

INTERIM CONDENSED FINANCIAL STATEMENTS
(unaudited)

For the three months ended March 31, 2020 and the period January 10, 2019 to
March 31, 2019

ARTEMIS GOLD INC.



NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Artemis Gold Inc. ("the Company") have been prepared by and are the responsibility of the Company's management.

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

ARTEMIS GOLD INC.
Interim Balance Sheet (Unaudited)
As at
(Expressed in Canadian Dollars)

	Notes	March 31, 2020	December 31, 2019
Current assets			
Cash and cash equivalents		\$ 28,594,640	\$ 31,502,309
Receivables and prepayments		165,873	126,915
Marketable securities		929,600	304,300
		29,690,113	31,933,524
Non-current assets			
Investment in VLC	3	7,366,711	5,639,902
Convertible debenture	3	7,372,653	9,999,434
Warrants	3	961,807	2,351,844
Mineral property	4	222,354	222,354
Right-of-use asset		879,766	919,755
TOTAL ASSETS		46,493,404	51,066,813
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		320,436	237,070
Due to related parties	7	8,111	16,264
Lease liability - current portion		97,716	90,497
		426,263	343,831
Lease liability - non current portion		816,475	846,641
Deferred income tax liability	5	256,874	956,198
TOTAL LIABILITIES		1,499,612	2,146,670
Shareholders' Equity			
Share capital	6	41,725,399	41,647,399
Contributed surplus	6	1,466,013	942,447
Accumulated other comprehensive income		151,077	54,303
Retained earnings		1,651,303	6,275,994
Total Shareholders' Equity		44,993,792	48,920,143
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 46,493,404	\$ 51,066,813

Subsequent Event 9

Approved for Issuance by the Board of Directors:

"Robert Atkinson" Director

"Steven Dean" Director

The accompanying notes are an integral part of these financial statements

ARTEMIS GOLD INC.

Interim Statement of Income and Comprehensive Income (Unaudited)

For the three months ended March 31, 2020 and the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

	Notes	For the three months ended March 31, 2020	For the Period January 10, 2019 to March 31, 2019
Operating Expenses			
Depreciation		\$ 39,989	\$ -
Management fees and wages	7	314,201	-
Investor relations and corporate development		143,926	-
Office, Insurance and general		65,639	-
Professional fees		34,676	-
Share-based payments	6	523,566	-
Transfer agent and regulatory		8,633	-
Travel, meals and entertainment		4,304	-
Loss from operations		(1,134,934)	-
Other Income / (Expense)			
Accretion expense on lease liability		(13,943)	-
Convertible debenture interest expense		-	(20,408)
Equity loss from investment in associate	3	(99,049)	-
Gain on investment in associate	3	-	1,488,000
Gain (loss) on convertible debt	3	(2,626,781)	-
Gain (loss) on warrants	3	(1,630,934)	1,441,014
Interest income		166,522	-
Net income (loss) before income taxes		(5,339,119)	2,908,606
Deferred income tax recovery (expense)	5	714,428	(395,417)
Net Income (loss)		\$ (4,624,691)	\$ 2,513,189
Unrealized gain on marketable securities		96,774	-
Total comprehensive income (loss)		\$ (4,527,917)	\$ 2,513,189
Earning (loss) per common share			
Basic		\$ (0.10)	\$ 0.64
Diluted		\$ (0.10)	\$ 0.47
Weighted average number of common shares outstanding			
Basic		48,225,784	3,906,001
Diluted		48,225,784	5,315,474

The accompanying notes are an integral part of these financial statements

ARTEMIS GOLD INC.

Interim Statement of Changes in Equity (Unaudited)

For the three months ended March 31, 2020 and for the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

	Notes	Share capital		Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' equity
		Number of shares	Amount				
Balance - January 1, 2020		48,180,105	\$ 41,647,399	942,447	54,303	\$ 6,275,994	\$ 48,920,143
Exercise of share purchase warrants		72,222	78,000	-	-	-	78,000
Shared-based payments	6	-	-	523,566	-	-	523,566
Unrealized gain on marketable securities		-	-	-	96,774	-	96,774
Net loss for the period		-	-	-	-	(4,624,691)	(4,624,691)
Balance - March 31, 2020		48,252,327	\$ 41,725,399	\$ 1,466,013	\$ 151,077	\$ 1,651,303	\$ 44,993,792

	Notes	Share capital		Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' equity
		Number of shares	Amount				
Balance - January 10, 2019		-	\$ -	-	-	-	\$ -
Share issuance - March 14, 2019	6	3,906,001	3,906,001	-	-	-	3,906,001
Net income for the period		-	-	-	-	2,513,189	2,513,189
Balance - March 31, 2019		3,906,001	\$ 3,906,001	\$ -	\$ -	\$ 2,513,189	\$ 6,419,190

The accompanying notes are an integral part of these condense interim financial statements

ARTEMIS GOLD INC.

Interim Statement of Cash Flows (Unaudited)

For the three months ended March 31, 2020 and for the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

	For the three months ended March 31, 2020	For the Period January 10, 2019 to March 31, 2019
Operating activities		
Net income (loss) for the period	\$ (4,624,691)	2,513,189
Items not involving cash:		
Amortization	39,989	-
Accretion expense on lease liability	13,943	-
Deferred income tax (recovery) expense	(714,428)	395,417
Convertible debenture interest expense	-	20,408
Equity loss from investment in associate	99,049	-
Gain on investment in associate	-	(1,488,000)
Gain (loss) on convertible debt	2,626,781	-
Gain (loss) on warrants	1,630,934	(1,441,014)
Share-based payments	523,566	-
Interest income	(166,522)	-
Net changes in non-cash working capital:		
Accounts payable and accrued liabilities	83,366	-
Due to related parties	(8,153)	194,189
Receivables and prepayments	(24,240)	(194,188)
Net cash provided by (used in) operating activities	(520,406)	1
Investing activities		
Interest received	151,804	-
Investment in marketable securities	(513,422)	-
Investment in associate	(1,825,858)	(3,906,000)
Investment in convertible debt	-	(5,094,000)
Investment in warrants	(240,897)	-
Net cash used in investing activities	(2,428,373)	(9,000,000)
Financing activities		
Exercise of share purchase warrants	78,000	-
Lease payments	(36,890)	-
Convertible debenture proceeds	-	5,094,000
Share issuance proceeds	-	3,906,001
Net cash provided by financing activities	41,110	9,000,001
Change in cash during the period	(2,907,669)	-
Cash, beginning of period	31,502,309	-
Cash, end of period	\$ 28,594,640	\$ -

The accompanying notes are an integral part of these condense interim financial statements

ARTEMIS GOLD INC.

Notes to Condensed Interim Financial Statements (Unaudited)

For the months ended March 31, 2020 and the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Artemis Gold Inc. ("Artemis" or the "Company") (formerly 1193490 B.C. Ltd.) is an exploration stage company currently focused on its investment in Velocity Minerals Ltd. ("VLC"), its option to acquire a 100% interest in GK project located in the Telegraph Creek area of British Columbia (the "GK Project"), as well as acquiring exploration and/or development stage mineral properties for the purposes of further exploration and development. VLC is in the business of acquiring, exploring, and evaluating mineral resource properties in Bulgaria. Artemis was incorporated under the Business Corporations Act (British Columbia) on January 10, 2019. The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, B.C. Canada. The Company's registered and records office is located at 595 Burrard Street, Suite 2600, Vancouver, B.C., Canada.

2. BASIS OF PREPARATION

These unaudited condensed interim financial statements for the three months ended March 31, 2020 and for the period January 10, 2019 to March 31, 2019 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements including International Accounting Standard 34-Interim Financial Reporting ("IAS 34"). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the period from January 10, 2019 to December 31, 2019 (the "Annual Financial Statements"), which were prepared in accordance with IFRS as issued by the IASB.

The Interim Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. These Interim Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

The accounting policies followed by the Company are set out in Note 3 to the Annual Financial Statements for the period from January 10, 2019 to December 31, 2019 and have been consistently followed in preparation of the Interim Financial Statements.

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other than as discussed below, information about significant areas of judgement and estimation uncertainty considered by management in preparing the Interim Financial Statements are set out in Note 4 to the Annual Financial Statements for the period from January 10, 2019 to December 31, 2019 and have been consistently followed in preparation of these Interim Financial Statements.

ARTEMIS GOLD INC.

Notes to Condensed Interim Financial Statements (Unaudited)

For the months ended March 31, 2020 and the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

COVID-19

The Company has assessed the economic impacts of the novel coronavirus (“COVID-19”) pandemic on its Interim Financial Statements, including the valuation of the Company’s investment in VLC. As at March 31, 2020, management has determined that its general operation of business and the value of the Company’s assets are not materially impacted. In making this judgment, management has assessed various criteria including, but not limited to, existing laws, regulations, orders, disruptions and potential disruptions in commodity prices and capital markets. As it pertains to the Company’s investment in VLC, although there was a decline in the share price of VLC during March 2020, the Company is well financed and continues its exploration program and the decline in value was not significant or for a sustained period of time to consider any impairment.

These Interim Financial Statements were approved by the board of directors on May 19, 2020.

3. INVESTMENT IN VLC

The investment in VLC is comprised of:

	Convertible debenture	Investment in associate	Warrants	Total
Initial investment	\$ 5,094,000	\$ 3,906,000	\$ -	\$ 9,000,000
Gain at inception	-	1,488,000	1,230,531	2,718,531
Fair value change in the period	5,359,338	-	1,121,313	6,480,651
Equity income(loss) of investment of associate	-	(208,002)	-	(208,002)
Shares received in settlement of interest	(236,068)	236,068	-	-
Other	(217,836)	217,836	-	-
Balance, December 31, 2019	\$ 9,999,434	\$ 5,639,902	\$ 2,351,844	\$ 17,991,180
Investment	-	1,825,858	240,897	2,066,755
Fair value change in the period	(2,626,781)	-	(1,630,934)	(4,257,715)
Equity income(loss) of investment of associate	-	(99,049)	-	(99,049)
Balance, March 31, 2020	\$ 7,372,653	\$ 7,366,711	\$ 961,807	\$ 15,701,171

On March 14, 2019, the Company completed an investment in VLC for a total consideration of \$9,000,000. Included in the investment was a \$5,094,000 secured convertible debenture in VLC, plus an equity component comprising 18,600,000 Units of VLC for cash consideration of \$3,906,000. Further, as part of the investment agreement, the Company has the right to designate one individual to be nominated, and if elected, to serve as a director of VLC provided the Company holds at least 15% of the issued and outstanding common shares of VLC, with the number of nominees increasing to two directors if the Company holds 30% or more of the issued and outstanding common shares of VLC. In February 2020, the Company exercised this right and nominated (and VLC subsequently appointed) an individual to the board of directors of VLC.

The convertible debenture earns interest at an annual rate of 8.5% payable semi-annually, over a five-year term. The interest can be paid in cash or common shares of VLC, at the discretion of VLC. The principal amount of the convertible debenture is convertible into common shares of VLC at the election of the Company at a conversion price of \$0.25. The convertible debenture is secured with a first ranking charge at any time by way of general security agreement and guarantee from the material subsidiary of VLC.

ARTEMIS GOLD INC.

Notes to Condensed Interim Financial Statements (Unaudited)

For the months ended March 31, 2020 and the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

3. INVESTMENT IN VLC (continued)

The convertible debenture investment is measured at fair value through profit and loss (FVTPL). At inception, the convertible debenture was recorded at the amount of cash consideration paid. The Company uses the Black-Scholes option pricing model to calculate the fair value of the convertible debenture held in VLC. The loss is recorded within the loss on convertible debt in the interim statement of income and comprehensive income. The Company used the following assumptions:

	March 31, 2020	December 31, 2019
Share Price	\$ 0.27	\$ 0.46
Volatility	61%	60%
Expected Life in Years	1.83	2.20
Dividend Rate	0.00%	0.00%
Risk-free-rate	0.60%	1.66%

In 2019, the Company acquired 18,600,000 Units of VLC, with each Unit consisting of one common share and one half of a share purchase warrant with each whole warrant entitling the holder to purchase one additional VLC common share at a price of \$0.25 per share, with an expiry date of March 14, 2022.

The attributed cost of the common shares at the date of inception was \$5,394,000 and was determined using the traded stock price of VLC on March 14, 2019 which was \$0.29 per common share multiplied by the number of common shares held. At inception, the attributed cost of the warrants was determined using the Black-Scholes option pricing model and was \$1,230,531. The attributed costs were higher than the cash outlay, resulting in a gain at inception which is recorded within the gain on investment in associate as well as gain on warrants in the statement of income and comprehensive income.

In October, 2019 VLC settled interest owed on the convertible debenture of \$236,068 for the period March 14, 2019 to September 30, 2019 by issuing 495,516 common shares to the Company bringing the Company's holding to 19,095,516, or 19.63%.

On February 12, 2020, the Company invested \$2,066,755 in VLC by subscribing to a non-brokered private placement. The Company acquired 5,166,887 VLC units at a price of \$0.40. Each VLC unit consists of one VLC common share and one half of a share purchase warrant, with each whole warrant entitling the holder to purchase one additional VLC common share at a price of \$0.55 per share for a period of 18 months following closing of the private placement. This increased the Company's ownership in VLC to 21.6%.

The Company applies equity accounting over the investment in the common shares of VLC as the Company has significant influence over VLC due to its share ownership in the Company and its board representation. As a result, at inception of the investment, the common shares were recognized at attributed cost, with the carrying amount of the investment increasing or decreasing to recognise the Company's share of the profit or loss of VLC at each reporting period.

As at March 31, 2020 the Company owned 24,262,403 common shares of VLC that have a market value of \$6,550,849 based on the quoted market price.

ARTEMIS GOLD INC.

Notes to Condensed Interim Financial Statements (Unaudited)

For the months ended March 31, 2020 and the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

3. INVESTMENT IN VLC (continued)

The warrants have been measured at FVTPL with the loss recorded within the loss on warrants in the interim statement of income and comprehensive income. The Company used the Black-Scholes option pricing model to calculate the fair value of the warrants held in VLC.

The Company used the following weighted average assumptions in valuing the warrants:

	March 31, 2020	February 12, 2020	December 31, 2019
Share Price	\$ 0.27	\$ 0.42	\$ 0.46
Volatility	61%	65%	60%
Expected Life in Years	1.83	1.50	2.20
Dividend Rate	0.00%	0.00%	0.00%
Risk-free-rate	0.60%	1.51%	1.66%

The assets and liabilities of VLC are summarized in the following table and are taken from VLC's most recently available financial statements as at December 31, 2019.

	December 31, 2019
Current assets	\$ 3,336,179
Non-current assets	10,689,001
	14,025,180
Current liabilities	839,285
Non-current liabilities	4,024,856
	4,864,141
Net assets	\$ 9,161,039
Company's equity share of net assets	\$ 1,797,951
Loss and comprehensive loss for the twelve months ended December 31, 2019	\$ (2,536,026)

4. MINERAL PROPERTY

On May 31, 2019, the Company entered into an option agreement ("Option Agreement") whereby the Company has the right to acquire a 100% interest, subject to certain royalty payments, in the GK project, located in British Columbia, Canada.

In order for the Company to exercise its option under the Option Agreement, the Company must pay:

- (i) \$125,000 in cash upon execution of the Option Agreement (paid on June 12, 2019);
- (ii) On or before 12 months after the effective date of the Option Agreement, \$50,000 in cash and incur certain expenditures of not less than \$100,000; (Satisfied subsequent to March 31, 2020);

ARTEMIS GOLD INC.

Notes to Condensed Interim Financial Statements (Unaudited)

For the months ended March 31, 2020 and the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

4. MINERAL PROPERTY (continued)

- (iii) On or before 24 months after the effective date of the Option Agreement, \$100,000 in cash and incur certain expenditures of not less than \$500,000;
- (iv) On or before 36 months after the effective date of the Option Agreement, \$500,000 in cash and incur certain expenditures of not less than \$1,300,000;
- (v) On or before 48 months after the effective date of the Option Agreement, \$750,000 in cash and incur certain expenditures of not less than \$2,000,000; and
- (vi) On or before 60 months after the effective date of the Option Agreement, \$1,000,000 in cash and incur certain expenditures of not less than \$3,000,000.

5. DEFERRED INCOME TAX LIABILITY

The deferred income tax liability is largely a result of taxable temporary differences resulting from the accounting gain/loss on the various instruments comprising the Company's investment in VLC, which is not yet realized for tax purposes.

6. EQUITY

a) Authorized share capital

Unlimited number of common shares without par value.

On July 18, 2019, the Company's common shares were split on the basis of approximately 1.302 post subdivided share for every pre subdivided share. All common share, and per share amounts in these financial statements have been retrospectively restated to present post subdivision amounts.

On March 14, 2019 the Company issued 3,906,001 shares for cash proceeds of \$3,906,001.

On June 12, 2019 the Company issued 1 share for cash proceeds of \$125,000.

On July 18, 2019 Atlantic converted the convertible debt to common shares.

On August 27, 2019, Artemis completed a non-brokered private placement financing for gross proceeds of \$32,641,566 (the "Private Placement"). The Private Placement resulted in Artemis issuing 36,268,407 units (the "Artemis Units") at a price of \$0.90 per Artemis Unit. Each Artemis Unit consists of one Artemis common share and one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional Artemis common share at a price of \$1.08 per share for a period of 60 months following closing of the Private Placement. There was no residual value to assigned to the warrants.

Certain directors and officers of Artemis subscribed to 17,889,155 common shares of the Private Placement which are subject to an escrow agreement.

ARTEMIS GOLD INC.

Notes to Condensed Interim Financial Statements (Unaudited)

For the months ended March 31, 2020 and the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

6. EQUITY (continued)

a) Authorized share capital (continued)

Ten percent of the common shares were released from escrow on September 30, 2019 and 15% will be released from escrow every six months starting March 31, 2020 until September 30, 2022. At March 31, 2020 13,416,866 shares remained in escrow.

b) Stock options

The Company has established a stock option plan (the "Plan") for its directors, executive officers, employees and consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company exercisable for a period of up to 10 years from the date of grant.

As at March 31, 2020, the Company had the following stock options outstanding:

	Number of Options	Weighted-average exercise price
Outstanding - January 10, 2019	-	\$ -
Granted	1,520,000	\$ 1.16
Outstanding - December 31, 2019	1,520,000	\$ 1.16
Granted	200,000	\$ 1.30
Outstanding - March 31, 2020	1,720,000	\$ 1.18
Exercisable - March 31, 2020	640,000	\$ 1.18

On January 6, 2020, the Company granted 200,000 stock options with a fair value of \$232,287 to employees of the Company with an exercise price of \$1.30, expiring on January 6, 2030. The Company uses the Black Scholes option pricing model to determine the fair value of stock options granted. The vesting period for options is 1/3 immediately, 1/3 six months after the grant date and 1/3 twelve months after the grant date.

On October 24, 2019, the Company granted 1,520,000 stock options with a fair value of \$1,576,587 to directors and employees of the Company with an exercise price of \$1.16, expiring on October 24, 2029. The Company uses the Black Scholes option pricing model to determine the fair value of stock options granted. The vesting period for options is 1/3 immediately, 1/3 six months after the grant date and 1/3 twelve months after the grant date.

During the three months ended March 31, 2020, the Company recognized share-based payments expense of \$523,566 (January 10 to March 31, 2019 – nil) which was expensed in the interim statement of income and comprehensive income.

As at March 31, 2020, outstanding stock options had a weighted exercise price of \$1.18 with a weighted average remaining life of 9.6 years.

The following assumptions were used in the valuation of the stock options granted in the three months ended March 31, 2020 and the period ended December 31, 2019:

ARTEMIS GOLD INC.

Notes to Condensed Interim Financial Statements (Unaudited)

For the months ended March 31, 2020 and the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

6. EQUITY (continued)

b. Stock options (continued)

	2019	2020
Risk-free interest rate	1.45%	1.31%
Expected life	10 years	10 years
Annualized volatility	100%	100%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

The risk-free rate for periods within the contractual term of the option is based on the Bank of Canada administered interest rates in effect at the time of the grant. The Company has assumed that any granted stock options will not be exercised until the expiry date.

Expected volatilities are based on historical volatilities of stock prices of comparable companies given the limited life of the Company as an exploration and development company. Expected forfeiture rates have been assumed to be nil as to date, as most employees and directors involved are key personnel.

c) Stock Purchase Warrants

All share purchase warrants expire on August 27, 2024. A summary of the changes in share purchase warrants is as follows:

	Number of Warrants	Weighted-average exercise price
Outstanding - January 10, 2019	-	\$ -
Granted	36,268,407	\$ 1.08
Outstanding - December 31, 2019	36,268,407	\$ 1.08
Exercised	(72,222)	\$ 1.08
Outstanding - March 31, 2020	36,196,185	\$ 1.08

7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) **Key Management Compensation**

Key management includes the Company's directors, Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management for the three months ended March 31, 2020 comprised the following:

ARTEMIS GOLD INC.

Notes to Condensed Interim Financial Statements (Unaudited)

For the months ended March 31, 2020 and the period January 10, 2019 to March 31, 2019

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

	Three months ended March 31, 2020	Three months ended March 31, 2019
Salaries and benefits	71,191	-
Consulting fees	87,500	-
Director fees	41,250	-
Share-based payments	373,941	-
	\$ 573,882	\$ -

b) Payable to related parties

As at March 31, 2020, the Company owed \$15,000 in directors' fees to certain directors of the Company. (December 31, 2019 - \$7,500)

As at March 31, 2020, the Company has a receivable of \$10,858 (December 31, 2019 – payable of \$8,764) from Oceanic Iron Ore Corp., a company with common management, relating to expenses incurred on overhead and service costs.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurements

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk.

The Company's investment in the VLC convertible debenture, and the investment in VLC warrants are measured using Level 3 inputs in the fair value hierarchy, as observable market data for these investments is not available. The fair values of the cash, receivables, accounts payable and accrued liabilities and due to related party balance approximate the carrying value as at March 31, 2020.

9. SUBSEQUENT EVENT

On April 1, 2020 VLC settled interest owed on the convertible debenture of \$216,495 for the period of October 1, 2019 to March 31, 2020 by issuing 742,184 common shares to the Company.