



WARRIOR GOLD

EXPERIENCE • EXPLORATION • RESULTS

(Formerly War Eagle Mining Company Inc.)

Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended June 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 three months ended June 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	June 30 2020 \$	March 31 2020 \$
ASSETS			
Current assets			
Cash		803,539	70,378
Receivables		72,149	174,898
Prepaid expenses and deposits		19,744	14,933
Total current assets		895,432	260,209
Non-current assets			
Exploration and evaluation assets	5	4,990,286	4,990,286
Right-of-use asset	4	26,314	30,062
Total non-current assets		5,016,600	5,020,348
Total assets		5,912,032	5,280,557
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	262,194	172,912
Other liabilities		232,409	7,409
Lease liability – short term	4	14,260	13,991
Total current liabilities		508,863	194,312
Non-current			
Lease liability – long term	4	20,832	23,325
Total non-current liabilities		20,832	23,325
Total liabilities		529,695	217,637
EQUITY			
Share capital	6	46,194,780	45,737,880
Reserves	6,7,8	4,632,108	4,600,708
Deficit		(45,444,551)	(45,275,668)
Total equity		5,382,337	5,062,920
Total liabilities and equity		5,912,032	5,280,557

Corporate information and going concern (Note 1)
Subsequent events (Note 14)

On behalf of the Board of Directors:

<u>“Steve Burleton”</u> Steve Burleton, Director	Director	<u>“Peter Winnell”</u> Peter Winnell, Director	Director
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See accompanying notes.

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

Three months ended June 30,	Note	2020 \$	2019 \$
Operating expenses			
Consulting fees		7,500	11,140
Depreciation		3,747	3,706
Exploration costs	5	35,357	249,038
Insurance		4,996	4,145
Investor relations		32,457	16,433
Management fees and salaries	9	57,000	72,000
Office and miscellaneous		8,592	6,203
Professional fees		2,864	8,047
Rent		-	1,353
Share-based compensation		18,400	-
Transfer agent and filing fees		6,998	2,740
Travel		293	200
Loss before other income (expenses)		(178,204)	(375,005)
Other income (expenses)			
Foreign exchange loss		(604)	(3,967)
Recovery of claims' deposits		11,000	-
Interest expense		(1,075)	(1,302)
		9,321	(5,269)
Loss and total comprehensive loss for the period		(168,883)	(380,274)
Basic and diluted loss per common share		(0.00)	(0.01)
Weighted average number of common shares outstanding, basic and diluted		68,138,957	57,493,479

See accompanying notes.

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

Three months ended June 30,	Note	2020 \$	2019 \$
Operating activities			
Loss for the period		(168,883)	(380,274)
Adjustments for:			
Share-based compensation		18,400	-
Depreciation		3,748	3,706
Foreign exchange		886	3,943
Interest expense on lease payments		1,072	1,302
Changes in non-cash operating working capital			
Receivables		102,749	(30,049)
Prepaid expenses and deposits		(4,811)	(13,230)
Accounts payable and accrued liabilities		88,210	(211,975)
Cash provided by (used in) operating activities		41,371	(626,577)
Financing activities			
Shares issued in private placements	6	725,000	-
Share issue costs	6	(30,100)	-
Lease payments	4	(2,224)	(1,860)
Cash provided (used) by financing activities		692,676	(1,860)
Foreign exchange effect on cash		(886)	(3,943)
Increase (decrease) in cash		733,161	(632,380)
Cash, beginning of period		70,378	914,488
Cash, end of period		803,539	282,108
Cash paid (received) for interest		\$ 1,072	\$ 1,302
Cash paid (received) for income tax		\$ -	\$ -

See accompanying notes.

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

	Note	Common shares \$	Reserves \$	Deficit \$	Total equity \$
Balance March 31, 2019		44,926,290	4,317,178	(43,803,132)	5,440,336
Net (loss) for the period		-	-	(380,274)	(380,274)
Balance June 30, 2019		44,926,290	4,317,178	(44,183,406)	5,060,062
Balance March 31, 2020		45,737,880	4,600,708	(45,275,668)	5,062,920
Private placements	6	725,000	-	-	725,000
Share issuance costs	6	(30,100)	-	-	(30,100)
Share issuance costs – broker warrants	6	(13,000)	13,000	-	-
Flow-through premium		(225,000)	-	-	(225,000)
Share-based compensation	7	-	18,400	-	18,400
Loss for the period		-	-	(168,883)	(168,883)
Balance June 30, 2020		46,194,780	4,632,108	(45,444,551)	5,382,337

See accompanying notes.

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

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, 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 \$168,883 during the three months ended June 30, 2020 (June 30, 2019 – \$380,274) and, as of that date the Company’s deficit was \$45,444,551 (March 31, 2020 - \$45,275,668). The Company had cash of \$803,539 at June 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.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. Basis of Presentation

a) Statement of compliance

These condensed consolidated interim financial statements for the three months ended June 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 August 28, 2020.

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

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 principal 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

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

3. Summary of Significant Accounting Policies (continued)

Critical Accounting Estimates and Judgements (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

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

3. Summary of Significant Accounting Policies (continued)

Critical Accounting Estimates and Judgements (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

Three Months Ended June 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 three months ended June 30, 2020 was 9.9% per annum. The weighted average lease term remaining as at June 30, 2020 is approximately 2.92 years. The details of the lease liability recognized during the period are as follows:

	\$
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 June 30, 2020:

Three Months Ended June 30,	2019
Cost	\$
Balance, April 1, 2019	45,092
Additions	-
Balance, April 1, 2020 and June 30, 2020	45,092
Accumulated depreciation	
Balance, April 1, 2020	15,030
Depreciation	3,748
Balance, June 30, 2020	18,778
Carrying amount as at June 30, 2020	26,314

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 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 June 30, 2020:

Three Months Ended June 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	(3,296)
Interest expense on lease payments	1,072
Balance, June 30, 2020	35,092
Less: current portion	(14,260)
Lease liabilities – non current	20,832

5. 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.

On April 10, 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).

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

5. Exploration and Evaluation Assets (continued)

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

	June 30, 2020	June 30, 2019
	\$	\$
Drilling	-	131,565
Geology	15,600	46,584
Assays	-	23,080
Geophysics	-	17,475
Core sampling	6,553	17,431
Camp costs	5,473	4,029
Technical reports	6,857	3,044
Ground preparation	-	2,355
Geotechnical	-	2,993
Logistics	874	480
	35,357	249,038

6. 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	8,333,333	725,000
Flow-through premium	-	(225,000)
Share issuance costs	-	(30,100)
Share issuance costs – broker warrants	-	(13,000)
June 30, 2020	76,472,290	46,194,780

Share Issuances

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.

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

6. Share Capital and Reserves (continued)

Share Issuances (continued)

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.

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 three months ended June 30, 2020, 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.

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

7. 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 three months ended June 30, 2020 was \$0.05 (June 30, 2019 - \$nil). The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

Three Months ended June 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 three months ended June 30, 2019.

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

7. Share-Based Compensation (continued)

	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
June 30, 2020	6,403,255	0.15

The Company's outstanding and exercisable stock options at June 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	0.85	0.21	3,128,255	0.21	
December 16, 2024	2,875,000	4.46	0.10	2,875,000	0.10	
May 6, 2025	400,000	4.85	0.10	400,000	0.10	
	6,403,255	2.72	0.15	6,403,255	0.15	

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

8. Warrants

The Company's outstanding warrants, at June 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
Issued	4,166,667	0.10	501,664	0.10
June 30, 2020	9,525,315	0.13	841,143	0.12

Number of Financing Warrants	Number of Broker Warrants	Exercise Price \$	Expiry Date
35,909	-	0.67	February 9, 2021
4,533,239	323,869	0.15	September 25, 2020
789,500	15,610	0.15	November 21, 2020
4,166,667	501,664	0.10	December 30, 2021
9,525,315	841,143		

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

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

Three Months Ended June 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 %	-

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

9. 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

Three Months ended June 30	2020	2019
	\$	\$
Management fees	57,000	72,000
Share-based compensation	13,800	-
	<u>70,800</u>	<u>72,000</u>

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

As at June 30, 2020, \$130,595 (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.

10. 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:

	June 30	March 31
	2020	2020
	\$	\$
Current assets	895,432	260,209
Current liabilities	(508,863)	193,317
Working capital	<u>386,569</u>	<u>66,892</u>

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 three months ended June 30, 2020.

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

11. 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.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

11. 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 affect profit/loss by approximately \$1,100.

Financial instruments denominated in foreign currencies are:

At June 30, 2020	US Dollars
Cash	3,133
Accounts payable and accrued liabilities	11,434
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 June 30, 2020, the Company has a working capital of \$386,569 (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.

12. 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.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended June 30, 2020

Expressed in Canadian Dollars

13. 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.

14. Subsequent Events

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.