its interest in Iska Iska, the Company will conduct an exploration and development program in the 4 years ended January 6, 2024 and issue common shares and make an option payment, as follows:

	Number of common shares to be issued	Option payment US\$
February 5, 2020 (issued subsequent to December 31, 2019)	250,000	–
January 6, 2022	250,000	–
January 6, 2024	–	10,000,000
	<hr/> 500,000	<hr/> 10,000,000

During the 9 months ended December 31, 2019, the Company made pre-acquisition exploration and evaluation expenditures of \$86,980 which have been recorded in the consolidated statement of loss and comprehensive loss.

6. Due to Cartier Iron Corporation

The amount due to Cartier Iron Corporation is unsecured, non-interest bearing and due on demand. Three directors of the Company are directors of Cartier.

7. Share capital

Authorized

An unlimited number of common shares without par value.

An unlimited number of redeemable, voting, non-participating special shares without par value.

Outstanding

	Number of common shares	Amount \$
Balance, March 31, 2019	36,642,262	28,005,717
Private placement of common shares	2,000,000	500,000
Fair value of warrants issued	–	(34,000)
Fair value of finders' warrants issued	–	(1,000)
Fair value of expired warrants	–	1,138,937
Fair value of cancelled stock options	–	79,428
Share issue costs	–	(8,750)
Balance, December 31, 2019	38,642,262	29,680,332

Private placement

On November 28, 2019, the Company completed a private placement of 2,000,000 units at a price of \$0.25 per unit for proceeds of \$500,000. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$0.50 until May 26, 2021 or May 28, 2021. In connection with the private placement, the Company paid a commission of \$8,750 and issued 36,400 finders' warrants with the same terms as the unit warrants. Directors and officers acquired 898,430 units and an insider acquired 100,000 units.

The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

	Unit warrants		Finders' warrants
Issue date	November 26, 2019	November 28, 2019	November 26, 2019
Expiry date	May 26, 2021	May 28, 2021	May 26, 2021
Warrants issued	610,785	389,215	36,400
Exercise price	\$0.50	\$0.50	\$0.50
Share price	\$0.20	\$0.20	\$0.20
Risk-free interest rate	1.57%	1.59%	1.57%
Expected volatility based on historical volatility	86%	86%	86%
Expected life of warrants	1.5 years	1.5 years	1.5 years
Expected dividend yield	Nil	Nil	Nil
Forfeiture rate	Nil	Nil	Nil
Fair value	\$21,000	\$13,000	\$1,000
Fair value per warrant	\$0.04	\$0.04	\$0.04

Common shares issued to Tartisan on acquisition of La Victoria

On October 17, 2016, as part of the consideration to acquire La Victoria, the Company issued 6,000,000 common shares to Tartisan Nickel Corp. ("Tartisan"). At December 31, 2019, Tartisan held 4,000,000 common shares which are subject to the following terms:

- until April 17, 2021, Tartisan will not sell more than 1,000,000 common shares during any 6-month period;
- Tartisan will provide the Company with 45 days' notice prior to any sale, during which time, the Company will have the right to identify purchasers for the common shares and have the right of first refusal to place the common shares pursuant to the terms of a mutually agreeable sale;
- until October 17, 2020, Tartisan will not vote, or encourage anyone else to vote:
 - against any shareholder resolution recommended by the Board, except the event of change of control of the Company or failure by the Company to maintain its status as a reporting issuer under securities law in Ontario;
 - in favour of the election of nominees to the Board not proposed by the then incumbent Board; or
 - in favour of any shareholder resolution or proposal unless the then incumbent Board recommends voting in favour of such shareholder resolution or proposal.

Stock options

The Company may grant stock options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. At December 31, 2019, the Company may grant up to 3,864,226 stock options (March 31, 2019 - 3,664,226). The exercise price for stock options will not be less than the market price of the common shares on the date of the grant, less any discount permissible under the rules of the TSX Venture Exchange. The maximum term for stock options is 5 years and stock options granted vest immediately.

A summary of the Company's stock options outstanding and exercisable at December 31, 2019 is presented below:

	Weighted- average exercise price \$	Number of stock options outstanding and exercisable
Balance, March 31, 2019	0.42	3,325,000
Cancelled	0.70	(200,000)
Balance, December 31, 2019	0.40	3,125,000

A summary of the Company's stock options outstanding at December 31, 2019 is presented below:

Exercise price	Expiry date	Number of stock options outstanding and exercisable
\$0.10	January 29, 2020	1,050,000
\$0.12	December 7, 2020	200,000
\$0.30	July 6, 2021	100,000
\$0.55	January 27, 2022	1,225,000
\$0.77	February 7, 2022	100,000
\$0.75	April 7, 2022	100,000
\$0.87	November 30, 2022	200,000
\$0.70	June 12, 2023	150,000
		3,125,000

Warrants

A continuity of the Company's warrants outstanding at December 31, 2019 is presented below:

	Weighted-average exercise price \$	Number of warrants
Balance, March 31, 2019	0.50	3,916,785
Issued	0.50	1,036,400
Expired	0.49	(3,541,785)
Balance, December 31, 2019	0.53	1,411,400

A summary of the Company's warrants outstanding at December 31, 2019 is presented below:

Exercise price	Expiry date	Number of warrants
\$0.60	July 30, 2020	375,000
\$0.50	May 26, 2021	647,185
\$0.50	May 28, 2021	389,215
		1,411,400

Restricted share units

The Company may grant 3,200,000 restricted share units and in combination with all share compensation arrangements, including the Company's stock option plan, will not exceed 20% of the issued and outstanding common shares in the capital of the Company. No restricted share units have been issued.

8. Income taxes

Refundable tax credit notices of assessment

On July 26, 2017, the Company received refundable tax credit notices of assessments from Revenu Québec for the repayment of \$367,360 ("Notices") for the return of refunds of \$280,961, \$25,217 and \$7,766 received by the Company for the refundable tax credit on eligible exploration expenditures incurred in Québec in respect of 2013, 2014 and 2016, respectively and interest thereon of \$53,416.

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

Pending resolution of the Notices, the Company is making payments of \$2,000 per month to Revenu Québec. At December 31, 2019, the Company has made payments of \$44,000 and for the 9 months ended December 31, 2019, the Company made payments of \$20,000 which has been recorded in the consolidated statement of loss and comprehensive loss.

9. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Accounts payable and accrued liabilities and due to Cartier

The fair value of accounts payable and accrued liabilities and due to Cartier approximates their carrying value due to their short term to maturity.

Classification of fair value of financial instruments

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

- Level 1 - quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data

Marketable securities are measured at fair value at Level 1 of the fair value hierarchy.

10. Financial risk management

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

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

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

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash balances. The maximum exposure to credit risk is equal to the balance of cash.

The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with high credit quality Canadian chartered banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

The Company has no revenues and relies on financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments. The Company is exposed to equity price risk with respect to marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at December 31, 2019 had changed by 10%, with all other variables held constant, the unrealized gain (loss) would have decreased or increased by \$6,500.

Interest rate risk

The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments and the Company has no interest-bearing debt.

Capital management

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

The Company's principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

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

11. Related party transactions

Compensation of key management personnel

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

	9 months ended December 31,		Outstanding as at	
	2019	2018	December 31, 2019	March 31, 2019
	\$	\$	\$	\$
Consulting fees	162,000	162,000	93,289	90,000

See notes 4 and 7 for other related party transactions.

12. Commitments and contingencies

Value-added tax

In Peru, the Company has paid a value added tax, *Impuesto General a las Ventas* ("IGV"), on the purchase of goods and services which may be recovered against IGV collected on sales by the Company. The Company has paid IGV of US\$372,105, of which, the Company is obligated to pay US\$350,807 to EHR upon recovery. The remaining IGV of US\$21,298 has been included in exploration and evaluation.

13. Segment information

The Company operates in one business segment being mineral exploration in Peru. As the Company is focused on exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by project. The internal reporting framework is the most relevant to assist the Board with making decisions regarding this Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

14. Subsequent events

Iska Iska

On January 6, 2020, the Company signed a Definitive Agreement for an option to acquire a 99% interest in Iska Iska in Bolivia. See note 5.

Grant of stock options

On February 18, 2020, the Company granted 1,755,000 stock options to directors, officers, employees and consultants, with each stock option entitling the holder to purchase one common share for \$0.40 until February 18, 2025.