GOLD TERRA RESOURCE CORP.
(formerly TerraX Minerals Inc.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

April 30, 2020

(Expressed in Canadian Dollars)

GOLD TERRA RESOURCE CORP.
(Formerly TerraX Minerals Inc.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	April 30, 2020 (Unuadited)	January 31, 2020 (Audited)
ASSETS			
Current			
Cash and cash equivalents	3	$ 2,385,075	$ 4,768,241
Receivables	4	214,548	106,145
Prepaids and deposits		157,599	91,402
		2,757,222	4,965,788
Non-current			
Deposit	6	25,000	25,000
Equipment	5	1,726	14,208
Reclamation deposits	7	152,540	152,540
Right-of-use asset	6	-	95,355
Exploration and evaluation assets	8, 9	34,718,924	32,141,229
		34,898,190	32,428,332
		$ 37,655,412	$ 37,394,120
LIABILITIES			
Current			
Trade payables and accrued liabilities	10, 11	$ 1,513,806	$ 605,861
Lease liability	6	-	47,446
		1,513,806	653,307
Non-current			
Lease liability	6	-	53,449
Deposit payable	6	25,000	-
Deferred income tax liability		7,000	7,000
		32,000	60,449
		1,545,806	713,756
SHAREHOLDERS' EQUITY			
Share capital	12	47,757,879	47,732,879
Share-based payment reserve	12, 13	3,621,474	3,537,030
Deficit		(15,269,747)	(14,589,545)
		36,109,606	36,680,364
		$ 37,655,412	$ 37,394,120

Nature and continuance of operations (Note 1)
Commitments (Note 9)
Subsequent events (Note 16)

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

GOLD TERRA RESOURCE CORP.
(Formerly TerraX Minerals Inc.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited; expressed in Canadian dollars)

	Note	Three months ended April 30 2020	Three months ended April 30 2019
EXPENSES			
Amortization	5	$ 7,212	$ 16,128
Consulting	11	90,763	91,155
Depreciation of right-of-use asset	6	3,973	20,984
Directors' fees	11	15,304	10,000
Management compensation	11	166,631	60,000
Office, rent and miscellaneous		77,377	33,573
Professional fees		48,431	493
Share-based payments	11, 12, 13	84,444	25,429
Transfer agent, filing fees and shareholder communications		147,863	245,022
Travel and related costs		48,842	37,902
		(690,840)	(540,686)
OTHER ITEMS			
Interest income		15,095	2,029
Loss on disposal of equipment	5	(3,495)	-
Finance costs	6	(962)	(7,189)
LOSS BEFORE INCOME TAXES		(680,202)	(545,846)
NET AND COMPREHENSIVE LOSS FOR THE PERIOD		$ (680,202)	$ (545,846)
Loss per share - basic and diluted		$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted		160,582,124	124,590,510

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

GOLD TERRA RESOURCE CORP.
(Formerly TerraX Minerals Inc.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Share-based payment reserve	Deficit	Total shareholders' equity
Balance at January 31, 2019 (audited)		**124,210,735**	**$ 38,138,658**	**$ 3,863,752**	**$ (12,903,097)**	**$ 29,099,313**
Loss for the period		-	-	-	(545,846)	(545,846)
Shares issued on exercise of options	12	700,000	245,000	-	-	245,000
Reallocation of share-based payment reserves	12	-	466,200	(466,200)	-	-
Share-based payments	12	-	-	25,429	-	25,429
Balance at April 30, 2019 (unaudited)		**124,910,735**	**38,849,858**	**3,422,981**	**(13,448,943)**	**28,823,896**
Loss for the period		-	-	-	(1,140,602)	(1,140,602)
Shares issued for acquire exploration and evaluation assets	12	5,050,000	1,263,000	-	-	1,263,000
Shares issued to private placement	12	30,532,500	9,078,000	-	-	9,078,000
Share issuance costs	12	-	(916,479)	57,543	-	(858,937)
Flow-through share premium	12	-	(541,500)	-	-	(541,500)
Share-based payments	12	-	-	56,506	-	56,506
Balance at January 31, 2020 (audited)		**160,493,235**	**47,732,879**	**3,537,030**	**(14,589,545)**	**36,680,364**
Loss for the period		-	-	-	(680,202)	(680,202)
Shares issued to acquire property	12	100,000	25,000	-	-	25,000
Share-based payments	12	-	-	84,444	-	84,444
Balance at April 30, 2020 (unaudited)		**160,593,235**	**$ 47,757,879**	**$ 3,621,474**	**$ (15,269,747)**	**$ 36,109,606**

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

GOLD TERRA RESOURCE CORP.
(Formerly TerraX Minerals Inc.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited; expressed in Canadian dollars)

	Three months ended April 30 2020	Three months ended April 30 2019
Cash provided by (used in):		
Operating activities		
Net loss	$ (680,202)	$ (545,846)
Items not involving cash:		
Amortization	7,212	16,128
Loss on disposal of equipment	3,495	-
Depreciation - right-of-use assets	3,973	20,984
Share-based payments	84,444	25,429
Non-cash interest	(962)	-
Changes in non-cash working capital items:		
Receivables	(108,403)	22,027
Prepaids and deposits	(66,197)	19,325
Deposit payable	25,000	-
Trade payables and accrued liabilities	(330,612)	(156,302)
Net cash used in operating activities	(1,062,252)	(598,255)
Investing activities		
Net proceeds from sale of equipment	1,775	-
Expenditures on exploration and evaluation assets	(1,317,938)	(194,730)
Net cash used in investing activities	(1,316,163)	(194,730)
Financing activities		
Issuance of common shares, net of share issuance costs	-	245,000
Payment of lease liability	(4,751)	(17,895)
Net cash (used in) provided by financing activities	(4,751)	227,105
Change in cash and cash equivalents	(2,383,166)	(565,880)
Cash and cash equivalents - beginning of period	4,768,241	954,126
Cash and cash equivalents - end of period	$ 2,385,075	$ 388,246

Supplemental cash flow information (Note 15)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Gold Terra Resource Corp. (formerly TerraX Minerals Inc.) (the "Company" or "Gold Terra") was incorporated under the Business Corporations Act (British Columbia) on August 1, 2007 and its principal activity is the exploration and development of mineral properties in Canada. The Company trades on the TSX Venture Exchange ("TSX-V").

The head office of the Company is located at 2300 – 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2. The registered address and records office of the Company is located at 2200-885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

The Company has one wholly-owned subsidiary, Gold Matter Corporation which was incorporated under the Business Corporations Act (Ontario).

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at April 30, 2020 the Company has not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These condensed consolidated interim financial statements were authorized for issue on June 25, 2020 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards ("IFRS")
These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation
These condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, the Company's functional currency, unless otherwise noted.

The preparation of condensed consolidated interim financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

(Unaudited; expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Significant accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended January 31, 2020.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended January 31, 2020. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three-month period ended April 30, 2020 are not necessarily indicative of the results that may be expected for the current fiscal year ending January 31, 2021.

New accounting standards and interpretations

There were no new accounting standards and interpretations which had a material impact on adoption during the three months ended April 30, 2020.

Pronouncements that are not applicable or that do not have a significant impact on the Company have not been included in these condensed consolidated interim financial statements.

3. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	April 30, 2020	January 31, 2020
Cash at bank	$ 110,075	$ 118,241
Term deposits	2,275,000	4,650,000
	$ 2,385,075	$ 4,768,241

At April 30, 2020, the Company has variable rate investments of $2,275,000 (January 31, 2020 - $4,650,000) yielding variable interest rates between 1.70% and 1.80%. The term deposits allow for early redemption after the first 30 days of investment and mature on various dates.

4. RECEIVABLES

Receivables consist of the following:

	April 30, 2020	January 31, 2020
GST/HST receivable	$ 200,210	$ 97,177
Interest receivable	14,166	8,796
Other receivable	172	172
	$ 214,548	$ 106,145

(Unaudited; expressed in Canadian dollars)

5. EQUIPMENT

Cost		
Balance, January 31, 2019	$	227,326
Acquisitions		-
Balance, January 31, 2020		227,326
Acquisitions		-
Dispositions		(13,510)
Balance, April 30, 2020	$	213,816
Accumulated amortization		
Balance, January 31, 2019	$	148,606
Amortization		64,512
Balance, January 31, 2020		213,118
Amortization		7,212
Amortization related to dispositions		(8,240)
Balance, April 30, 2020	$	212,090
Net book value, January 31, 2020	$	14,208
Net book value, April 30, 2020	$	1,726

Included in equipment is office equipment with net book value of $1,726 as at April 30, 2020.

(Unaudited; expressed in Canadian dollars)

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company leases an office under non-cancellable operating lease with a term to January 31, 2022. Upon transition to IFRS 16, the Company recognized $143,033 of right-of-use asset and $143,033 of lease liabilities as of February 1, 2019.

The lease liability at February 1, 2019 can be reconciled to the operating lease obligations as of January 31, 2019 as follows:

Operating lease obligations as at January 31, 2019	$ 171,027
Discounting using the February 1, 2019 incremental borrowing rate	(27,994)
Operating lease obligations as at February 1, 2019	$ 143,033

The lease liability was discounted using an incremental borrowing rate as at February 1, 2019 of 12% per annum.

Lease liability - February 1, 2020	$ 100,895
Less: lease payments	(4,751)
Interest expense	962
	97,106
Derecognition	(97,106)
Lease liability - April 30, 2020	$ -

The continuity of right-of-use asset for the three months ended April 30, 2020 is as follows:

Cost		
Balance, January 31, 2020	$	143,033
Additions		-
Derecognition		(143,033)
Balance, April 30, 2020	$	-
Accumulated amortization		
Balance, January 31, 2020	$	47,678
Amortization		3,973
Derecognition		(51,651)
Balance, April 30, 2020	$	-
Net book value, January 31, 2020	$	95,355
Net book value, April 30, 2020	$	-

During the three months ended April 30, 2020, the Company recognized amortization of right-of-use asset of $3,973 (2019 - $20,984) and interest expense on the lease liability of $962 (2019 - $7,189).

Effective March 1, 2020, the Company subleased its office to a sublessee. The sublessee prepaid base rent and estimated operating costs to the head landlord for 23 months (being the balance of the lease). The Company also received a deposit of $25,000 from the sublessee which can be used to cover operating cost overruns or any damage to the property over the next 23 months of the lease not covered by the sublessee. As a result of this sublease arrangement, the Company concluded that it was not subject to IFRS 16 and therefore derecognized both the right-of-use asset and lease liability as of March 1, 2020.

As of April 30, 2020, the Company held a $25,000 (January 31, 2020 - $25,000) rent deposit with the head landlord for the office lease which was returned to the Company subsequent to the period end.

(Unaudited; expressed in Canadian dollars)

7. RECLAMATION DEPOSITS

To April 30, 2020, security deposits of $152,540 (January 31, 2020 - $152,540) were deposited with the Minister of Aboriginal Affairs and Northern Development Canada for land use permits issued by the Mackenzie Valley Land and Water Board ("MVLWB") for the Company's exploration properties in the Northwest Territories. The deposits will be refunded once the land use permit ends and a final report describing land use activities during the respective term of the permits are submitted to MVLWB and subsequent reclamation activities are completed.

8. ACQUISITION OF GOLD MATTER COPORATION

On October 21, 2019 the Company completed the acquisition of 100% of the issued and outstanding shares of Gold Matter Corporation ("Gold Matter") by issuing 5,000,000 shares of the Company for total consideration of $1,313,331 based on the closing price of the Company's shares on the date of acquisition, including transaction costs of $63,331. Gold Matter's sole asset is the Mulligan Gold property located in the Province of New Brunswick (see Note 9).

The Company concluded that the acquired assets did not constitute a business and accounted for the transaction as an asset acquisition. The purchase price was allocated according to the assets acquired as follows:

Cash	$	172,611
HST and exploration grants receivable		37,076
Exploration and evaluation asset acquired		1,103,644
Total consideration	$	1,313,331

9. EXPLORATION AND EVALUATION ASSETS

(a) Yellowknife City Gold Project, Northwest Territories

The Yellowknife City Gold Project ("YCG") is comprised of the Northbelt, Southbelt, Eastbelt and Quyta-Bell properties in the Northwest Territories as well as additional claims and property interests that have been acquired and incorporated into the Northbelt, Southbelt and Eastbelt properties as described in more detail below.

In May 2013, the Company granted Osisko Gold Royalties Ltd. (formerly Virginia Mines Inc.) ("Osisko") an option to acquire a 2% net smelter return royalty ("NSR") on the Northbelt property. Osisko may exercise the option by payment of $2,000,000 within three months following the commencement of production. In consideration of granting the option, the Company received 20,000 common shares of Osisko at a market value of $10 per share, the value of which was applied to reduce the acquisitions costs recorded for Northbelt by $200,000 during the period.

On May 12, 2015, the Company entered into an agreement to grant an option to Osisko to purchase a 1.0% NSR on the YCG. To purchase this option, Osisko paid the Company $1,000,000 (received), which was applied as a reduction to the carrying value of the YCG. The option also entitles Osisko to purchase a 1.0% NSR on production from the properties that comprise the YCG by payment of an additional $2,000,000 within 3 months following commencement of production.

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

(a) Yellowknife City Gold Project, Northwest Territories (cont'd)

Northbelt Property

The Company owns 100% of the mineral lease and claims in the Northbelt Property.

To April 30, 2020, the Company has incurred exploration and evaluation expenditures, net of recoveries, totaling $29,924,563 (January 31, 2020 - $27,399,720) on the Northbelt Property.

On October 28, 2013, as amended on October 21, 2015, the Company entered into an option agreement to acquire a 100% interest in the Walsh Lake Property, which is contiguous with and immediately east of the Northbelt Property. Effective as of February 1, 2017, the Company completed the option terms and acquired the Walsh Lake Property where it has now become part of the Northbelt.

Southbelt Property

The Company owns 100% of the mineral claims in the Southbelt Property.

To April 30, 2020, the Company has incurred exploration and evaluation expenditures totaling $581,367 (January 31, 2020 - $583,617) on the Southbelt Property.

Eastbelt Property

On February 1, 2017, the Company announced that it had staked certain claims east of the City of Yellowknife known as the Eastbelt Property that have been incorporated into the YCG.

On September 15, 2017, the Company acquired contiguous claims which have been incorporated into the Eastbelt Property. The claims are subject to a 2% NSR. The Company has the right, at any time, to purchase 1% of the 2% NSR for $1,000,000. On completion of the acquisition, the Company is also obligated to pay an annual advance royalty of $6,000 until the commencement of production. As consideration, the Company paid $10,000 and issued 50,000 common shares at a fair value of $25,500. The Company is obligated to pay a further $20,000 (paid) and issue 50,000 common shares at a fair value of $20,000 on or before November 1, 2018 (issued) (Note 12) and pay an additional $20,000 (paid) and issue another 50,000 common shares on or before November 1, 2019 (issued) (Note 12).

On November 17, 2017, the Company acquired an additional contiguous claim that has been incorporated into the Eastbelt Property. As consideration, the Company paid $5,000 and issued 40,000 common shares at a fair value of $20,000. The Company also incurred additional acquisition costs of $17,166.

On September 25, 2018 the Company acquired additional contiguous claims, the Tom and Sickle claims, that have been incorporated into the Eastbelt Property. As consideration, the Company paid $25,000 and issued 250,000 common shares at a fair value of $95,000 (Note 12). The Company also incurred additional acquisition costs of $132,380. These claims are subject to a 2% net smelter royalty.

On January 30, 2020, the Company announced that it acquired 100% interest in two claims, Aurora 1 and 2 in Yellowknife which are contiguous to the existing properties. The acquisition terms are:

- $10,000 cash paid upon TSX-V acceptance for filing of the agreement (paid);
- 100,000 common shares issued upon TSX-V acceptance for filing of the agreement (issued) (Note 12); and
- A 2% net smelter return royalty with a buyback of 1% for $1 million and an additional 0.5% buyback for a further $1 million.

To April 30, 2020, the Company has incurred total exploration and evaluation expenditures, net of recoveries, of $1,571,304 (January 31, 2020 - $1,518,902) on the Eastbelt Property.

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

(a) Yellowknife City Gold Project, Northwest Territories (cont'd)

Quyta-Bell Property

On March 7, 2018, the Company announced that it had expanded its land position at the YCG project through the staking of an additional 337.5 square kilometers immediately to the north of its current properties. These additional 47 claims have been named the Quyta-Bell property and have been incorporated into the YCG.

To April 30, 2020, the Company has incurred total exploration and evaluation expenditures, net of recoveries, of $450,238 (January 31, 2019 - $447,538).

(b) Stewart Property, Newfoundland

The Company entered into an option agreement to acquire a 100% interest in the Stewart Property located in the Burin Peninsula of Newfoundland. The Company completed its commitments and acquired 100% interest.

The Stewart Property is subject to a 2% NSR. The Company has the right, at any time, to purchase 1% of the 2% NSR for $1,000,000.

To April 30, 2020, the Company has incurred expenditures totaling $1,081,708 (January 31, 2020 - $1,081,708) on the Stewart Property.

(c) Mulligan Property, New Brunswick

On October 21, 2019 the Company acquired 100% interest in the Mulligan Property through the acquisition of Gold Matter (Note 8).

To April 30, 2020, the Company has incurred expenditures totaling $1,109,744 (January 31, 2020 - $1,109,744) on the Mulligan Property.

(Unaudited; expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (cont'd)

The following are details of the Company's exploration and evaluation assets:

	Northbelt	Southbelt	Eastbelt	Quyta-Bell	Stewart	Mulligan	Total
Balance at January 31, 2019	$ 24,179,440	$ 566,859	$ 1,496,872	$ 367,580	$ 1,607,274	$ -	$ 28,218,025
Acquisition costs	41,013	5,177	45,307	3,728	-	1,109,744	1,204,969
Exploration costs:							
Assays and drilling	2,210,297	-	-	-	-	-	2,210,297
Community	187,818	-	-	-	-	-	187,818
Consulting (Note 11)	407,805	8,256	600	27,728	13,338	-	457,727
Environmental	107,412	2,250	-	-	-	-	109,662
Field expenses	245,292	1,075	123	81,825	-	-	328,315
Geophysical	20,643	-	-	20,212	1,125	-	41,980
	3,179,267	11,581	723	129,765	14,463	-	3,335,799
Impairment	-	-	-	-	(540,029)	-	(540,029)
Recoveries	-	-	(24,000)	(53,535)	-	-	(77,535)
Balance at January 31, 2020	$ 27,399,720	$ 583,617	$ 1,518,902	$ 447,538	$ 1,081,708	$ 1,109,744	$ 32,141,229
Acquisition costs	11,361	-	38,952	-	-	-	50,313
Exploration costs:							
Assays and drilling	2,042,810	-	-	-	-	-	2,042,810
Community	28,425	-	-	-	-	-	28,425
Consulting (Note 11)	36,438	-	13,450	2,700	-	-	52,588
Environmental	51,638	(2,250)	-	-	-	-	49,388
Field expenses	20,441	-	-	-	-	-	20,441
Geophysical	333,729	-	-	-	-	-	333,729
	2,513,481	(2,250)	13,450	2,700	-	-	2,527,381
Balance at April 30, 2020	$ 29,924,563	$ 581,367	$ 1,571,304	$ 450,238	$ 1,081,708	$ 1,109,744	$ 34,718,924

(Expressed in Canadian dollars)

10. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities consist of the following:

	April 30, 2020	January 31, 2020
Trade payables	$ 1,194,806	$ 389,436
Due to related parties (Note 11)	269,578	165,448
Accrued liabilities	49,422	50,977
	$ 1,513,806	$ 605,861

11. RELATED PARTY TRANSACTIONS

Related party balances

As at April 30, 2020, $269,578 (January 31, 2020 - $165,448) was due to directors and former directors of the Company or to companies controlled by officers of the Company and recorded in trade payables and accrued liabilities (see table below). These amounts are unsecured and non-interest bearing with no fixed terms of repayment.

Key Management Compensation

The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration to key management of the Company and the payments to companies controlled by officers of the Company as defined above were as follows:

	Three months ended		As at	As at
	April 30, 2020	April 30, 2019	April 30, 2020	January 31, 2020
Consulting fees	$ 33,788	$ 57,862	$ -	$ -
Directors' fees	15,304	10,000	7,554	3,500
Geological consulting - exploration and evaluation assets [(a)]	329,409	62,236	241,523	157,788
Management compensation	165,000	60,000	-	-
Management expense reimbursement	-	-	3,172	4,160
Professional fees	25,000	-	17,328	
Share-based payments	63,082	21,847	-	-
	$ 631,583	$ 211,945	$ 269,578	$ 165,448

[(a)] The Company incurred $329,409 (2019: $62,236) of geological consulting fees for its exploration and evaluation assets with a company related to the former Executive Chairman and current Chief Operating Officer of the Company.

12. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares without par value.

Issued share capital

Fiscal 2021

a) During the three months ended April 30, 2020, the Company issued 100,000 common shares with fair value of $25,000 towards consideration for the acquisition of exploration and evaluation assets (Note 9a).

Fiscal 2020

a) On June 26, 2019 the Company completed a private placement comprised of 1,782,500 common shares of the Company (the “Shares”) at a price of $0.36 per Share, 2,430,000 flow-through common shares of the Company (the “FT Shares”) at a price of $0.41 per FT Share and 3,000,000 charity flow-through common shares of the Company (the “Charity FT Shares”) at a price of $0.50 per Charity FT Share, for aggregate gross proceeds of $3,138,000. Share issuance costs of $293,299 in cash were incurred with respect to this placement along with the issuance of 373,546 compensation warrants exercisable at $0.36 per common share until June 26, 2021. The total fair value of these finder’s warrants of $57,543 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.46% and an expected volatility of 51%.

b) On October 21, 2019 the Company completed a private placement comprised of 1,000,000 common shares of the Company (the “Shares”) at a price of $0.36 per Share, for aggregate net proceeds of $359,250.

c) On December 27, 2019 the Company closed a bought deal financing (the “Offering”) with BMO Capital Markets (the “Underwriter”) for aggregate gross proceeds of $5 million. Pursuant to the Offering, a total of 20 million common shares of the Company were issued at a price of $0.25 per share for gross proceeds of $5 million. The Offering was made through the Underwriter. Share issuance costs of $537,019 were incurred with respect to this Offering.

   The Company granted the Underwriter an option exercisable at the offering price for a period of 30 days following the closing of the Offering, to purchase up to an additional 10% of the number of common shares sold under the Offering to cover over-allotments, if any. The Offering was completed by way of a short form prospectus filed in all provinces in Canada, except Quebec, and offered and sold elsewhere outside of Canada on a private placement basis.

   Concurrent with the completion of the Offering, the Company issued an aggregate of 320,000 common shares at a price of $0.25 per share for gross proceeds of $80,000. These shares were issued on a non-brokered private placement basis and are subject to a statutory hold period in Canada expiring on April 28, 2020. No commission or other fees were paid in connection with the issuance of such shares.

d) On January 17, 2020, pursuant to the over-allotments provided in the Offering, the Underwriter purchased 2 million common shares at a price of $0.25 per share for gross proceeds of $500,000. Share issuance costs of $27,868 were incurred in connection with the issuance of these shares.

e) During the year ended January 31, 2020, the Company received net proceeds of $245,000 from the exercise of 700,000 options at $0.35 per share. The value of these options of $466,200 was reclassified from share-based payment reserve to share capital.

(Unaudited; Expressed in Canadian dollars)

12. SHARE CAPITAL (cont'd)

Issued share capital **(cont'd)**

Fiscal 2020 (cont'd)

f) During the year ended January 31, 2020 the Company issued 5,000,000 common shares with a value of $1,250,000 as consideration for the acquisition of exploration and evaluation assets (Notes 8 and 9).

g) During the year ended January 31, 2020, the Company issued 50,000 common shares with a value of $13,000 towards consideration for the acquisition of exploration and evaluation assets (Note 9).

Stock options

The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding common shares.

Stock option transactions and the number of stock options for the three months ended April 30, 2020 are summarized as follows:

Expiry date	Exercise price ($)	January 31, 2019	Issued	Exercised	Expired / cancelled	January 31, 2020	Issued	Exercised	Expired / cancelled	April 30, 2020
March 14, 2019	0.35	1,050,000	-	(700,000)	(350,000)	-	-	-	-	-
May 5, 2019	0.61	500,000	-	-	(500,000)	-	-	-	-	-
August 26, 2019	0.83	2,000,000	-	-	(2,000,000)	-	-	-	-	-
May 17, 2020[(a)]	0.62	1,250,000	-	-		1,250,000	-	-	-	1,250,000
June 20, 2020[(a)]	0.49	250,000	-	-		250,000	-	-	-	250,000
September 8, 2020	0.61	1,595,000	-	-	(50,000)	1,545,000	-	-	-	1,545,000
June 15, 2021	0.41	1,250,000	-	-		1,250,000	-	-	-	1,250,000
December 30, 2024	0.30	-	2,710,000	-		2,710,000	-	-	-	2,710,000
April 14, 2025	0.30	-	-	-	-	-	400,000	-	-	400,000
Options outstanding		7,895,000	2,710,000	(700,000)	(2,900,000)	7,005,000	400,000	-	-	7,405,000
Options exercisable		7,113,750	-	(700,000)	(2,900,000)	4,138,750	-	-	-	4,295,000
Weighted average exercise price ($)		$ 0.60	$ 0.30	$ 0.35	$ 0.75	$ 0.45	$ 0.30	$Nil	$Nil	$ 0.44

[(a)] Subsequently expired unexercised

As at April 30, 2020, the weighted average remaining life of options outstanding was 2.25 years.

Fiscal 2021

On April 14, 2020, the Company granted 400,000 stock options to an officer of the Company that can be exercised at $0.30 per share until April 14, 2025.These options vest as to 25% six months following the date of grant and 25% every six months thereafter. The total fair value of $50,066 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.34% and an expected volatility of 60.40%. The vesting of granted stock options resulted in share-based compensation of $2,283 being recorded during three months ended April 30, 2020.

(Unaudited; Expressed in Canadian dollars)

12. SHARE CAPITAL (cont'd)

Stock options (cont'd)

The Company recorded $84,444 (2019 - $25,429) of share-based compensation expense during the three months ended April 30, 2020.

Fiscal 2020

On December 31, 2019, the Company granted 2,710,000 stock options to officers, directors and consultants of the Company that can be exercised at $0.30 per share until December 30, 2024.These options vest as to 25% six months following the date of grant and 25% every six months thereafter. The total fair value of $320,610 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.33% and an expected volatility of 56.88%.

The Company recorded $81,935 in share-based compensation expense for stock options which vested during the year ended January 31, 2020.

Warrants

The Company measures warrants issued with common shares in unit private placements using the residual method. During the years ended January 31, 2020 and 2019, the issue price of units was not higher than the market price of the Company's shares at the time of issuance. Accordingly, no value was allocated to such warrants.

Warrant transactions and the number of warrants for the three months ended April 30, 2020 are summarized as follows:

Expiry date	Exercise price ($)	January 31, 2019	Issued	Exercised	Expired	January 31, 2020	Issued	Expired	April 30, 2020
May 6, 2019	0.50	1,436,500	-	-	(1,436,500)	-	-	-	-
May 12, 2019	0.50	1,379,778	-	-	(1,379,778)	-	-	-	-
April 12, 2021	0.60	4,209,821	-	-	-	4,209,821	-	-	4,209,821
April 12, 2021	0.40	420,982	-	-	-	420,982	-	-	420,982
June 26, 2021	0.36	-	373,546	-	-	373,546	-	-	373,546
November 17, 2021	0.60	5,887,500	-	-	-	5,887,500	-	-	5,887,500
Warrants outstanding		13,334,581	373,546	-	(2,816,278)	10,891,849	-	-	10,891,849
Weighted average exercise price ($)		$ 0.57	$ 0.36	$Nil	$ 0.50	$ 0.58	$Nil	$Nil	$ 0.58

As at April 30, 2020, the weighted average remaining life of warrants outstanding was 1.28 years.

13. SHARE-BASED PAYMENT RESERVE

The share-based payment reserve records items recognized as share-based payments until such time that the stock options and finder's warrants are issued, granted and exercised, at which time the corresponding amount will be transferred to share capital.

14. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and its receivables. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's receivables are mostly tax receivables from the government. The risk related to receivables is assessed low.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is, therefore, assessed as high.

Foreign exchange risk
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company operates in Canada and is, therefore, not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has positive cash balances at April 30, 2020 and no interest bearing debt, therefore, interest rate risk is nominal.

Capital management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

(Unaudited; Expressed in Canadian dollars)

14. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

Fair value

The Company classifies its financial instruments into categories as follows: cash and receivables as financial assets at amortized cost; and trade payables as financial liabilities at amortized cost. The fair value of the Company's financial assets and liabilities approximates their carrying amount.

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:

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

Cash and cash equivalents are classified as level 1.

15. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended April 30, 2020 and 2019, the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

SUPPLEMENTAL CASH FLOW INFORMATION:		
	Three months ended April 30	
	2020	2019
Exploration expenditures included in trade payables and accrued liabilities	$ 1,290,570	$ 55,813
Fair value of shares issued for mineral property acquisition	$ 25,000	$ -

16. SUBSEQUENT EVENTS

(a) Subsequent to April 30, 2020, 1,500,000 stock options expired unexercised.

(b) On June 25, 2020, the Company announced that it has entered into an agreement with a syndicate of underwriters led by BMO Capital Markets (the "Underwriters"), under which the Underwriters have agreed to buy, on bought deal basis, a combination of common shares ("Common Shares") and charity flow-through common shares ("Charity Flow-Through Common Shares") to provide the Company with gross proceeds of approximately $6 million. 10,000,000 Common Shares will be offered at a price of $0.30 for gross proceeds of $3 million. 8,000,000 Charity Flow-Through Common Shares will be offered at a price of $0.415 for gross proceeds of approximately $3.3 million. The Company has granted the Underwriters an option, exercisable at the offering price for a period of 30 days following the closing of the offering, to purchase up to an additional 15% of securities issued as Common Shares to cover over-allotments, if any. The offering is expected to close on or about July 14, 2020 and is subject to Gold Terra receiving all necessary regulatory approvals.