



# **WARRIOR GOLD**

EXPERIENCE • EXPLORATION • RESULTS

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020**

**NOTICE OF NO AUDITOR REVIEW OF  
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements of Warrior Gold Inc. for the six months ended September 30, 2020 have been prepared by and are the responsibility of the Company's management ("Management") and have been approved by the Company's audit committee.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

**WARRIOR GOLD INC.**  
**Condensed Consolidated Interim Statements of Financial Position**  
**Expressed in Canadian Dollars**

	Note	September 30 2020 \$	March 31 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		267,291	70,378
Receivables		122,398	174,898
Prepaid expenses and deposits		8,496	14,933
<b>Total current assets</b>		<u>398,185</u>	<u>260,209</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	6	5,026,286	4,990,286
Right-of-use asset	4	22,568	30,062
<b>Total non-current assets</b>		<u>5,048,854</u>	<u>5,020,348</u>
<b>Total assets</b>		<u>5,447,039</u>	<u>5,280,557</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	10	192,056	172,912
Flow-through share premium liabilities	5	34,409	7,409
Lease liability – short term	4	14,260	13,991
<b>Total current liabilities</b>		<u>240,725</u>	<u>194,312</u>
<b>Non-current</b>			
Lease liability – long term	4	18,807	23,325
<b>Total non-current liabilities</b>		<u>20,832</u>	<u>23,325</u>
<b>Total liabilities</b>		<u>259,532</u>	<u>217,637</u>
<b>EQUITY</b>			
Share capital	7	46,637,780	45,737,880
Reserves	7,8,9	4,632,108	4,600,708
Deficit		(46,082,381)	(45,275,668)
<b>Total equity</b>		<u>5,187,507</u>	<u>5,062,920</u>
<b>Total liabilities and equity</b>		<u>5,447,039</u>	<u>5,280,557</u>

Corporate information and going concern (Note 1)

**On behalf of the Board of Directors:**

*“Stephen Burleton”*

*“Peter Winnell”*

Stephen Burleton, Director

Peter Winnell, Director

See accompanying notes.

**WARRIOR GOLD INC.**  
**Condensed Consolidated Interim Statements of Comprehensive Loss**  
**Expressed in Canadian Dollars**

		Three Months Ended September 30		Six Months Ended September 30	
	Note	2020	2019	2020	2019
		\$	\$	\$	\$
<b>Operating expenses</b>					
Consulting fees		7,500	10,500	15,000	21,640
Depreciation		3,747	3,789	7,494	7,495
Exploration costs	6	507,591	67,393	542,948	316,431
Insurance		2,751	2,413	7,747	6,558
Investor relations		16,837	26,691	49,294	43,124
Management fees and salaries	10	57,000	72,000	114,000	144,000
Office and miscellaneous		13,918	5,352	22,510	11,555
Professional fees		11,799	8,500	14,663	16,547
Rent		-	1,264	-	2,617
Share-based compensation		-	-	18,400	-
Transfer agent and filing fees		7,698	3,649	14,696	6,389
Travel		3,466	2,852	3,759	3,052
<b>Loss before other income (expenses)</b>		<b>(632,307)</b>	<b>(204,403)</b>	<b>(810,511)</b>	<b>(579,408)</b>
<b>Other income (expense)</b>					
Foreign exchange gain (loss)		(4,521)	1,035	(5,125)	(2,932)
Interest expense	4	(1,002)	(1,264)	(2,077)	(2,566)
Recovery of claim deposits		-	-	11,000	-
		<b>(5,523)</b>	<b>(229)</b>	<b>3,798</b>	<b>(5,498)</b>
<b>Income (loss) and total comprehensive income (loss) for the period</b>		<b>(637,830)</b>	<b>(204,632)</b>	<b>(806,713)</b>	<b>(584,906)</b>
<b>Basic and diluted income (loss) and comprehensive income (loss) per common share</b>		<b>(0.01)</b>	<b>0.00</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>		<b>80,289,318</b>	<b>57,986,222</b>	<b>73,290,492</b>	<b>57,617,677</b>

See accompanying notes.

**WARRIOR GOLD INC.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**Expressed in Canadian Dollars**

Six months ended September 30	Note	2020 \$	2019 \$
<b>Operating activities</b>			
Income (Loss) for the period		(806,713)	(584,906)
Adjustments for			
Foreign exchange		886	1,518
Depreciation		7,494	7,495
Share-based compensation		18,400	-
Interest expense on lease payments`		1,072	2,548
Changes in non-cash operating working capital			
Accounts receivable		52,500	(40,666)
Prepaid expenses		6,437	9,838
Accounts payable and accrued liabilities		(18,072)	(226,783)
Cash used in operating activities		<u>(701,852)</u>	<u>(850,632)</u>
<b>Financing activities</b>			
Shares issued in private placements	7	970,000	759,983
Share issue costs	7	(30,100)	(31,143)
Subscriptions		-	40,000
Lease payments	4	(4,249)	(3,775)
Cash provided by investing activities		<u>935,651</u>	<u>765,065</u>
<b>Investing activities</b>			
Acquisition of exploration and evaluation assets	6	36,000	-
Cash provided by investing activities		<u>36,000</u>	<u>-</u>
<b>Foreign exchange effect on cash</b>		<u>(886)</u>	<u>(1,518)</u>
<b>Increase (decrease) in cash and cash equivalents</b>		196,913	(87,085)
<b>Cash, beginning of period</b>		<u>70,378</u>	<u>914,488</u>
<b>Cash, end of period</b>		<u>267,291</u>	<u>827,403</u>
<b>Cash paid (received) for interest</b>		\$ -	\$ -
<b>Cash paid (received) for income tax</b>		\$ -	\$ -

See accompanying notes.

**WARRIOR GOLD INC.**  
**Condensed Consolidated Interim Statements of Changes in Equity**  
**Expressed in Canadian Dollars**

	Note	Common shares \$	Subscription \$	Reserves \$	Deficit \$	Total equity \$
<b>Balance March 31, 2019</b>		44,926,290	-	4,317,178	(43,803,132)	5,440,336
Private placements	7	859,983	-	-	-	859,983
Less share issuance costs		(31,143)	-	-	-	(31,143)
Subscriptions	7	-	40,000	-	-	40,000
Issuance of broker warrants	7	(7,500)	-	7,500	-	-
Net (loss) for the period		-	-	-	(584,906)	(584,906)
<b>Balance September 30, 2019</b>		45,747,630	40,000	4,324,678	(44,388,038)	5,724,270
<b>Balance March 31, 2020</b>		45,737,880	-	4,600,708	(45,275,668)	5,062,920
Private placements	7	970,000	-	-	-	970,000
Share issuance costs	7	(30,100)	-	-	-	(30,100)
Share issuance costs – broker warrants	7	(13,000)	-	13,000	-	-
Flow-through premium		(27,000)	-	-	-	(27,000)
Share-based compensation	8	-	-	18,400	-	18,400
Loss for the period		-	-	-	(806,713)	(806,713)
<b>Balance September 30, 2020</b>		46,637,780	-	4,632,108	(46,082,381)	5,187,507

See accompanying notes.

## **WARRIOR GOLD INC.**

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended September 30, 2020

Expressed in Canadian Dollars

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### **1. Corporate Information and going concern**

Warrior Gold Inc., formerly War Eagle Mining Company Inc. (the “Company” or “Warrior Gold”) was incorporated under the laws of British Columbia on March 6, 1984. The Company is engaged in the acquisition and exploration of mineral resource properties. The Company is listed on the TSX Venture Exchange (the “TSX-V”), under the symbol “WAR”, as a Tier 2 mining issuer. The address of the Company’s corporate office and principal place of business is 25 Adelaide Street East, Suite 1400, Toronto, Ontario, Canada, M5C 3A1.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. The Company incurred a loss of \$806,713 during the six months ended September 30, 2020 (September 30, 2019 – \$584,906) and, as of that date the Company’s deficit was \$46,082,381 (March 31, 2020 - \$45,275,668). The Company had cash of \$267,291 at September 30, 2020 (March 31, 2020 - \$70,378). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and pursue the acquisition and exploration of mineral resource properties. Although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The coronavirus COVID-19 pandemic has to date not had a significant effect on the Company’s operations. During emergency measures instituted by the Government of Ontario, the Company’s executive and consulting team worked from home while early restrictions were in place. As of the date of this MD&A, the town of Kirkland Lake has reported only two cases of COVID-19 and the Temiskaming district had 19 cases, all of which have been resolved. The Company’s field crew dispatched to start drilling efforts in late June were all tested prior to departure from southern Ontario. While it is not possible to predict the duration or magnitude of the pandemic and its effects on the Company’s business, Warrior Gold continues to work in a conscientious manner to keep its team and the community in good health.

### **2. Basis of Presentation**

#### *a) Statement of compliance*

These condensed consolidated interim financial statements for the six months ended September 30, 2020 have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee.

The Company’s board of directors approved the release of these condensed consolidated interim financial statements on November 27, 2020.

## WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended September 30, 2020

Expressed in Canadian Dollars

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### 2. Basis of Presentation (continued)

#### b) *Basis of measurement*

Depending on the applicable IFRS requirements, the measurement basis used in the preparation of these financial statements is cost, net realizable value, fair value or recoverable amount. These financial statements, except for the statement of cash flows, are based on the accrual basis. The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in Note 3.

#### c) *Principles of consolidation*

These condensed consolidated interim financial statements include the accounts of Warrior Gold Inc. and its wholly-owned subsidiaries. The principle subsidiaries are:

	Incorporation	Percentage of Ownership	
		2020	2019
Champagne Resources Limited ("Champagne")	Canada	100%	100%
RD Minerals S.A. de C.V. (owned by Champagne)	Mexico	100%	100%

All significant intercompany transactions have been eliminated.

### 3. Summary of Significant Accounting Policies

The Company has applied the same accounting policies in these condensed consolidated interim financial statements as those applied in the Company's annual audited consolidated financial statements as at and for the year ended March 31, 2020.

In preparing these condensed consolidated interim financial statements, the significant judgments we made in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended March 31, 2020, with the exception of the new estimate identified below.

These condensed consolidated interim financial statements should be read in conjunction with the Company's annual audited consolidated financial statements as at and for the years ended March 31, 2020 and 2019.

#### *Critical Accounting Estimates and Judgements*

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.



## **WARRIOR GOLD INC.**

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended September 30, 2020

Expressed in Canadian Dollars

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### **3. Summary of Significant Accounting Policies (continued)**

#### *Critical Accounting Estimates and Judgments (continued)*

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

#### **Critical Judgments**

##### *Income taxes*

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes it has adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

##### *Going concern of operations*

Management has made the determination that the Company will continue as a going concern for the next year.

##### *Evaluation and exploration expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in the profit and loss in the period the new information becomes available.

##### *Title to mineral property interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

##### *Determination of whether a group of assets acquired and liabilities assumed constitute the acquisition of a business*

The Company has determined that the acquisition of Champagne Resources Ltd. through amalgamation did not constitute the acquisition of a business under IFRS 3 Business Combinations. As a result, the transaction was accounted for as an asset acquisition.

## **WARRIOR GOLD INC.**

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended September 30, 2020

Expressed in Canadian Dollars

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### **3. Summary of Significant Accounting Policies (continued)**

#### *Critical Accounting Estimates and Judgments (continued)*

##### *Determination of the accounting acquirer*

The Company has determined that the acquirer in the amalgamation with Champagne Resources is War Eagle Mining Company Inc after consideration of pertinent facts and circumstances. Such circumstances include board composition, senior management composition, and the relative size of the entities.

#### **Estimates**

Information about significant estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are:

##### *Share-based payment transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

##### *Recoverability of receivables*

The Company monitors its exposure for credit losses on its receivables on an ongoing basis and records related allowances for doubtful accounts. Allowances are estimated based on the identification of specific balances where a risk of default has been identified based upon historical experience.

##### *Valuation of Goodfish-Kirana project acquired*

The value of the Goodfish-Kirana project that was acquired through the amalgamation agreement with Champagne is a significant estimate. As the transaction did not meet the definition of a business combination under IFRS 3 Business Combinations, it was accounted for as an equity-settled share-based payment under IFRS 2. Further details of the transactions are disclosed in Note 5.

**WARRIOR GOLD INC.**

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended September 30, 2020

Expressed in Canadian Dollars

**4. Adoption of New Accounting Pronouncements**

Effective April 1, 2019, the following standard was adopted:

**IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases and requires how leases will be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less for the underlying asset.

For the lease where the Company is the lessee, it recognizes a right-of-use asset and a lease liability for its office premises leases previously classified as an operating lease. The Company chose the adopted modified retrospective approach on transition to IFRS 16 on April 1, 2019 and has chosen not to restate comparative information in accordance with the transitional provisions in IFRS 16. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies.

At the time of adoption of IFRS 16 on April 1, 2019, the Company had one operating lease for office premises. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates applies to the lease liability. The weighted average incremental borrowing rate applied to the lease liability in the six months ended September 30, 2020 was 9.9% per annum. The weighted average lease term remaining as at September 30, 2020 is approximately 2.92 years. The details of the lease liability recognized during the period are as follow:

Lease Liability Recognition	
	\$
Operating lease commitment as at March 31, 2019	57,534
Discount of future commitment	(12,442)
Lease liability recognized as at April 1, 2019	45,092

**Right-of-use asset**

The following is the continuity of the cost and accumulated amortization of right-of-use asset (office premises) as at and for the period ended September 30, 2020:

Six months ended September 30,	2019
Cost	\$
Balance, April 1, 2019	45,092
Additions	-
Balance, April 1, 2020 and September 30, 2020	45,092
Accumulated depreciation	
Balance, April 1, 2020	15,030
Depreciation	7,494
Balance, September 30, 2020	22,524
Carrying amount as at September 30, 2020	22,568

**WARRIOR GOLD INC.**

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended September 30, 2020

Expressed in Canadian Dollars

**4. Adoption of New Accounting Pronouncements (continued)****IFRS 16 Leases (continued)****Lease liabilities**

The following is the continuity of lease liability as at and for the period ended September 30, 2020:

Six months ended September 30,	2019
Cost	\$
Balance, April 1, 2019	45,092
Additions	-
Lease payments	(12,646)
Interest expense on lease payments	4,870
Balance, March 31, 2020	37,316
Additions	-
Lease payments	(6,323)
Interest expense on lease payments	2,074
Balance, September 30, 2020	33,067
Less: current portion	(14,260)
Lease liabilities – non-current	18,807

**5. Flow-through share premium liabilities**

	September 30, 2020	March 31, 2020
	\$	\$
Balance, beginning of period	7,409	-
Premium liabilities recognized on flow-through units issued	27,000	52,000
Settlement of flow-through unit premium liabilities	-	(44,591)
Balance, end of period	34,409	7,409

In June 2020, the Company issued 8,333,334 flow-through units for gross proceeds of \$725,000. These flow-through shares issued in a non-brokered private placement were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium liability was calculated to be \$27,000. The flow-through premium is derecognized through income as the qualifying expenditures are incurred. As of September 30, 2020, the Company is committed to incurring \$725,000 of qualifying expenditures by December 31, 2021.

In June 2020, the Company issued 5,200,000 flow-through units for gross proceeds of \$520,000. These flow-through units issued in a non-brokered private placement were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium liability was calculated to be \$52,000. The flow-through premium is derecognized through income as the qualifying expenditures are incurred. During the year ended March 31, 2020, the Company satisfied \$44,591 of the commitment by incurring qualifying expenditures of \$445,900. As of September 30, 2020, the Company is committed to incur a further \$74,100 of qualifying expenditures by December 31, 2020.

## WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended September 30, 2020

Expressed in Canadian Dollars

### 6. Exploration and Evaluation Assets

#### *The Goodfish-Kirana Project (“Goodfish-Kirana”)*

On February 9, 2018, the Company completed the amalgamation with Champagne, through a “triangular amalgamation” whereby Champagne merged with Andromeda Resources Inc. and became a subsidiary of Warrior Gold. In that amalgamation, the Company acquired the Goodfish-Kirana property. The Goodfish-Kirana property is comprised of 20 patented mining claims and 66 staked claims. The property is now wholly-owned by the Company subject to various net smelter royalty (“NSR”) arrangements.

During the year ended March 31, 2019, the Company acquired eight additional patented claims contiguous to the Goodfish-Kirana property for \$161,728. There is a 1.5% NSR on the claims, 1% of which can be purchased for \$1,000,000.

During the year ended March 31, 2019, the Company acquired a 24-claim package (the “Sutton claims”) (304.04 hectares) adjacent to the northeast portion of the Company’s Goodfish-Kirana property, together with three contiguous new claims (50.64 hectares) staked by the Company. These two strategic additions bring the Company’s land package in the Kirkland Lake Gold Camp to 3,859 hectares. The claims were acquired in exchange for a 1.5% NSR. The Company has the right to buy-back 1% of the NSR for \$1,000,000.

In April 2020, the Company acquired an additional prospective and contiguous block of claims, (16 claims (263 ha)) transferred from Company CEO, Danièle Spethmann for acquisition costs of \$800 (map staking costs of \$50/claim). The companies land package is now comprised of 233 operational cells, totaling 4,122 ha (10,185.5 acres) up from 217 operational cells, and 3,859 ha (9,536 acres).

In September 2020, the Company acquired a private property on Airport Road within the Goodfish-Kirana property boundary and on the Goodfish patented claims. The property is four acres and includes installed hydro, a portable schoolroom building, a sea container and the infrastructure for a septic system. The costs were \$65,000 payable in cash, of which, \$35,000 was paid at the time of acquisition and the balance of \$30,000 is due at the earlier of (i) the successful completion by the Company of a minimum of \$500,000 in equity or debt financing or; (ii) December 31, 2020.

During the six months ended September 30, 2020 and 2019, the Company incurred exploration expenses on Goodfish-Kirana as follows:

	September 30, 2020	September 30, 2019
	\$	\$
Drilling	208,512	110,369
Geology	98,889	91,301
Assays	128,760	29,645
Geophysics	-	9,975
Core sampling	24,700	17,431
Camp costs	34,293	24,889
Technical reports	19,633	6,123
Ground preparation	-	9,561
Geotechnical	4,700	4,951
Logistics	18,229	480
Other	1,234	1,710
Prospecting	-	9,996
Survey	3,998	-
	542,948	316,431

**WARRIOR GOLD INC.**

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended September 30, 2020

Expressed in Canadian Dollars

**7. Share Capital and Reserves***Authorized capital*

Unlimited common shares, without par value.

*Issued capital*

	Common Shares (#)	Common Shares (\$)
March 31, 2019	57,493,479	44,926,290
Shares issued in private placements	10,645,478	1,010,093
Fair value of warrants	-	(106,455)
Flow-through premium	-	(52,000)
Share issuance costs	-	(32,548)
Share issuance costs – broker warrants	-	(7,500)
March 31, 2020	68,138,957	45,737,880
Shares issued in private placements	12,416,666	970,000
Flow-through premium	-	(225,000)
Share issuance costs	-	(30,100)
Share issuance costs – broker warrants	-	(13,000)
September 30, 2020	80,555,623	46,439,780

**Share Issuances**

In July 2020, the Company closed a private placement with the issuance of 4,083,333 common share units (“July 2020 Common Share Units”) for gross proceeds of \$245,000.

Each July 2020 Common Share Unit was priced at \$0.06 and comprised one common share and one-half common share purchase warrant (each whole common share purchase warrant, a “July 2020 Warrant”) of the Company. Each July 2020 Warrant entitles the holder, on exercise, to purchase one additional share of the Company (a “July 2020 Warrant Share”), at a price of \$0.10 per Warrant Share until the close of business on the day which is 18 months from the closing date, subject to an accelerated expiry date. If at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX-V is greater than \$0.20 for 20 or more consecutive trading days, the Company may give notice to the holders of July 2020 Warrants that the expiry date of the Warrants will be accelerated and the Warrants will expire on the 30th business day following the date of such notice. The securities issued are subject to a four-month hold period from the date of issue in accordance with applicable securities laws, expiring on November 4, 2020.

In June 2020, the Company closed a flow-through private placement with the issuance of 8,333,334 flow through share units (“June 2020 FT Share Units”) for gross proceeds of \$725,000.

Each June 2020 FT Share Unit was priced at \$0.087 and comprised one flow through common share and one-half common share purchase warrant (each whole common share purchase warrant, a “June 2020 Warrant”) of the Company. Each June 2020 Warrant entitles the holder, on exercise, to purchase one additional share of the Company (a “June 2020 Warrant Share”), at a price of \$0.10 per Warrant Share until the close of business on the day which is 18 months from the closing date, subject to an accelerated expiry date. If at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX-V is greater than \$0.20 for 20 or more consecutive trading days, the Company may give notice to the holders of June 2020 Warrants that the expiry date of the Warrants will be accelerated and the Warrants will expire on the 30th business day following the date of such notice. The securities issued are subject to a four-month hold period from the date of issue in accordance with applicable securities laws, expiring on October 30, 2020.

## **WARRIOR GOLD INC.**

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended September 30, 2020

Expressed in Canadian Dollars

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### **7. Share Capital and Reserves (continued)**

#### ***Share Issuances (continued)***

In connection with the sale of the June 2020 FT Share Units, the Company paid finder's fees of \$30,100 cash and issued 501,664 compensation warrants in accordance with the policies of the TSX-V.

During the six months ended September 30, 2019, there were no share issuances.

During the year ended March 31, 2020, the Company completed a private placement (the "Offering") raising gross proceeds of \$1,010,093 through the issuance of 5,200,000 flow-through units ("FT Units") and 5,445,478 hard dollar units ("HD Units"). Of the \$1,010,093 gross proceeds, \$100,000 was offset against an accounts payable to a related party.

Each FT Unit was priced at \$0.10 and comprised one flow-through common share and one-half of one common share purchase warrant (a "FT Warrant") and each HD Unit was priced at \$0.09 and comprised one common share and one-half of one common share purchase warrant (a "HD Warrant") of the Company. Each whole FT Warrant and HD Warrant entitles the holder, on exercise, to purchase one additional common share of the Company (a "Warrant Share") at a price of \$0.15 per Warrant Share for one year post the closing date, provided, however, that, if at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX-V is greater than \$0.30 for 20 or more consecutive trading days, the Warrants will be accelerated and will expire on the 30th business day following the date of notice of such acceleration.

In connection with the Offering, the Company paid finders' fees of \$32,548 in cash and 339,479 finder warrants issued on the same terms as the financing Warrants (but non-transferable), as permitted by the policies of the TSX-V. The fair value of the finder warrants was determined to be \$7,500.

#### ***Reserves***

The reserves recorded in equity on the Company's statement of financial position comprise the fair value of share-based compensation and warrants prior to exercise, and obligations to issue shares in accordance with debt settlement agreements.

### **8. Share-Based Compensation**

In October 2019, the shareholders of the Company renewed the incentive stock option plan (the "2014 Plan") which provides that the aggregate number of common shares of the Company's capital issuable pursuant to options granted may not exceed 10% of the issued and outstanding shares. If the aggregate number of options granted exceeds the maximum allowed under the 2014 Plan, exercise of the options will require War shareholder approval. Options granted under the Plan may have a maximum term of ten years and the exercise price of options granted will not be less than the discounted market price of the common shares as of the award date. The board of directors has the authority to set the vesting terms of options granted, subject to the rules of the TSX-V regarding options granted for investor relations services.

In May 2020, the Company granted 400,000 stock options to a director and an officer to purchase common shares of the Company pursuant to the Company's stock option plan. Each option is exercisable at a price of \$0.10 until May 6, 2025.

The weighted average grant-date fair value of options awarded in the six months ended September 30, 2020 was \$0.05 (September 30, 2019 - \$nil). The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

**WARRIOR GOLD INC.**

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**8. Share-Based Compensation (continued)**

Six months ended September 30	2020	2019
Share price	\$0.06	-
Exercise price	\$0.10	-
Annualized stock price volatility	119.51%	-
Risk-free interest rate	0.43%	-
Expected option life (years)	5 years	-
Dividend yield	0.0%	-

The stock price volatility was determined using the historical fluctuations in the Company's share price.

The Company did not grant any options for the six months ended September 30, 2019.

	Number of options	Weighted average exercise price \$
March 31, 2019	3,495,957	0.20
Granted	2,975,000	0.10
Expired	(249,000)	0.10
March 31, 2020	6,221,957	0.16
Granted	400,000	0.10
Expired	(218,702)	0.15
September 30, 2020	6,403,255	0.15

The Company's outstanding and exercisable stock options at September 30, 2020 are:

Expiry Date	Outstanding Options			Exercisable Options		
	Options (#)	Weighted Average Remaining Life (Yrs.)	Weighted Average Exercise Price \$	Options (#)	Weighted Average Exercise Price \$	
May 5, 2021	3,128,255	0.59	0.21	3,128,255	0.21	
December 16, 2024	2,875,000	4.21	0.10	2,875,000	0.10	
May 6, 2025	400,000	4.60	0.10	400,000	0.10	
	6,403,255	2.47	0.15	6,403,255	0.15	



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**9. Warrants**

The Company's outstanding warrants, at September 30, 2020, are:

	Number of Financing Warrants	Weighted Average Exercise Price \$	Number of Broker Warrants	Weighted Average Exercise Price \$
March 31, 2019	12,477,509	0.25	269,231	0.15
Issued	5,322,739	0.15	339,479	0.15
Expired	(12,441,600)	0.25	(269,231)	0.15
March 31, 2020	5,358,648	0.15	339,479	0.15
Expired			(323,869)	0.15
Issued	6,208,333	0.10	501,664	0.10
September 30, 2020	11,566,981	0.12	517,274	0.10

Number of Financing Warrants	Number of Broker Warrants	Exercise Price \$	Expiry Date
35,909	-	0.67	February 9, 2021
4,533,239	-	0.15	March 25, 2021
-	15,610	0.15	November 30, 2021
789,500	-	0.15	May 20, 2021
4,166,667	501,664	0.10	December 30, 2021
2,041,666	-	0.10	January 6, 2022
11,566,981	517,274		

During the six months ended September 30, 2020, the Company granted broker warrants pursuant to the private placements. The warrants were valued at \$13,000 (September 30, 2019 - \$nil).

The Company employed Black-Scholes option-pricing model using the following weighted average assumptions:

Six months ended September 30	2020	2019
Share price	\$ 0.07	-
Exercise price	\$ 0.10	-
Annualized stock price volatility	102.85 %	-
Risk-free interest rate	0.25 %	-
Expected warrant life (years)	1.50	-
Dividend yield	0 %	-

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### 10. Related-Party Transactions

The Company entered into the following transactions with related parties not disclosed elsewhere in these condensed consolidated interim financial statements:

#### Key management personnel compensation

Six months ended September 30	2020 \$	2019 \$
Management fees	114,000	144,000
Share-based compensation	13,800	-
	<u>127,800</u>	<u>144,000</u>

The short-term employee benefits were paid or accrued to personal companies owned by employees and directors of the Company.

As at September 30, 2020, \$19,845 (March 31, 2020 - \$75,000) is due to the Company's CEO and a related party, which amount is included in accounts payable and accrued liabilities. During the year ended March 31, 2020, the CEO converted \$100,000 of outstanding debt into 1,000,000 units on the same terms as the Private Placement.

Related-party balances bear no interest and are unsecured. Transactions with related parties are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 11. Capital Management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs, to provide sufficient working capital to meet its ongoing obligations and to pursue other potential investments. The Company prepares expenditure budgets, which are updated as necessary depending on varying factors including current and forecast prices, successful capital deployment and general industry conditions.

The Company considers its capital to include equity and working capital. In order to maintain financial flexibility, the Company may from time to time issue shares and adjust its spending to manage current and projected capital levels. To assess capital and operating efficiency and financial strength, the Company regularly monitors its working capital which is calculated as follows:

	September 30 2020 \$	March 31 2020 \$
Current assets	398,185	260,209
Current liabilities	(240,725)	193,317
<b>Working capital</b>	<b>157,460</b>	<b>66,892</b>

The Company is not subject to external capital restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes to the Company's approach to capital management during the six months ended September 30, 2020.

## **WARRIOR GOLD INC.**

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### **12. Financial Instruments**

#### *Fair Value*

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities. Fair value amounts disclosed in these condensed consolidated interim financial statements represent the Company's estimate of the price at which a financial instrument could be exchanged in a market in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. These estimates may change in subsequent reporting periods due to market conditions or other factors.

A fair value hierarchy is used to categorize the inputs used to measure fair value. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are as follows:

Level 1 - include financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market at the measurement date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 - include financial assets and liabilities using valuation techniques based on assumptions that are supported by prices from observable current market transactions.

The Company has no assets or liabilities in this category.

Level 3 - include financial assets and liabilities measured using valuation techniques based on nonmarket observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The Company has no assets or liabilities in this category.

The carrying value of cash, receivables and accounts payable and accrued liabilities approximate their fair value due to the short-term nature and limited credit risk of these assets and liabilities.

#### *Financial Instruments Risk Management*

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, and the Company's objectives, policies and processes for measuring and managing such risks. The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

#### *Market risk*

The Company's profitability and long-term viability will depend, in large part, on the market price of base metals. The market prices for metals can be volatile and are affected by numerous factors beyond the Company's control, including: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; expectations for inflation; and political and economic conditions, including interest rates and currency values. The Company cannot predict the effect of these factors on metal prices.

The market price of these minerals and metals may not remain at current levels. In particular, an increase in worldwide supply and consequent downward pressure on prices may result over the longer term from increased base metal production from mines developed or expanded as a result of current metal price levels.

## WARRIOR GOLD INC.

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### 12. Financial Instruments (continued)

#### *Foreign currency exchange rate risk*

The Company is exposed to foreign currency fluctuations as it has cash and accounts payable and accrued liabilities denominated in US dollars. There are no exchange rate contracts in place. A 10% change in the US dollar will have an immaterial effect on profit/loss.

Financial instruments denominated in foreign currencies are:

At September 30, 2020		US Dollars
Cash		3,133
Accounts payable and accrued liabilities		5,963
Exchange rate - \$1.00 =		.7338
At March 31, 2020		US Dollars
Cash		13,651
Accounts payable and accrued liabilities		-
Exchange rate - \$1.00 =		.7049

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it did not hold any funds in interest bearing accounts.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in paying obligations as they come due. The Company's financial liabilities consist of accounts payable and accrued liabilities. Accounts payable consists of invoices payable to trade suppliers for capital expenditures, field operating activities, and general corporate expenses. Substantially, all of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

As at September 30, 2020, the Company has a working capital of \$157,460 (March 31, 2020 - \$65,897).

#### *Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of receivables.

### 13. Segment Reporting

The Company's activities are in one industry segment - mineral property acquisition and exploration. Substantially all administrative expenses are incurred in Canada.

**WARRIOR GOLD INC.**

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**14. Contingencies and Commitments****Compensation Agreements**

In May 2019, the compensation agreement of a director/member of Management was amended to \$5,000 per month. This contract was terminated in February 2020.

The Company has a compensation agreement with the CEO for \$15,000 per month, which is automatically renewable for successive one-year terms.