

**CONQUEST RESOURCES LIMITED**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*Unaudited*

**For the three-month period ended March 31, 2020**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

**CONQUEST RESOURCES LIMITED**

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*Unaudited*

**For the three-month period ended March 31, 2020**

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**CONQUEST RESOURCES LIMITED**  
**Condensed Interim Consolidated Statement of Financial Position**  
*Unaudited - prepared by management*  
**As at March 31, 2020**  
Expressed in Canadian dollars

	Notes	March 31, 2020 \$	December 31, 2019 (Audited) \$
<b>ASSETS</b>			
Current			
Cash		365,255	252,034
Amounts receivable	5	<u>11,762</u>	<u>6,602</u>
Total current assets		<u>377,017</u>	<u>258,636</u>
Long-term assets			
Investments in mineral rights	6	627,900	627,900
Mineral properties		<u>1</u>	<u>1</u>
Total long-term assets		<u>627,901</u>	<u>627,901</u>
Total assets		<u>1,004,918</u>	<u>886,537</u>
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities	7	185,396	251,804
Flow-through share premium liability		<u>109,382</u>	<u>78,130</u>
Total liabilities		<u>294,778</u>	<u>329,934</u>
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock	8	15,649,333	15,484,532
Warrants		40,137	21,389
Share-based payment reserve	9	<u>25,905</u>	<u>-</u>
		15,715,375	15,505,921
Deficit		<u>(15,005,235)</u>	<u>(14,949,318)</u>
Total shareholders' equity		<u>710,140</u>	<u>556,603</u>
Total liabilities and shareholders' equity		<u>1,004,918</u>	<u>886,537</u>

Commitments and contingencies (Notes 1, 6 and 10)

The financial statements were approved by the Board of Directors on May 1, 2020 and signed on its behalf by:

Signed "John F. Kearney" , Director

Signed "Robert J. Kinloch" , Director

See accompanying notes to the consolidated financial statement

**CONQUEST RESOURCES LIMITED****Condensed Interim Consolidated Statement of Loss and Comprehensive Loss***Unaudited - prepared by management***For the three month periods ended March 31, 2020 and 2019**

Expressed in Canadian dollars

	Notes	2020 \$	2019 \$
<b>Expenses</b>			
Share-based payment		25,905	-
Corporate expenses		12,816	6,397
Professional fees		10,500	14,178
Office and general		2,166	4,622
Exploration and evaluation expenses	6	4,530	14,480
<b>Loss from operations for the period</b>		<b>55,917</b>	<b>39,677</b>
<b>Net loss per common share</b>			
- Basic and diluted		0.000	0.000
<b>Weighted average common share outstanding</b>			
- Basic and diluted		120,515,357	118,100,474

See accompanying notes to the consolidated financial statements

**CONQUEST RESOURCES LIMITED**

**Condensed Interim Consolidated Statements of Changes in Equity**

*Unaudited - prepared by management*

Expressed in Canadian dollars

	Capital Stock \$	Warrants \$	Share-based payment reserve \$	Deficit \$	Total \$
<b>Balance December 31, 2018</b>	15,335,331	28,000	64,690	(14,827,572)	600,449
Warrants expired	-	(28,000)	-	28,000	-
Loss for the period	-	-	-	(39,677)	(39,677)
<b>Balance March 31, 2019</b>	<u>15,335,331</u>	<u>-</u>	<u>64,690</u>	<u>(14,839,249)</u>	<u>560,772</u>
Shares pursuant to an option agreement	2,500	-	-	-	2,500
Stock options expired	-	-	(64,690)	64,690	-
Proceeds from private placement	250,000	-	-	-	250,000
Less share issue costs	(3,780)	-	-	-	(3,780)
Less reserve for warrants	(21,389)	21,389	-	-	-
Less share premium liability	(78,130)	-	-	-	(78,130)
Loss for the period	-	-	-	(174,759)	(174,759)
<b>Balance December 31, 2019</b>	<u>15,484,532</u>	<u>21,389</u>	<u>-</u>	<u>(14,949,318)</u>	<u>556,603</u>
Stock options issued	-	-	25,905	-	25,905
Shares issued in settlement of debt	74,167	-	-	-	74,167
Proceeds from private placement	150,000	-	-	-	150,000
Less share issue costs	(9,366)	-	-	-	(9,366)
Less reserve for warrants	(18,748)	18,748	-	-	-
Less share premium liability	(31,252)	-	-	-	(31,252)
Loss for the period	-	-	-	(55,917)	(55,917)
<b>Balance March 31, 2020</b>	<u>15,649,333</u>	<u>40,137</u>	<u>25,905</u>	<u>(15,005,235)</u>	<u>710,140</u>

See accompanying notes to the consolidated financial statements

**CONQUEST RESOURCES LIMITED**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the three-month periods ended March 31, 2020 and 2019**  
*Unaudited - prepared by management*  
Expressed in Canadian dollars

	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Net loss for the period	(55,917)	(39,677)
Less share-based payment	25,905	-
Movements in working capital		
Decrease/(increase) in amounts receivable and prepaid expense	(5,160)	20,020
Increase/(decrease) in accounts payable and accrued liabilities	<u>(66,408)</u>	<u>10,497</u>
Net cash used in operating activities	<u>(101,580)</u>	<u>(9,160)</u>
<b>Cash flows from financing activities</b>		
Shares issued for debt	74,167	-
Proceeds from issue of shares	150,000	-
Less share issue costs	<u>(9,366)</u>	<u>-</u>
Net cash received from financing activities	<u>214,801</u>	<u>-</u>
Decrease in cash	113,221	(9,160)
Cash, beginning of year	<u>252,034</u>	<u>11,292</u>
Cash, end of period	<u>365,255</u>	<u>2,132</u>

See accompanying notes to the consolidated financial statements

**CONQUEST RESOURCES LIMITED**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three-month periods ended March 31, 2020 and 2019**  
Expressed in Canadian dollars

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Conquest Resources Limited (the “Company” or “Conquest”) has interests in exploration and evaluation properties located in northern Ontario. Substantially all of the Company's efforts are devoted to exploring and developing these properties. The Company's head office is located at 55 University Ave, Suite 1805, Toronto, Ontario, M5J 2H7.

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions discussed below create a material uncertainty and significant doubt about the Company's ability to continue as a going concern.

At March 31, 2020, the Company had limited working capital, had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business. The Company has relied on equity financing to fund its working capital requirements. The Company will need to generate additional financial resources in order to fund its planned exploration programs. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company may be required to discontinue operations and exploration activities.

The Company's operations could be significantly adversely affected by the effects of the global spread of the contagious coronavirus, causing the outbreak of COVID-19 respiratory disease which was declared a pandemic by the World Health Organization on March 11, 2020. The Company cannot predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to the duration of the outbreak, the impact on schedules and timelines for planned operations or exploration programs and the length of travel and quarantine restrictions imposed by governmental authorities. In addition, this widespread health crisis has adversely affected the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

**2. BASIS OF PREPARATION**

These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below were consistently applied to all periods presented, unless otherwise noted.

These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019 prepared in accordance with IFRS.

These consolidated financial statements have been prepared on a historical cost basis except for marketable securities which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of consolidation**

The condensed interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the three-month period are included in the consolidated statement of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. All material intra-Company transactions, balances, income and expenses are eliminated on consolidation.

**CONQUEST RESOURCES LIMITED**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies that are relevant to the Company will be finalized only when the annual IFRS financial statements are prepared for the year ending December 31, 2019. The accounting policies chosen by the Company have been applied consistently to all periods presented.

**(b) Accounting Changes**

The Company did not adopt any new International Financial Reporting Standards (IFRSs) or Interpretations in the period that had a material impact on the Company's Financial Statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2020 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS Standards issued but not yet effective:

IAS 1	Presentation of financial statements
IFRS 3	Business combinations
IFRS 10	Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28")

**4. ACCOUNTS RECEIVABLE**

	March 31, 2019 \$	December 31, 2019 \$
Receivable sales taxes	11,762	6,602
Prepaid expenses	-	-
	<u>11,762</u>	<u>6,602</u>

**5. MINERAL PROPERTIES – EXPLORATION AND EVALUATION EXPENDITURES**

The following table shows the Company's cumulative exploration and evaluation expenditures which have been expensed according to the Company's accounting policy:

	March 31, 2020 \$	Additions \$	December 31, 2019 \$	Additions \$	December 31, 2018 \$
Alexander	6,248,560	1,792	6,246,768	1,792	6,244,976
Golden Rose	353,062	1,887	351,174	50,115	301,059
Smith Lake	1,269,549	851	1,268,698	18,744	1,249,954
King Bay	1,003,189	-	1,003,189	3,993	999,196
Total	<u>8,874,360</u>	<u>4,530</u>	<u>8,869,829</u>	<u>74,644</u>	<u>8,795,185</u>

**Alexander Property, Red Lake, Ontario**

The Company has earned a 100% interest in the Alexander Property, a group of patented mining claims situated in Balmer Township, Red Lake Mining District, Ontario, subject to a 2% net smelter return ("NSR") in favour of Energold Minerals Inc. ("Energold"). Energold is controlled by a director of the Company.

**Golden Rose, Emerald Lake, Ontario**

Through its wholly owned subsidiary, Northern Nickel Mining Inc. the Company holds four (4) mining leases and twenty eight (28) staked mining claims, together with 148 additional claims in adjacent claim blocks, collectively known as the Golden Rose Property, situated in Afton and Scholes townships at Emerald Lake approximately 65 km northeast of Sudbury, Ontario. A portion of the Golden Rose property comprising certain of the 28 unpatented staked claims is subject to a 1.5% NSR in favour of Osisko Gold Royalties Ltd., and the patented claims and leases are subject to a 2% NSR in favour of EnerMark Inc. The Company invested \$627,900 to acquire the Golden Rose property through the acquisition of Northern Nickel Mining Inc in 2017.

**CONQUEST RESOURCES LIMITED**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**5. MINERAL PROPERTIES – EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)**

**Smith Lake Property, Missinabic, Ontario**

The Company holds six (6) patented mining leases and one hundred eighty-one (181) mining claims in the Missinabic area of Northern Ontario, in Leeson, Stover and Rennie Townships, Sault Ste. Marie Mining Division, located approximately 100 kilometres northeast of Wawa.

**King Bay Property, Sturgeon Lake, Ontario**

The King Bay property comprises one Mining Lease and thirteen (13) Patented Mining Claims at Sturgeon Lake, in northwestern Ontario.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2019 \$	December 31, 2019 \$
Trade payables	45,573	103,804
Payable to related parties (Note 12)	118,483	121,400
Accrued liabilities	22,840	26,600
Accounts payable and accrued liabilities	<u>185,396</u>	<u>251,804</u>

See Note 7.

**7. CAPITAL STOCK**

<b>Common shares</b>	Common shares	Amount \$
<b>Authorized</b>		
Unlimited common shares, with no par value		
<b>Issued and fully paid</b>		
Balance at December 31, 2018	118,923,348	15,335,331
Shares issued on July 5, 2019	50,000	2,500
Shares issued on December 31, 2019	5,000,000	250,000
Less share issue costs	-	(3,780)
Less reserve for warrants	-	(21,389)
Less flow-through share premium liability	-	(78,130)
Balance at December 31, 2019	<u>123,973,348</u>	<u>15,484,532</u>
Shares issued in settlement of debt	1,483,333	74,167
Shares issued	3,000,000	150,000
Less share issue costs	-	(9,366)
Less reserve for warrants	-	(18,748)
Less flow-through share premium liability	-	(31,252)
Balance at March 31, 2020	<u>128,456,681</u>	<u>15,649,333</u>

On February 26, 2020, the Company completed the second tranche of its non-brokered, private placement through the issuance of 2,000,000 flow-through units and 1,000,000 units at a price of \$0.05 per unit, for gross proceeds of \$150,000. Each unit consists of one share and one-half of a share purchase warrant. One whole warrant is exercisable to purchase one common share at an exercise price of \$0.075 for a period of one year from issue. Proceeds totaling \$100,000 from the issuance of flow-through shares must be spent on qualifying Canadian Exploration Expenditures by December 31, 2021.

The fair value of the 1,500,000 warrants issued, in the amount of \$18,748, was estimated on the date of issue using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%, expected volatility of 137%, risk free interest rate of 1.71% and an expected life of one year. Expected volatility is based on the historical share price volatility of the Company's shares over the past year.

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**7. CAPITAL STOCK (CONTINUED)**

The flow-through shares were issued at an average premium of \$0.016 per share to the current market of the Company's shares on the closing date. The premium of \$31,252 was recognized as a liability as at March 31, 2020. The liability will be reversed and recorded as other income from flow-through premium on the statement of operations upon renunciation in 2020 or 2021.

During the period ended March 31, 2020, the Company settled an aggregate indebtedness of \$74,167 by the issue of a total of 1,483,333 shares at a deemed issue price of \$0.05 per share.

On December 31, 2019, the Company completed the first tranche of a non-brokered, private placement through the issuance of 5,000,000 flow through units for gross proceeds of \$250,000. Each unit consists of one flow through share and one-half of a common share purchase warrant and was priced at \$0.05 per unit. One whole warrant is exercisable to purchase one common share at an exercise price of \$0.075 for a period of one year from date of issue. Proceeds totaling \$250,000 from the issuance of flow-through shares must be spent on qualifying Canadian Exploration Expenditures by December 31, 2020.

The fair value of the 2,500,000 warrants issued, in the amount of \$21,389, was estimated on the date of issue using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%, expected volatility of 137%, risk free interest rate of 1.71% and an expected life of one year. Expected volatility is based on the historical share price volatility of the Company's shares over the past year.

The flow-through shares were issued at an average premium of \$0.016 per share to the current market of the Company's shares on the closing date. The premium of \$78,130 was recognized as a liability as at December 31, 2019. The liability will be reversed and recorded as other income from flow-through premium on the statement of operations upon renunciation in 2020.

During the period ended March 31, 2020, the Company agreed, subject to TSXV approval, to issue 1,406,286 shares valued at \$70,314 to Energold Minerals Inc., an affiliate of John Kearney, a director and Chairman of the Company, in settlement of advances previously provided for working capital. See Note 12.

**8. WARRANTS**

The following warrants were outstanding at March 31, 2020:

	Number of Warrants	Weighted Average Exercise Price \$	Expiry Date
Balance at December 31, 2018	983,270	0.075	
Warrants expired	(983,270)	0.075	
Warrants on units issued	2,500,000	0.075	December 31, 2020
Balance at December 31, 2019	2,500,000	0.075	
Warrants on units issued	1,500,000	0.075	February 26, 2020
Balance at March 31, 2020	4,000,000	0.075	

**9. STOCK OPTIONS**

The board of directors has approved a stock option plan for directors, officers, management, employees and other persons who perform ongoing services for the Company or any of its subsidiaries. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through stock options, to acquire a proprietary interest in the Company and to benefit from its growth.

**CONQUEST RESOURCES LIMITED**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**10. STOCK OPTIONS (CONTINUED)**

The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed ten percent of the total number of common shares outstanding immediately prior to such an issuance. The maximum number of common shares reserved for issuance to any one participant upon the exercise of options is not to exceed five percent of the total number of common shares outstanding immediately prior to such an issuance. The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the board of directors at the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

On December 30, 2019, the Company granted 6,000,000 stock options at an exercisable price of \$0.05 per share, for a term of five years, all vesting quarterly over a period of two years, to directors, officers and service providers. Directors and officers were awarded 4,900,000 options. The grant date fair value of these options was estimated at \$207,244. The estimated fair value was calculated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 226%; risk free interest rate of 1.66% and expected life of 5 years.

The following table summarizes the stock option transactions for the periods ended March 31, 2020 and December 31, 2019:

	Number of Options	Weighted Average Exercise Price \$
Balance, December 31, 2018	5,600,000	0.05
Stock options expired	(5,600,000)	0.05
Stock options issued	6,000,000	0.05
Balance, December 31, 2019 and March 31, 2020	<u>6,000,000</u>	<u>0.05</u>

The following table summarizes the stock options outstanding as at March 31, 2020:

stock options outstanding	Average exercise price \$	Expiry Date
6,000,000	0.05	December 31, 2024
<u>6,000,000</u>	<u>0.05</u>	

**11. SHARE-BASED PAYMENT RESERVE**

Share-based payment reserve transactions for the years ended March 31, 2020 and December 31, 2019 were as follows:

	\$
Balance, December 31, 2018	64,690
Stock options expired	<u>(64,690)</u>
Balance, December 31, 2019	-
Stock options granted	<u>25,905</u>
Balance, March 31, 2020	<u>25,905</u>

**CONQUEST RESOURCES LIMITED**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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Expressed in Canadian dollars

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**12. RELATED PARTY TRANSACTIONS**

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

No fees were paid by the Company to directors for their services as directors of the Company in the periods ended March 31, 2020 or March 31, 2019.

During the three-month period ended March 31, 2020, the Company made payments or accrued \$18,366 (2019 - \$10,608) to related parties, including \$7,500 for management fees to Robert Kinloch, Director, \$9,366 for legal fees to Steenberglaw Professional Corporation, a company controlled by a director of the Company, and \$1,500 for rent to Buchans Resources Limited, a company with common directors.

On March 5, 2020, \$22,500 in liabilities due to related parties was settled through the issue of 450,000 common shares valued at \$0.05 per share to Robert Kinloch, Director.

During the three-month period ended March 31, 2020, John Kearney, the Chairman and a director of the Company, subscribed for 1,000,000 units for gross proceeds of \$50,000 in the private placement financing. See Note 7.

During the three-month period ended March 31, 2020, the Company agreed to issue 1,406,286 shares valued at \$70,314 to Energold Minerals Inc., an affiliate of John Kearney, the Chairman and a director and of the Company, in settlement of advances previously provided for working capital.

Included in accounts payable and accrued liabilities at March 31, 2020 is \$118,483 (2019 - \$121,400) due to related parties. Such amounts were due on demand, unsecured and non-interest bearing.

**13. COMMITMENTS AND CONTINGENCIES**

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

On December 31, 2019, the Company issued flow-through shares for aggregate subscription proceeds of \$250,000 with a commitment to incur the proceeds on qualifying Canadian expenditures prior to December 31, 2020. On February 26, 2020, the Company issued flow-through shares for aggregate subscription proceeds of \$100,000 with a commitment to incur the proceeds on qualifying Canadian expenditures prior to December 31, 2021.

**14. FINANCIAL INSTRUMENTS**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures.

**Interest rate risk**

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by major Canadian banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

**Credit risk**

Credit risk is the risk that a counterparty will be unable to pay amounts owing to the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in Canadian banks.

**Commodity price risk**

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals, particularly gold.

**Fair value hierarchy and liquidity risk disclosure**

The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At March 31, 2020, the Company had no financial instruments to classify within the fair value hierarchy.

**CONQUEST RESOURCES LIMITED**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**14. FINANCIAL INSTRUMENTS (CONTINUED)**

**Fair value hierarchy and liquidity risk disclosure (continued)**

The carrying amounts for cash, amounts receivable and accounts payable and accrued liabilities on the consolidated statements of financial position approximate fair value because of the limited term of these instruments.

**Liquidity risk**

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they come due. At March 31, 2020, the Company had cash of \$365,255 (December 31, 2019 - \$252,034) to settle accounts payable and accrued liabilities of \$197,696, including \$118,483 liabilities due to related parties (December 31, 2019 - \$251,804). In March 2020, the Company agreed to settle an aggregate indebtedness of \$144,480 by the issue of a total of 2,889,619 shares at a deemed issue price of \$0.05 per share. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has relied on equity financing to fund its working capital requirements and, notwithstanding its working capital deficit, the Company believes it will be able to settle its current obligations from equity financings. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. Refer to Note 1.

**Market risk**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk through its investments in marketable securities.

**Price volatility of publicly traded securities**

Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations.

**Capital risk**

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration assets. The capital structure of the Company consists of shareholders' equity.

**Sensitivity analysis**

Cash is invested in investment-grade short-term deposit certificates. At March 31, 2020, the Company did not hold any short-term deposit certificates.

**15. CAPITAL MANAGEMENT**

The capital of the Company consists primarily of its shareholders' equity.

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, development and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. All equity financings require the approval of the Board of Directors.

The Company invests all capital that is surplus to its immediate operational needs in short term, highly-liquid financial instruments, such as short term guaranteed investment certificates, held with a major Canadian financial institution.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have remained unchanged during the three-month period ended March 31, 2020. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) CDN\$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.