# GAIA METALS CORP.
## (Formerly 92 RESOURCES CORP.)
## Condensed Interim Consolidated Financial Statements
### September 30, 2019
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

## Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

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

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

**Condensed Interim Consolidated Statements of Financial Position**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

| | Notes | As at September 30, 2019 $ | As at March 31, 2019 (Audited) $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | **138,444** | 698,446 |
| Amounts receivable | 5 | **34,554** | 7,258 |
| Prepaid expenses | 6 | **16,097** | 91,067 |
| | | **189,095** | 796,771 |
| **Exploration and evaluation properties** | 8 | **2,657,481** | 2,279,263 |
| **Total assets** | | **2,846,576** | 3,076,034 |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 9 | **66,762** | 71,086 |
| Flow-through premium liability | 17 | **72,421** | 226,391 |
| **Total liabilities** | | **139,183** | 297,477 |
| **Shareholders' equity** | | | |
| Share capital | 10 | **9,406,939** | 9,359,987 |
| Reserves | 10 | **1,141,029** | 1,002,317 |
| Deficit | | **(7,840,575)** | (7,583,747) |
| **Total equity** | | **2,707,393** | 2,778,557 |
| **Total shareholders' equity and liabilities** | | **2,846,576** | 3,076,034 |

**Corporate Information and Going Concern (Note 1), Commitments (Note 16), and Events after the Reporting Period (Note 18)**

**APPROVED ON BEHALF OF THE BOARD:**

*"Adrian Lamoureux"* — Director

*"Paul Chung"* — Director

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

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

| | Notes | Three months ended September 30, | | Six months ended September 30, | |
|---|---|---|---|---|---|
| | | **2019** | 2018 | **2019** | 2018 |
| | | **$** | $ | **$** | $ |
| **Expenses** | | | | | |
| Advertising | | **6,889** | 81,305 | **21,289** | 86,027 |
| Bank and interest charges | | **434** | 885 | **578** | 1,002 |
| Consulting | 14 | **33,750** | 67,778 | **95,625** | 194,507 |
| Investor communications | | **-** | 1,421 | **10,357** | 2,520 |
| Management and administration fees | 14 | **39,544** | 39,334 | **79,088** | 78,669 |
| Meals and entertainment | | **1,300** | 2,214 | **3,148** | 3,902 |
| Office and miscellaneous | | **922** | 1,660 | **2,338** | 2,626 |
| Professional fees | | **6,708** | 26,150 | **14,567** | 33,014 |
| Rent and property taxes | | **3,836** | 3,044 | **7,672** | 6,088 |
| Share-based compensation | 12, 14 | **26,623** | 93,038 | **145,664** | 93,038 |
| Transfer agent and filing fees | | **3,817** | 10,248 | **20,836** | 25,088 |
| Travel | | **4,932** | 2,863 | **9,711** | 7,470 |
| **Net loss for the period before other items** | | **(128,755)** | (329,940) | **(410,873)** | (533,951) |
| **Other items** | | | | | |
| Other income, net | 17 | **89,985** | - | **153,970** | 2,731 |
| Interest income (expense) | | **32** | (157) | **75** | 1,523 |
| **Net loss for the period** | | **(38,738)** | (330,097) | **(256,828)** | (529,697) |
| **Other comprehensive income** | | | | | |
| Items that may be subsequently reclassified to income or loss: | | | | | |
| Unrealized gain on short-term investments | 7 | **-** | (71,444) | **-** | (182,555) |
| **Net loss and comprehensive loss for the period** | | **(38,738)** | (401,541) | **(256,828)** | (712,252) |
| **Loss per common share** | | | | | |
| Basic and diluted | 11 | **(0.004)** | (0.045) | **(0.029)** | (0.074) |

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

**Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

| | Number of shares[1] | Share capital $ | Reserves $ | Accumulated other comprehensive income $ | Deficit $ | Total $ |
|---|---|---|---|---|---|---|
| Balances, March 31, 2018 | 6,959,246 | 8,717,774 | 859,882 | 11,111 | (6,571,379) | 3,017,388 |
| Shares issued for: | | | | | | |
| Cash | 335,000 | 217,750 | - | - | - | 217,750 |
| Mineral properties | 250,000 | 130,000 | - | - | - | 130,000 |
| Share-based payments | - | - | 93,038 | - | - | 93,038 |
| Net loss for the period | - | - | - | - | (529,697) | (529,697) |
| Comprehensive loss for the period | - | - | - | (182,555) | - | (182,555) |
| Balances, September 30, 2018 | 7,544,246 | 9,065,524 | 952,920 | (171,444) | (7,101,076) | 2,745,924 |
| Balances, March 31, 2019 | 8,780,246 | 9,359,987 | 1,002,317 | - | (7,583,747) | 2,778,557 |
| Stock options exercised | 20,000 | 10,000 | - | - | - | 10,000 |
| Fair value of options exercised | - | 6,952 | (6,952) | - | - | - |
| Shares issued for mineral properties | 100,000 | 30,000 | - | - | - | 30,000 |
| Share-based payments | - | - | 145,664 | - | - | 145,664 |
| Net loss and comprehensive loss for the period | - | - | - | - | (256,828) | (256,828) |
| **Balances, September 30, 2019** | **8,900,246** | **9,406,939** | **1,141,029** | **-** | **(7,840,575)** | **2,707,393** |

[1]Shares were adjusted to reflect the share consolidation on October 17, 2019 (Notes 10 and 18)

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

# GAIA METALS CORP. (Formerly 92 RESOURCES CORP.)

**Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

| | Six months ended September 30, | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| **OPERATING ACTIVITIES** | | |
| Net loss for the period | **(256,828)** | (529,697) |
| Adjustments for: | | |
| Interest income accruals | **(75)** | (897) |
| Other income | **(153,970)** | (2,731) |
| Share based payment | **145,664** | 93,038 |
| Changes in non-cash working capital items | | |
| Decrease (Increase) in amounts receivable | **(27,221)** | 2,316 |
| Decrease in trade payables and accrued liabilities | **(4,324)** | (115,904) |
| Decrease (Increase) in prepaid expenses | **74,970** | (46,176) |
| **Cash used in operating activities** | **(221,784)** | (600,051) |
| **INVESTING ACTIVITIES** | | |
| Government grants received (paid) | **-** | (81,590) |
| Exploration and evaluation property expenditures | **(348,218)** | (298,272) |
| **Cash used in investing activities** | **(348,218)** | (379,862) |
| **FINANCING ACTIVITIES** | | |
| Proceeds from issuance of common shares | **10,000** | 217,750 |
| **Cash provided by financing activities** | **10,000** | 217,750 |
| **Decrease in cash and cash equivalents** | **(560,002)** | (762,163) |
| **Cash and cash equivalents, beginning of period** | **698,446** | 1,122,915 |
| **Cash and cash equivalents, end of period** | **138,444** | 360,752 |

**Supplemental cash flow information** (Note 15)

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

## 1. CORPORATE INFORMATION

Gaia Metals Corp. (the "Company") was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. On September 10, 2012, the Company incorporated a wholly owned subsidiary, Petro Grande Energy Inc. The principal business of the Company is the identification, evaluation and acquisition of exploration and evaluation properties, as well as exploration of those properties once acquired. The Company is domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX Venture Exchange (the "TSXV"). The address of its head office is Suite 500, 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 3P6.

On October 7, 2019, the Company announced the change of its name from "92 Resources Corp." to "Gaia Metals Corp." and the consolidation of the Company's common shares on the basis of one (1) post-consolidated share for every ten (10) pre-consolidated shares. These two became effective on October 15, 2019 (Note 18). On October 17, 2019, the shares of the Company commenced trading on TSXV on a consolidated basis under the name "Gaia Metals Corp." and stock symbol "GMC" (Note 18).

As at September 30, 2019, the Company has not yet determined whether the properties contained ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

For the six months ended September 30, 2019, the Company incurred a net loss of $256,828 (September 30, 2018 - $529,697). As at September 30, 2019, it had an accumulated deficit of $7,840,575 (March 31, 2019 - $7,583,747), which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values are dependent upon obtaining additional financing sufficient to cover its operating costs.

Although management is currently seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated interim financial statements (the "Financial Statements") do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying Financial Statements.

## 2. BASIS OF PREPARATION

### 2.1 Basis of presentation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Petro Grande Energy Inc. All material inter-company balances and transactions have been eliminated upon consolidation.

The Company's condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 13, and are presented in Canadian dollars except where otherwise indicated.

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar.

### 2.2 Statement of compliance

The condensed interim consolidated financial statements of the Company, including comparative have been prepared in accordance with International Accounting Standards ("IAS") 34 *'Interim Financial Reporting'* issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended March 31, 2019.

These condensed interim consolidated financial statements were approved and authorized for issue in accordance with a resolution from the Board of Directors on November 22, 2019.

### 2.3 Adoption of new and revised standards and interpretations

The IASB issued a number of new and revised IASs, International Financial Reporting Standards ("IFRS"), amendments and related IFRICs which are effective for the Company's financial year beginning on April 1, 2018. The Company has adopted all the following new standards relevant to the Company for the year ended March 31, 2019 and the six months ended September 30, 2019.

- IAS 28 *'Investments in Associates and Joint Ventures'* is an amendment to sale or contribution of assets between an investor and its associate or joint venture. The amendment is applicable for annual periods beginning on or after a date to be determined by IASB. Earlier application is permitted. As part of the annual improvements 2014 - 2016 cycle, this standard was amended to clarify whether an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organization, or a mutual fund, unit trust or similar entities including investment linked insurance funds. The latter amendment is applicable for annual periods beginning on or after January 1, 2018.

- IFRS 2, *'Share-based payment'* issued in June 2016, is amended to provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a "net settlement" for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendment is applicable for annual periods beginning on or after January 1, 2018.

- IFRS 9 '*Financial Instruments: Classification and Measurement'* is a new financial instruments standard that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. Transitional provisions have been applied including assessing the reclassification of the financial assets and applying that classification retrospectively.

  The Company has retrospectively and irrevocably elected at the time of initial recognition to account for equity investments at fair value through other comprehensive income ("FVOCI") effective January 1, 2018 on the basis that this classification reflects the principal nature of the investments. As a result, there was no impact on the financial position and financial performance of the Company in the prior or current period, other than a reclassification from current to non-current on the statement of financial position.

- IFRS 7 – *'Financial instruments: Disclosure'* was amended to require additional disclosures on transition from IAS 39 to IFRS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. IFRS 16 – *'Leases'* was issued on January 13, 2016 and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

- IFRIC 23 - *'Uncertainty over Income Tax Treatments'* is interpretation that clarifies how to apply the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over tax treatments. The effective date for IFRIC 23 is for annual periods beginning on or after January 1, 2019.

- IFRS 16 – *'Leases'* is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 15 is applicable to annual reporting periods beginning on or after January 1, 2019.

The adoption of the above standards did not have a material impact on the Company's Financial Statements.

The IASB and IFRIC have issued the following new and revised standards and amendments, which are not yet effective for the period ended September 30, 2019.

- IFRS 10 *'Consolidated Financial Statements'* amendments relate to sale or contribution of assets between and investor and its associate or joint venture and are applicable for annual periods beginning on or after a date to be determined by the IASB. Earlier application is permitted if disclosed.

The Company has not early adopted these standards and amendments and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Significant accounting judgments, estimates and assumptions

The preparation of these Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These Financial Statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the Financial Statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date 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:

*Critical accounting estimates*

i. the inputs used in accounting for share-based payment expense in profit or loss;

ii. the assessment of indications of impairment of exploration and evaluation properties and related determination of net realizable values and write-down of the properties where applicable;

iii. the amount of decommissioning liabilities at year end;

iv. expected future tax rates used in the deferred income tax disclosures.

*Critical accounting judgments*

i. the determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management;

ii. the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets; and

iii. the determination of the Company's ability to continue as a going concern.

### 3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid investments, which are readily convertible into cash with maturities of three months or less when purchased. The Company's cash and cash equivalents are invested with major financial institutions and are not invested in any asset-backed deposits or investments.

### 3.3 Exploration and evaluation properties

All costs related to the acquisition, exploration and development of exploration and evaluation properties ("E&E assets") are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves. Management annually assesses carrying values of properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if (1) the property has been abandoned; (2) there are unfavorable changes in the property economics; (3) there are restrictions on development; or (4) when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

The recoverability of exploration and evaluation properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future exploration and evaluation properties contain economically recoverable reserves. Amounts capitalized to exploration and evaluation properties as exploration and development costs do not necessarily reflect present or future values. When options are granted on exploration and evaluation properties or when properties are sold, proceeds are credited to the cost of the property.

If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

*Government grants related to exploration and evaluation properties*

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions and requirements of the approved grant program and there is reasonable assurance that the grant will be received. Government grants are recorded as a reduction of carrying value of the exploration and evaluation properties acquired and shall be amortized to profit or loss as a reduced depreciation expense.

### 3.4 Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regards to previous years.

Taxes on income in the periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is enacted or substantively enacted.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

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

**3.5 Decommissioning, restoration and similar liabilities**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of an exploration and evaluation property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

### 3.6 Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payment reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payment reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

### 3.7 Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the year. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

### 3.8 Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

### 3.9 Warrants issued in equity financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

### 3.10 Flow-through shares

Current Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as other liabilities in the statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The tax deduction is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through share. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a tax deduction recovery on the statement of comprehensive loss and reduces the other liability.

To the extent that the Company has deferred tax assets in the form of tax loss carryforwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

### 3.11 Impairment of non-financial assets

At the end of each reporting period, the Company assesses each cash-generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

### 3.12 Financial assets

At initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial assets are recognized initially at fair value, unless they are trade receivables that do not contain a significant financing component in accordance with IFRS 15, which shall be measured at their transaction price. The subsequent measurement of financial assets depends on their classification based on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows:

*Amortized Cost*

The financial asset is subsequently measured at amortized cost if both the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable are included in this category of financial assets.

*Financial Assets at FVTOCI*

The financial asset is subsequently measured at FVTOCI if both the financial asset is held within a business model whose objectives achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding or if an irrevocable election was made for certain equity instruments at initial recognition. After initial recognition, the financial assets are measured at fair value, with gains or losses recognized within other comprehensive income except for impairment gains (losses) and foreign exchange gain (losses). Accumulated changes in fair value are recorded as a separate component of equity until the financial asset is derecognized, at which point, they are reclassified from equity to profit or loss as a reclassification adjustment. Transaction costs are included in the initial carrying amount of the asset.

*Financial Assets at FVTPL*

A financial asset shall be measured at FVTPL if it is not measured at amortized cost or at FVTOCI. If the financial asset that would otherwise be measured at FVTPL is not acquired or incurred principally for the purpose of selling or repurchasing it in the near term, not part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative, the Company may make an irrevocable election at initial recognition to present subsequent fair value changes of the equity instrument in OCI. Transaction costs associated with financial assets at FVTPL are expensed as incurred. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets.

*Derivatives Designated as Hedging Instruments in an Effective Hedge*

The Company does not hold or have any exposure to derivative instruments.

**3.13 Impairment of financial assets**

The Company shall recognize a loss allowance for expected credit losses on financial assets measured at amortized cost or FVTOCI, a lease receivable, a contract asset or a loan commitment. If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to the lifetime expected credit losses, otherwise, it shall be measured at an amount equal to the 12-month expected credit losses.

**3.14 Financial liabilities**

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost unless they are financial liabilities at FVTPL (including derivatives that are liabilities), financial liabilities that arise when a transfer of financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market rate or contingent consideration recognized by an acquirer in a business combination. Financial liabilities are recognized initially at fair value. Transaction costs directly attributable to the issue of a financial liability are included in the initial carrying value of financial liabilities if they are not measured at FVTPL. The subsequent measurement of financial liabilities depends on their classification, as follows:

*Financial Liabilities Measured at Amortized Cost*

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables are included in this category of financial liabilities.

*Financial Liabilities at FVTPL*

Financial liabilities are carried at fair value with gains or losses recognized in net income (loss). Where the financial liability is designated as at FVTPL, only the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability shall be presented in OCI and the remaining amount of changes in fair value presented in profit or loss. Transaction costs on financial liabilities at FVTPL are expensed as incurred.

*Other Financial Liabilities*

The Company does not hold or have any exposure to derivative instruments, financial liabilities that arise when a transfer of financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market rate or contingent consideration recognized by an acquirer in a business combination.

### 3.15 De-recognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to receive cash flows from the assets expire or, the financial assets are transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received, including any new asset obtained less any new liability assumed, is recognized in profit or loss. Where a transfer does not result in a derecognition due to continuing involvement, the Company shall continue to recognize the transferred asset and recognize a financial liability of the consideration received.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### 3.16 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

## 4. CASH AND CASH EQUIVALENTS

As at September 30, 2019, total cash of $11,500 (March 31, 2019 - $11,500) is secured against the Company's credit cards and held in a Guaranteed Investment Certificate ("GIC") (Note 5). The GIC earns interest at prime rate minus 2.70%.

## 5. AMOUNTS RECEIVABLE

The Company's amounts receivable arises from Goods and Services Tax ("GST") and Quebec Sales Tax ("QST") due from the government taxation authorities and accrued interest calculated on the GIC (Note 4).

(Expressed in Canadian dollars)

## 6. PREPAID EXPENSES

The Company's prepaid expenses are as follows:

| | September 30, 2019<br>$ | March 31, 2019<br>$ |
|---|---|---|
| Prepaid management fees | **13,617** | 5,931 |
| Prepaid rent | **2,480** | 2,480 |
| Prepaid consulting services | **-** | 82,656 |
| **Total** | **16,097** | 91,067 |

## 7. INVESTMENTS

| | Far Resources Ltd. | |
|---|---|---|
| | Number of Shares | Value |
| **COST** | # | $ |
| As at March 31, 2018 | 555,555 | 227,777 |
| Dispositions | (555,555) | (227,777) |
| **As at March 31, 2019** | **-** | **-** |
| **CHANGES IN FAIR VALUE** | | $ |
| As at March 31, 2018 | | 11,111 |
| Reclassification of unrealized gain at disposition | | 11,111 |
| Realized loss | | (163,097) |
| **As at March 31, 2019** | | **(163,097)** |
| **FAIR VALUE** | | $ |
| As at March 31, 2018 | | 238,888 |
| Proceeds on selling securities | | (75,791) |
| **As at March 31, 2019** | | **0.00** |

On February 28, 2018, the Company received 555,555 common shares of Far Resources Ltd., valued at $227,777 related to the Hidden Lake Option Out Agreement (Notes 8). The Company retrospectively and irrevocably elected to recognize changes in the fair value of the investments in other comprehensive income (Note 2).

On February 15, 2019, the Company sold 555,555 common shares of Far Resources Ltd. for $75,791 and recognized $163,097 in realized loss on sale of securities.

(Expressed in Canadian dollars)

## 8. EXPLORATION AND EVALUATION PROPERTIES

The Company's exploration and evaluation properties expenditures for the six months ended September 30, 2019 are as follows:

| | Hidden Lake Lithium Property $ | Pontax Lithium Property $ | Upper Ross Lake Property $ | ZimFrac Property $ | Quebec Properties $ | Silver Sands Vanadium $ | Total $ |
|---|---|---|---|---|---|---|---|
| **ACQUISITION COSTS** | | | | | | | |
| Balance, March 31, 2018 | 177,223 | 310,000 | 3,256 | 150,000 | 191,580 | - | 832,059 |
| Additions | - | 107,500 | - | - | 60,000 | 12,643 | 180,143 |
| Balance, March 31, 2019 | 177,223 | 417,500 | 3,256 | 150,000 | 251,580 | 12,643 | 1,012,202 |
| Additions | - | - | - | - | **31,661** | - | **31,661** |
| **Balance, September 30, 2019** | **177,223** | **417,500** | **3,256** | **150,000** | **283,241** | **12,643** | **1,043,863** |
| **EXPLORATION AND EVALUATION COSTS** | | | | | | | |
| Balance, March 31, 2018 | 551,474 | 87,307 | 14,750 | 132,282 | 25,435 | - | 811,248 |
| Additions | - | 123,466 | 586 | 27,906 | 199,992 | 238 | 352,188 |
| Advancements | - | - | - | - | 103,625 | - | 103,625 |
| Balance, March 31, 2019 | 551,474 | 210,773 | 15,336 | 160,188 | 329,052 | 238 | 1,267,061 |
| Additions | - | **1,350** | - | **5,070** | **407,666** | **1,895** | **415,981** |
| Advancements | - | - | - | - | **(69,424)** | - | **(69,424)** |
| **Balance, September 30, 2019** | **551,474** | **212,123** | **15,336** | **165,258** | **667,294** | **2,133** | **1,613,618** |
| Total, March 31, 2019 | 728,697 | 628,273 | 18,592 | 310,188 | 580,632 | 12,881 | 2,279,263 |
| **Total, September 30, 2019** | **728,697** | **629,623** | **18,592** | **315,258** | **950,535** | **14,776** | **2,657,481** |

(Expressed in Canadian dollars)

### 8.1 Hidden Lake Lithium Property

On February 16, 2016, and as amended on November 27, 2017, the Company entered into an Agreement (the "Agreement") with DG Resource Management Ltd. ("DG Resource"), Zimtu Capital Corp. ("Zimtu") and Michael V. Sklavenitis ("MS") for an option to acquire interest in two mineral claims consisting of 1,100 hectares, located northeast of Yellowknife, Northwest Territories. Under the terms of the Agreement, the Company earned 100% interest by paying cash of $85,000, issuing 4,000,000 common shares (400,000 post-consolidation) and completing $500,000 in exploration expenditures as follows:

| | Common Shares* | Cash | Exploration Expenditures |
|---|---|---|---|
| | # | $ | $ |
| Upon closing (paid) | - | 5,000(1) | - |
| Upon regulatory approval of the Agreement (issued) | 200,000(2) | - | - |
| 30 days after regulatory approval of Agreement (paid) | - | 45,000(3) | - |
| 12 months after regulatory approval of the Agreement (issued; paid) | 200,000(2) | 35,000(3) | - |
| On or before September 30, 2016 (incurred) | - | - | 250,000 |
| On or before May 31, 2018 (incurred) | - | - | 250,000 |
| Total | 400,000 | 85,000 | $500,000 |

(1) Non-refundable deposit paid to DG Resources upon execution of the Agreement
(2) Issuable 50% to DG Resource, 25% to Zimtu and 25% to MS
(3) Payable to DG Resources
*Shares were adjusted to reflect the share consolidation on October 17, 2019 (Notes 10 and 18)

The regulatory approval related to the Hidden Lake Lithium Agreement was obtained from the TSXV on April 26, 2016.

Hidden Lake Property is subject to 2% Net Smelter Royalty with respect to the production of all material from the property, 1% of which can be purchased back from DG Resource by the Company within 5 years of the regulatory approval for $2,000,000 (the "DGRM Royalty").

*Government grant*

In 2017, the Government of the Northwest Territories conditionally approved a grant of $140,000 relating to the Mining Incentive Program (the "Northwest Territories Grant"). A condition of the Northwest Territories Grant is to incur $280,000 eligible expenses in the Northwest Territories, consisting of 2 phrases of work, channel sampling and diamond drilling, during the period from April 1, 2017 to March 31, 2018.

During the year ended March 31, 2018, the Company received $119,000 as an advance from the Northwest Territories Grant, which was recorded as a reduction to the carrying amount of the Hidden Lake Lithium Property. As at March 31, 2018, the Company had not completed the second phase of the program within the required timeframe, and as a result, was required to repay a portion of the grant. On May 18, 2018, the Company repaid $81,590 to the Government of the Northwest Territories related to the Northwest Territories Grant.

(Expressed in Canadian dollars)

*Option-out Agreement*

On January 22, 2018, the Company entered into an agreement to option out up to 90% of their interest in the Hidden Lake Property to Far Resources Ltd. ("Far") (the "Hidden Lake Option Out Agreement"), except for the DGRM Royalty, on the following terms and payments by Far to the Company:

| | **Value of Far Common Shares** | **Cash** | **Exploration Expenditures** |
|---|---|---|---|
| | $ | $ | $ |
| *To earn an initial 60% undivided interest* | | | |
| Upon closing (February 28, 2018) (received) (Notes 7) | 500,000[1] | 50,000 | - |
| On or before February 28, 2019 (incurred) | - | - | 500,000 |
| *To earn an additional 10% interest (70% interest in total)* | | | |
| Within 10 business days after February 28, 2019 | 250,000 | - | - |
| On or before February 28, 2020 | - | - | 500,000 |
| *To earn an additional 10% interest (80% interest in total)* | | | |
| Within 10 business days after February 28, 2020 | 300,000 | - | - |
| On or before February 28, 2021 | - | - | 600,000 |
| *To earn an additional 10% interest (90% interest in total)* | | | |
| Within 10 business days after February 28, 2021 | 400,000 | - | - |
| On or before February 28, 2022 | - | - | 700,000 |
| Total | 1,450,000 | 50,000 | 2,300,000 |

[1] Such number of common shares having an aggregate amount equal to $500,000 at an issue price of $0.90 per share. During the year ended March 31, 2018, 555,555 common shares were issued to the Company with a fair value of $227,777 (Note 7).

On May 16, 2019, the Company announced that Far Resources Ltd. had formally notified 92 Resources Corp. of its intention to terminate its remaining earn-in for the Hidden Lake Property, originally announced Jan 23, 2018, and therefore maintains a 60-per-cent interest earned through satisfying the year 1 conditions of the Option Agreement. Therefore, the Company maintains a 40-per-cent interest in Hidden Lake and a joint venture between the companies will be formed for future exploration of the property. In addition, under the terms of the agreement, Far Resources will remain as Operator and is responsible for financing the Joint Venture's initial $1 million in expenditures.

(Expressed in Canadian dollars)

## 8.2 Pontax Lithium Property

On July 25, 2016, and as amended on November 27, 2017, the Company entered into an agreement (the "Pontax Agreement") with DG Resource and MS for an option to acquire 100% interest in 104 mineral claims consisting of 5,536 hectares near Eastmain, Quebec by paying cash of $50,000 and issuing 3,000,000 common shares (300,000 – post-consolidation) as follows:

| | Common Shares* | Cash |
|---|---|---|
| | # | $ |
| Upon execution (paid) | - | 12,500(1) |
| Upon regulatory approval of the agreement (issued) | 150,000(2) | - |
| Within 60 days of regulatory approval (paid) | - | 12,500(3) |
| On or before May 31, 2018 (paid and issued) | 150,000(2) | 25,000(3) |
| Total | 300,000 | 50,000 |

(1) Non-refundable deposit paid to DG Resource upon execution of the Pontax Lithium Agreement
(2) #1,000,000 issuable (100,000 – post-consolidation) to DG Resource and #500,000 issuable (50,000 – post-consolidation) to MS
(3) Payable to DG Resource
*Shares were adjusted to reflect the share consolidation on October 17, 2019 (Notes 10 and 18)

Regulatory approval for the Pontax Agreement was obtained on September 20, 2016.

The Pontax Agreement is subject to a 3% Net Smelter Royalty ("NSR"). The Company can purchase 1.5% NSR within 5 years of regulatory approval by paying $2,000,000 to DG Resource.

The Company has since expanded its land position, though online map designation, with the Pontax Property now comprised of 146 claims totaling 7,773 ha.

## 8.3 Upper Ross Lake Property

On July 7, 2016, the Company staked 2 claims totaling 57 hectares in Upper Ross Lake, Northwest Territories. The Company decided to strategically focus on its other lithium assets and the Property has since lapsed.

## 8.4 Golden Silica Property (formerly referred to as "ZimFrac" or "Golden Frac Sand")

On January 27, 2014, the Company entered into a sale and purchase agreement (the "ZimFrac Agreement") with Cannon Bridge Capital Corp. ("Cannon") and Zimtu Capital Corp. ("Zimtu") (collectively, the "Vendors") and purchased from the Vendors a 100% interest in certain silica claims located near Golden, BC (the "ZimFrac Property"). In consideration, the Company issued 400,000 common shares (200,000 common shares to each of Cannon and Zimtu issued on February 6, 2014 – 20,000 each – post-consolidation), subject to a 2% Net Smelter Royalty ("NSR"). The Company also issued 40,000 common shares (4,000 – post-consolidation) in 2014 with a fair value of $0.25 per share as finder's fee.

(Expressed in Canadian dollars)

The Company can purchase up to 1% NSR by paying an aggregate sum of $1,000,000 ($500,000 to each of Cannon and Zimtu).

The ZimFrac Agreement received regulatory approval on February 6, 2014.

On March 3, 2017, the Company entered into an agreement (the "Golden Frac Sand Agreement") with Dahrouge Geological Consulting Ltd. ("Dahrouge") and DG Resource Management Ltd. ("DG Resource") to purchase a 100% interest in certain mineral claims located near Golden, BC (the "Golden Frac Sand Property") to expand the size of the ZimFrac Property. In consideration, the Company paid $40,000 ($20,000 payable to Dahrouge and $20,000 payable to DG Resource) within five days of signing the Golden Frac Sand Agreement on March 17, 2017.

The property has a Gross Over-Riding Royalty of 2% payable to DG Resource in the revenue from the sale of the production. The Company can purchase 1% of the GORR for $2,000,000 at any time.

### 8.5 Quebec Properties

On September 18, 2017, the Company entered into an agreement (the "Quebec Properties Agreement") with DG Resource Management Ltd. ("DG Resource"), Simon Dahrouge ("SCD"), Sydney Dahrouge ("SAD") and Michael V. Sklavenitis ("MS") for an option to acquire interest in 115 mineral claims in the Eastmain Property, Lac Du Beryl Property and Corvette Property, located in the James Bay Region, Quebec. Under the terms of the Agreement, the Company earned 100% interest by paying cash of $45,000 to DG Resource and issuing 1,500,000 share purchase warrants (500,000 each to SCD, SAD and MS – 50,000 each post-consolidation) as follows:

| | Warrants* | Cash |
|---|---|---|
| | # | $ |
| Upon closing (paid) | - | 12,500[(1)] |
| Earlier of regulatory approval or within 60 days of closing (paid) | - | 32,500[(1)] |
| Upon regulatory approval (issued) | 150,000[(2)] | - |
| Total | 150,000 | 45,000 |

[(1)] Payable to DG Resource
[(2)] Issued 500,000 each to SCD, SAD and MS
*Warrants were adjusted to reflect the share consolidation on October 17, 2019 (Notes 10 and 18)

The regulatory approval related to the Quebec Properties Agreement was obtained from the TSXV on September 26, 2017.

On October 19, 2017, in connection with the Quebec Properties Agreement, the Company paid reimbursement costs to DG Resource of $2,220 incurred on the properties 2 months prior to signing the Quebec Properties Agreement.

The Quebec Properties Agreement is subject to a 2% Net Smelter Return with respect to the production of all materials from the properties.

(Expressed in Canadian dollars)

The Lac du Beryl Property has since been expanded and is now comprised of 30 claims totaling 1,588 ha, forming two claim blocks.

The Corvette Property has since been expanded and is now comprised of 172 claims totaling 8,808 ha, forming one contiguous claim block.

FCI Property (East and West blocks)

On September 4, 2018, the Company entered into an Option Agreement (the "Agreement") with Osisko Mining Inc. ("Osisko") to acquire up to a 75% interest in 28 mineral claims ("FCI East") directly adjoining the Company's 100% owned Corvette Property.

Under the terms of the Agreement, the Company would earn an initial 50% interest by issuing 2,000,000 common shares (200,000 post-consolidation) to Osisko and incurring $2,250,000 work exploration expenditures as follows:

| | **Common Shares*** | **Work exploration expenditures** |
|---|---|---|
| | # | $ |
| Upon closing date of the Agreement (issued) (September 14, 2018) (Note 10) | 100,000 | - |
| On or before the 1st anniversary date of closing (issued) (September 14, 2019) | 100,000 | 250,000 |
| *To earn an initial 25% undivided interest* | | |
| On or before the 2nd anniversary date of closing (September 14, 2020) | - | 800,000 |
| *To earn an additional 25% undivided interest (50% interest in total)* | | |
| On or before the 3rd anniversary date of closing (September 14, 2021) | - | 1,200,000 |
| Total | 200,000 | 2,250,000 |

*Shares were adjusted to reflect the share consolidation on October 17, 2019 (Notes 10 and 18)

Osisko will act as Operator of the FCI Property for the term of the 50% earn-in, with a Steering Committee of equal representation formed to provide advice and direction to the Operator. Upon completion of the 50% earn-in (third anniversary of TSX-V approval, September 14, 2021), a Joint Venture Corporation will be formed with the Company retaining an Option to acquire a further 25% interest, for a total of 75% undivided interest, through funding of the next $2,000,000 in exploration expenditures. The Company may become Operator upon notice to Osisko that it intends to incur the $2,000,000 in work expenditures for a final undivided interest of 75%. Osisko's remaining 25% interest may be further reduced through dilution if they elect to not fund their portion of subsequent exploration/development. If ownership falls below 10%, Osisko will have the right to convert this remaining interest into a 1% Net Smelter Royalty (NSR), of which, the

Company retains the right to buy for $5,000,000, and thereby, would obtain a 100% undivided interest in the FCI Property.

On April 24, 2019, the Company and Osisko entered into an amended agreement to include an additional 83 claims ("FCI West") under the same terms and conditions as the original agreement. No additional shares, cash, or work commitment is required by the Company, apart from general claim maintenance (i.e. renewal fees). Therefore, the FCI Property (East and West blocks) is currently comprised of 5,687 ha over 111 claims.

The FCI East, FCI West, and Corvette properties are contiguous and, collectively, are referred to as the Corvette-FCI Property and extends for more than 25 kilometres along the Lac Guyer Greenstone Belt within the James Bay Region of Quebec.

During the quarter, the FCI Property was included in a spin-out of assets from Osisko into a new public company called O3 Mining Inc. ("O3 Mining"), which began trading on the TSX Venture Exchange on July 9th, 2019. The FCI Agreement was transferred from Osisko to O3 Mining at this time. Therefore, O3 Mining is now the Optioner and Operator of the Property and all other terms and conditions of the Agreement remaining unchanged.

During the six months ended September 30, 2019, the Company provided another $175,500 and $40,000 as cash call to O3 Mining and $34,201 remained in the exploration and evaluation assets at the end of the period. As of September 30, 2019, the Company has provided a total of $342,872 in cash call to Osisko / O3 Mining and have completed sufficient work expenditures to satisfy Year 1 of the Agreement. On September 19, 2019, the Company issued 1,000,000 common shares (100,000 – post-consolidation) at $0.03 per share (Note 10).

On June 19, 2019, the Company announced its exploration plans for the Corvette and FCI properties (collectively, the "Corvette-FCI Property"), consisting of surface exploration comprised primarily of prospecting, rock sampling, and soil sampling along the gold and copper exploration trends identified from historical work.

On September 10th, 17th, and 24th, 2019, the Company announced assay results for its 2019 summer field program at Corvette-FCI, along with several significant discoveries. The primary objectives of the program were to sample, expand upon, and rank the known historical prospects/showings, and to discover new areas of mineralization. Program highlights include:

1. Elsass copper-gold-silver prospect -- new discovery of well-mineralized outcrops over an approximate 350-m strike length with assays including 3.63% Cu, 0.64 g/t Au and 52.3 g/t Ag;
2. Lorraine copper-gold-silver prospect -- new outcrop discovery approximately 2.3 km along trend of the Elsass Prospect with assays including 8.15% Cu, 1.33 g/t Au and 171 g/t Ag;
3. Several new high-grade copper-gold-silver areas discovered, including the Black Forrest Showing with 1.13% Cu, 0.05 g/t Au and 19.5 g/t Ag, and the Hund Showing with 3.28% Cu, 0.78 g/t Au and 30.1 g/t Ag.

4. Lac Bruno gold prospect -- new outcrop discovery assaying 1.4 g/t Au located up-ice of boulder field (2019 sample of 11.9 g/t Au) with soil sample results providing further vectoring toward a potential source;
5. Golden Gap prospect -- potential western extension identified through several new gold discoveries in outcrop with assays including 1.87 g/t Au and 2.81 g/t Au.
6. Numerous lithium-bearing pegmatites occur within a corridor exceeding 25 kilometres in length;
7. Southwest of CV1-2, newly discovered CV5 and CV6 pegmatites include a large, well-mineralized exposure of approximately 220 m by 20 to 40 m (CV5), with eight samples averaging 3% Li2O and 154 ppm Ta2O5, including a peak assay of 4.06% Li2O and 564 ppm Ta2O5;
8. CV7 -- discovery to the northwest of CV1 with assay of 4.44% Li2O and 195 ppm Ta2O5;
9. CV8 -- large area of outcrop exposure with assay of 4.44% Li2O and 205 ppm Ta2O5;
10. CV9 and CV10 -- located in northwest area of FCI West, with mineralized outcrops present over at least a 300 m strike length and multiple assays greater than 2% Li2O to a peak of 4.72% Li2O;
11. CV11 -- high-grade tantalum pegmatite with assay of 0.66% Li2O and 386 ppm Ta2O5

### 8.6 Silver Sands Vanadium Property

On November 13, 2018, the Company entered into an agreement with DG Resource Management Ltd. to acquire 100% interest in Silver Sands Vanadium Property (the "Silver Sands"), located in the Pine Pass area of eastern British Columbia. Silver Sands covers 3,735 hectares directly east of the Pine Pass Vanadium Property held by Ethos Gold Corp., which is located about 200 km north of Prince George, British Columbia. Pursuant to the agreement, the Company will acquire a 100% interest in Silver Sands by paying staking costs of $15,000. The vendor will retain a 2% Net Smelter Return on the Property.

As at September 30, 2019, the Company has incurred $14,776 (March 31, 2019 - $12,643) mineral expenditures pursuant to the agreement.

In March 2019, the Company was informed by the Province of British Columbia that it was an impacted stakeholder with respect to Silver Sands through a recently negotiated agreement between several local First Nations, and the Provincial and Federal governments. The agreement outlines proposed measures for conservation and recovery efforts for caribou and includes the area of Silver Sands. The Company is assessing the potential impacts/resolutions. Silver Sands is considered a non-core asset by the Company.

## 9. TRADE PAYABLES AND ACCRUED LIABILITIES

The Company's trade payables and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to administrative activities. The usual credit period taken for trade purchases is between 30 to 90 days. As at September 30, 2019, the Company had $55,872 (March 31, 2019 - $40,196) in trade payables and $10,890 (March 31, 2019 - $30,890) in accrued liabilities.

## 10. SHARE CAPITAL

### 10.1 Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

As at September 30, 2019, the Company had 89,002,456 common shares outstanding (March 31, 2019 – 87,802,456). On October 7, 2019 the Company announced the consolidation of the Company's common shares on the basis of one (1) post-consolidated shares for every ten (10) pre-consolidated shares (Note 18). After the consolidation, the Company had 8,900,246 shares issued and outstanding.

### 10.2 Shares issuances

On September 19, 2019, the Company issued 1,000,000 common shares (100,000 – post-consolidation) at $0.03 per share for the acquisition of the Corvette-FCI Property (Note 8).

On April 26, 2019, the Company issued 200,000 common shares (20,000 post-consolidation) valued at $0.05 per share for 200,000 (20,000 post-consolidation) stock options exercised.

During the year ended March 31, 2019, the Company issued common shares as follows:

On December 27, 2018, the Company closed a non-brokered private placement financing for gross proceeds of $618,000 by issuing 12,360,000 flow-through ("FT") units (1,236,000 – post-consolidation) at a price of $0.05 per unit. Each FT unit consists of one FT common share and one-half of one non-transferable share purchase warrant. Each whole warrant will permit the holder to acquire one additional common share at a price of $0.10 per share until December 27, 2021. In connection with the private placement, the Company paid a finder's fee of $39,440 in cash and issued 860,800 agent warrants (86,080 – post-consolidation) (Note 15). Each agent warrant is exercisable to acquire one common share for a period of thirty-six months from the date of issuance at an exercise price of $0.10 per share.

On September 17, 2018, the Company issued 1,000,000 common shares (100,000 – post-consolidation) valued at $0.06 per share for the acquisition of the Corvette-FCI Property (Note 8).

On August 1, 2018, the Company closed a non-brokered private placement financing for gross proceeds of $217,750 by issuing 3,350,000 non-flow-through ("NFT") units (335,000 – post-consolidation) at a price of $0.065 per unit. Each NFT unit consists of one NFT common share and one-half of one non-transferable share purchase warrant. Each whole warrant will permit the holder to acquire one additional NFT common share at a price of $0.10 per share until August 1, 2019.

On June 18, 2018, the Company issued 1,500,000 common shares (150,000 – post-consolidation) valued at $0.055 per share in accordance to the Pontax Agreement (Notes 8 and 15).

(Expressed in Canadian dollars)

### 10.3 Share purchase warrants

A summary of changes in the Company's share purchase warrants outstanding as at September 30, 2019 and March 31, 2019 is as follows:

| | **September 30, 2019** | | March 31, 2019 | |
|---|---|---|---|---|
| | **Number of warrants*** | **Weighted average exercise price $** | Number of warrants | Weighted average exercise price $ |
| Outstanding, beginning of period | **1,021,580** | **0.15** | 1,540,717 | 0.15 |
| Granted | **-** | **-** | 871,580 | 0.10 |
| Expired | **(167,500)** | **-** | (1,390,717) | - |
| **Outstanding, end of period** | **854,080** | **0.11** | 1,021,580 | 0.11 |

*Warrants were adjusted to reflect the share consolidation on October 17, 2019 (Notes 10 and 18)

*For the six months ended September 30, 2019:*

On August 1, 2019, 1,675,000 warrants (167,500 – post-consolidation) expired unexercised.

*For the year ended March 31, 2019:*

On April 18, 2018, 514,000 warrants (51,400 – post-consolidation) expired unexercised.

On August 1, 2018, the Company granted 1,675,000 warrants (167,500 – post-consoldiation) in connection with a private placement.

On December 27, 2018, the Company granted 6,180,000 warrants (618,000 – post-consolidation) in connection with a private placement.

On January 3, 2019, 5,869,000 warrants (586,900 – post-consolidation) expired unexercised.

On February 24, 2019, 7,524,166 warrants (752,417 – post-consolidation) expired unexercised.

During the year ended March 31, 2019, the Company recorded share issue costs of $15,897 for the 860,800 agent warrants (86,080 – post-consolidation) granted pursuant to a private placement. The fair value of the agent warrants issued was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: stock price of $0.03, volatility 138.13%, risk-free rate 1.91%, dividend yield 0%, and expected life of 3 years.

(Expressed in Canadian dollars)

The following table summarizes information regarding share purchase warrants outstanding as at September 30, 2019:

| Date issued | Number of warrants* | Exercise price ($) | Expiry date | Weighted average remaining life |
|---|---|---|---|---|
| September 25, 2017 | 150,000 | 0.15 | September 25, 2022 | 0.52 |
| December 27, 2018 | 704,080 | 0.10 | December 27, 2021 | 1.85 |
| | **854,080** | **0.11** | | **2.37** |

*Warrants were adjusted to reflect the share consolidation on October 17, 2019 (Notes 10 and 18)

### 10.4 Stock options

The Company has an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited 10% of the outstanding common shares at the time of each grant. Options granted may not exceed a term of ten years. All options vest when granted unless otherwise specified by the Board of Directors.

*For the six months ended September 30, 2019:*

On September 4, 2019, the Company granted a total of 1,000,000 stock options (100,000 – post-consolidation) to a consultant of the Company. Each stock option is exercisable into one additional common share at $0.05 per share until September 4, 2020 and vested immediately on the date of grant. The Company recognized $26,624 as share-based payments on the statement of comprehensive loss on the grant of the stock options. The fair value of $26,623 share-based payments was estimated using the Black-Scholes pricing model with estimated, stock price of $0.05, volatility 144.07%, risk-free rate 1.35%, dividend yield 0%, and expected life of 1 year.

On May 2, 2019, the Company granted a total of 2,500,000 stock options (250,000 – post-consolidation) to a consultant, officers and directors of the Company. Each stock option is exercisable into one additional common share at $0.06 per share until May 2, 2022 and vested immediately on the date of grant. The Company recognized $119,041 as share-based payments on the statement of comprehensive loss on the grant of the stock options. The fair value of $119,041 share-based payments was estimated using the Black-Scholes pricing model with estimated, stock price of $0.06, volatility 144.22%, risk-free rate 1.61%, dividend yield 0%, and expected life of 3 years.

On April 25, 2019, the Company issued 200,000 common shares (20,000 – post-consolidation) for gross proceeds of $10,000 for options exercised.

*For the year ended March 31, 2019:*

On July 11, 2018, the Company granted a total of 1,900,000 stock options (190,000 – post-consolidation) to a consultant, officers and directors of the Company. Each stock option is exercisable into one additional common share at $0.05 per share until July 11, 2021 and vested immediately on the date of grant. The Company recognized $66,043 as share-based payments on the statement of comprehensive loss on the grant of the stock options. The fair value of $66,043 share-based payments was estimated using the Black-Scholes pricing model with estimated, stock price of $0.05, volatility 141%, risk-free rate 1.5%, dividend yield 0%, and expected life of 3 years.

(Expressed in Canadian dollars)

On August 1, 2018, the Company granted a total of 800,000 stock options (80,000 – post-consolidation) to a consultant of the Company. Each stock option is exercisable into one additional common share at $0.055 per share until August 1, 2020 and vested immediately on the date of grant. The Company recognized $26,995 as share-based payments on the statement of comprehensive loss on the grant of the stock options. The fair value of $26,995 share-based payments was estimated using the Black-Scholes pricing model with estimated, stock price of $0.055, volatility 121%, risk-free rate 1.5%, dividend yield 0%, and expected life of 2 years.

On January 17, 2019, 142,000 options (14,200 – post-consolidation) expired unexercised.

On March 4, 2019, 860,000 options (86,000 – post-consolidation) cancelled unexercised.

On March 21, 2019, 25,000 options (2,500 – post-consolidation) cancelled unexercised.

On August 1, 2019, 300,000 options (30,000 – post-consolidation) expired unexercised.

The following table summarizes information regarding stock options outstanding and exercisable as at September 30, 2019:

| Exercise price | Number of options outstanding * | Weighted-average remaining contractual life (years) | Weighted average exercise price $ |
|---|---|---|---|
| **Options outstanding and exercisable** | | | |
| $0.05 | 270,000 | 0.45 | 0.05 |
| $0.055 | 80,000 | 0.08 | 0.055 |
| $0.08 | 97,500 | 0.07 | 0.08 |
| $0.10 | 110,000 | 0.20 | 0.10 |
| $0.115 | 40,000 | 0.02 | 0.115 |
| $0.12 | 25,000 | 0.00 | 0.12 |
| $0.06 | 250,000 | 0.74 | 0.06 |
| **Total options outstanding and exercisable** | **872,500** | **1.57** | **0.07** |

*Options were adjusted to reflect the share consolidation on October 17, 2019 (Notes 10 and 18)

(Expressed in Canadian dollars)

The weighted average grant date fair value of the options granted during the six months ended September 30, 2019 was $0.04 (March 31, 2019 - $0.03) per option using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

| | September 30, 2019 | March 31, 2019 |
|---|---|---|
| Share price at grant date ($) | $0.05 - $0.06 | $0.05 - $0.055 |
| Risk free interest rate (%) | 1.54% | 1.50% |
| Expected life (years) | 2.12 | 2.70 |
| Expected volatility (%) | 144.18% | 135% |
| Expected dividend per share | - | - |
| Fair market value of the option on grant date ($) | $0.04 | $0.03 |

## 11. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

| | Three months ended September 30, | | Six months ended September 30, | |
|---|---|---|---|---|
| | 2019 $ | 2018 $ | 2019 $ | 2018 $ |
| Net loss for the period | (38,738) | (330,097) | (256,828) | (529,697) |
| Weighted average number of shares – basic and diluted[1] | 8,812,074 | 7,339,353 | 8,806,224 | 7,160,333 |
| **Loss per share, basic and diluted** | (0.004) | (0.045) | (0.029) | (0.074) |

[1]Shares were adjusted to reflect the share consolidation on October 17, 2019 (Notes 10 and 18)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and the share purchase warrants were anti-dilutive for the six months ended September 30, 2019 and 2018 as the Company incurred a loss.

(Expressed in Canadian dollars)

## 12. SHARE-BASED PAYMENTS

Share-based payments for options granted by the Company during the six months ended September 30, 2019 and 2018 are amortized over their vesting period as follows:

| Grant date | Fair value $ | Amount vested in the six months ended September 30, 2019 $ | Amount vested in the three months ended September 30, 2018 $ |
|---|---|---|---|
| July 11, 2018 | **66,043** | **-** | 66,043 |
| August 1, 2018 | **26,995** | **-** | 26,995 |
| May 2, 2019 | **119,041** | **119,041** | - |
| September 4, 2019 | **26,623** | **26,623** | - |
| **Total** | **238,702** | **145,664** | 93,038 |

## 13. FINANCIAL INSTRUMENTS

### 13.1 Categories of financial instruments

| As at | September 30, 2019 $ | March 31, 2019 $ |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| **At FVTPL** | | |
| Cash and cash equivalents | **138,444** | 698,446 |
| **Total financial assets** | **138,444** | 698,446 |
| **FINANCIAL LIABILITIES** | | |
| **At amortized cost** | | |
| Trade payables | **55,872** | 40,196 |
| **Total financial liabilities** | **55,872** | 40,196 |

### 13.2 Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at September 30, 2019, the Company does not have any Level 3 financial instruments.

(Expressed in Canadian dollars)

| As at September 30, 2019 | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Financial assets at fair value** | | | | |
| Cash and cash equivalents | **138,444** | **-** | **-** | **138,444** |
| **Total financial assets at fair value** | **138,444** | **-** | **-** | **138,444** |
| **Financial liabilities at amortized cost** | | | | |
| Trade payables | **-** | **55,872** | **-** | **55,872** |
| **Total financial liabilities at fair value** | **-** | **-** | **-** | **55,872** |

| As at March 31, 2019 | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Financial assets at fair value** | | | | |
| Cash and cash equivalents | 698,446 | - | - | 698,446 |
| **Total financial assets at fair value** | 698,446 | - | - | 698,446 |
| **Financial liabilities at amortized cost** | | | | |
| Trade payables | - | 40,196 | - | 40,196 |
| **Total financial liabilities at fair value** | - | - | - | 40,196 |

There were no transfers between Level 1, 2 and 3 in the six months ended September 30, 2019 and 2018.

### 13.3 Management of capital and financial risks

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash.

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk, currency risk and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Credit risk**

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high-quality financial institution.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. As at September 30, 2019, all of the Company's trade payables of $66,762 (March 31, 2019 - $71,086) have contractual maturities of 30 to 90 days are subject to normal trade terms. The Company's loans payables are due on demand. The Company does not have investments in any asset backed deposits.

**Foreign exchange risk**

The Company does not have significant foreign exchange risk as the majority of its transactions are in Canadian dollars.

**Interest rate risk**

The Company is not exposed to significant interest rate risk.

## 14. RELATED PARTY TRANSACTIONS

The amounts due to related parties are amounts due to directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

As at September 30, 2019, $379 was owed to the Company's Corporate Secretary reported as part of accounts payable. As at March 31, 2019, no amounts were due to key management, directors of the Company or companies controlled by management or directors of the Company.

As at September 30, 2019, $13,617 (March 31, 2019 - $5,931) management fees was recorded as prepaid expense (Note 6).

(Expressed in Canadian dollars)

### 14.1 Related party expenses

During the six months ended September 30, 2019 and 2018, the Company entered into the following transactions with related parties:

| Six months ended | September 30, 2019 $ | September 30, 2018 $ |
|---|---|---|
| Expenses paid or accrued to directors of the Company, senior officers and companies with common directors: | | |
| Management and administration fees | **79,088** | 78,669 |
| Consulting fees | **15,000** | 15,000 |
| Share based payments | **95,233** | 57,354 |
| **Total related party expenses by type** | **189,321** | 151,023 |

The breakdown of the expenses by key management personnel is as follows:

| Six months ended | September 30, 2019 $ | September 30, 2018 $ |
|---|---|---|
| Chief Executive Officer | **82,825** | 64,283 |
| Chief Financial Officer | **67,688** | 49,146 |
| Corporate Secretary | **26,904** | 23,690 |
| Directors | **11,904** | 13,904 |
| **Total related party expenses by key management personnel** | **189,321** | 151,023 |

### 14.2 Key management personnel compensation

The Company has identified its directors and senior officers as its key management personnel. The remuneration of key management was as follows:

| Six months ended | September 30, 2019 $ | September 30, 2018 $ |
|---|---|---|
| Short-term benefits | **94,088** | 93,669 |
| Share-based payments | **95,233** | 57,354 |
| **Total key management personnel compensation** | **189,321** | 151,023 |

(Expressed in Canadian dollars)

## 15. SUPPLEMENTAL CASH FLOW INFORMATION

### 15.1 Non-cash financing and investing activities

The Company incurred the following non-cash investing and financing transactions during the six months ended September 30, 2019 and 2018:

| Six months ended | **September 30, 2019** $ | September 30, 2018 $ |
|---|---|---|
| Non-cash financing activities: | | |
| Share-based payments | **145,664** | 93,038 |
| Fair value of options exercised | **6,952** | - |
| Non-cash investing activities: | | |
| Shares issued for exploration and evaluations assets | **30,000** | 130,000 |

## 16. COMMITMENTS

The Company has certain commitments related to key management compensation for $12,500 per month with no specific expiry of terms (Note 14).

The Company has certain commitments in connection with its mineral properties (Note 8).

Upon issuance of the Company's flow-through shares in 2019, the Company was required to spend approximately $618,000 in eligible exploration expenditures (Note 17).

## 17. FLOW-THROUGH PREMIUM LIABILITY

During the year ended March 31, 2019, the Company issued 12,360,000 flow-through units (1,236,000 – post-consolidation) for gross proceeds of $618,000 and recognized a deferred flow-through premium of $247,200, non-cash, as the difference between the amounts recognized in common shares and the amounts the investors paid for the units.

As at September 30, 2019, the flow-through premium liability outstanding relating to these flow-through shares was $72,421 (March 31, 2019 - $226,391). The Company is required to spend approximately $618,000 in eligible exploration expenditures ($436,946 incurred as of September 30, 2019).

During the six months ended September 30, 2019, the Company recognized flow-through income of $153,970 (September 30, 2018 - $2,731).

## 18. EVENTS AFTER THE REPORTING PERIOD

On October 7, 2019, the Company consolidated its common shares on the basis of one (1) post-consolidated share for every ten (10) pre-consolidated shares. The change became effective on October 15, 2019 and the number of the Company's common shares outstanding was changed to 8,900,246.

On October 7, 2019, the Company also announced the change of its name from "92 Resources Corp." to "Gaia Metals Corp." (Note 1). The change also became effective also on October 15, 2019.

Effective at the opening of the TSX Venture Exchange on October 17, 2019, the shares of the Company commenced trading on the on a consolidated basis under the name "Gaia Metals Corp." and stock symbol "GMC".

## 19. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Financial Statements of the Company for the six months ended September 30, 2019 were approved and authorized for issue by the Board of Directors on November 22, 2019.