METALEX VENTURES LTD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - Prepared by Management

Expressed in Canadian dollars

January 31, 2020

Metalex Ventures Ltd.
January 31, 2020

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NOTICE TO READER

These condensed consolidated interim financial statements of Metalex Ventures Ltd. ("the Company") for the nine months ended January 31, 2020 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 financial statements in accordance with standards established by International Financial Reporting Standards for a review of interim financial statements by an entity's auditor.

Metalex Ventures Ltd.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

	Note	January 31, 2020	April 30, 2019
ASSETS			
Current assets			
Cash		$ 349,062	$ 406,261
Receivables	4	14,747	17,950
Prepaid expenses		22,690	20,687
		386,499	444,898
Non-current assets			
Reclamation deposit		1,129,398	1,116,291
Non-controlling interest in private company	5	2,502,000	-
Exploration and evaluation assets	6	275,362	275,362
Long-term deposit		5,000	5,000
Equipment	8	2,859	3,812
Total Assets		$ 4,301,118	$ 1,845,363
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 4,047,680	$ 3,658,047
		4,047,680	3,658,047
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	11	90,588,989	90,588,989
Reserves	11	9,261,879	9,487,666
Deficit		(99,597,430)	(101,889,339)
		253,438	(1,812,684)
Total Liabilities and Shareholders' Equity (Deficiency)		$ 4,301,118	$ 1,845,363

Nature and continuance of operations (Note 1)

Approved by the Board of Directors:

"Chad Ulansky"	*"Lorie Waisberg"*
Chad Ulansky	Lorie Waisberg

See accompanying notes to condensed consolidated interim financial statements.

Metalex Ventures Ltd.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

	Note	Three Month Periods Ended January 31, 2020	Three Month Periods Ended January 31, 2019	Nine Month Periods Ended January 31, 2020	Nine Month Periods Ended January 31, 2019
EXPENSES					
Amortization		$ 318	$ -	$ 953	$ -
Exploration expenditures, net of recoveries	6	253,815	56,431	276,762	119,362
Indemnity interest recovery	12	-	-	-	(350,211)
Directors fees	9	15,000	15,000	45,000	45,000
Office and administrative		30,961	27,064	82,838	75,700
Professional fees		8,981	3,172	36,094	29,189
Transfer agent and filing fees		5,069	5,789	11,407	11,880
Travel and promotion		963	396	1,469	1,349
		(315,107)	(107,852)	(454,523)	67,731
Sale of mineral claims	5	-	-	278,000	-
Change in value of non-controlling interest in private company	5	2,224,000	-	2,224,000	-
Interest income		6,369	5,648	19,815	16,510
Foreign exchange gain		238	162	(1,170)	892
		2,230,607	5,810	2,520,645	17,402
Net income (loss) and comprehensive income		$ 1,915,500	$ (102,042)	$ 2,066,122	$ 85,133
Basic and diluted income (loss) per share	11	$ 0.02	$ (0.00)	$ 0.02	$ 0.00
Weighted average number of shares outstanding - basic	11	112,957,165	112,957,165	112,957,165	112,957,165
Weighted average number of shares outstanding - diluted	11	119,378,600	112,957,165	125,404,907	126,653,759

See accompanying notes to condensed consolidated interim financial statements.

Metalex Ventures Ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Reserves	Deficit	Total
Balance at April 30, 2018	112,957,165	$ 90,577,989	$ 9,498,666	$ (101,848,899)	$ (1,772,244)
Net income for the period	-	-	-	85,133	85,133
Balance at January 31, 2019	112,957,165	$ 90,577,989	$ 9,498,666	$ (101,763,766)	$ (1,687,111)
Balance at April 30, 2019	112,957,165	$ 90,588,989	$ 9,487,666	$ (101,889,339)	$ (1,812,684)
Reserves transferred on expired options	-	-	(225,787)	225,787	-
Net income for the period	-	-	-	2,066,122	2,066,122
Balance at January 31, 2020	112,957,165	$ 90,588,989	$ 9,261,879	$ (99,597,430)	$ 253,438

See accompanying notes to condensed consolidated interim financial statements.

Metalex Ventures Ltd.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

	Nine Month Periods Ended January 31, 2020	Nine Month Periods Ended January 31, 2019
OPERATING ACTIVITIES		
Net income (loss) for the year	$ 2,066,122	$ 85,133
Items not affecting cash:		
Depreciation	953	-
Interest accrued on reclamation deposit	(13,107)	(9,200)
Unrealized gain on non-controlling interest in private company	(2,224,000)	-
Sale of mineral claims	(278,000)	-
Recovery of indemnity provision and interest	-	(350,211)
	(448,032)	(274,278)
Net changes in non-cash working capital items:		
Decrease in receivables	3,203	(349)
Decrease (increase) in prepaid expenses	(2,003)	5,061
Increase in accounts payable and accrued liabilities	389,633	178,425
Net cash used for operating activities	(57,199)	(91,141)
Net decrease in cash	(57,199)	(91,141)
Cash, beginning of period	406,261	542,660
Cash, end of period	$ 349,062	$ 451,519
Cash paid for interest during the period	$ -	$ -
Cash paid for taxes during the period	$ -	$ -
Supplemental disclosure:		
Sale of mineral claims in exchange for shares of private company	$ 278,000	$ -

See accompanying notes to condensed consolidated interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Metalex Ventures Ltd. (the "Company" or "Metalex") is incorporated under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its mineral properties. To date, the Company has not generated significant revenues from operations and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol "MTX".

The Company's head office and location of books and records is 203-1634 Harvey Avenue, Kelowna, British Columbia, Canada, V1Y 6G2.

The recoverability of the amounts comprised in mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared by management 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. Continued operations of the Company are dependent on its ability to develop its mineral properties, receive continued financial support, complete equity financings, or generate profitable operations in the future. The 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 in existence. The Company is not generating operating cash flows and will require additional funding in order to maintain its activities for the coming year. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed consolidated interim financial statements (the "Financial Statements"), including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). As a result, they do not conform in all respects with the disclosure requirements for annual financial statements under IFRS and should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended April 30, 2019. The accounting policies and methods of application are consistent with those used in the Company's consolidated financial statements for the year ended April 30, 2019.

These Financial Statements were approved for issue by the Audit Committee on March 3, 2020.

Basis of Consolidation and Presentation

These Financial Statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These Financial Statements incorporate the financial statements of the Company and its wholly-owned subsidiary (Note 10). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

2. BASIS OF PRESENTATION (*continued*)

Use of Estimates

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially and adversely from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on acquisition costs incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The inputs used in calculating the fair value for share-based compensation expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based compensation expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

iii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

iv) The recognition of the indemnity liability provision. The Company considered the likelihood of this provision coming due in determining whether or not to include the provision in the liabilities of the Company. During the year ended April 30, 2019, management determined that it had reached the statute of limitations for this provision and recorded a recovery of provision during the three months ended July 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign Exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 - The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

New Standards Adopted

IFRS 16 "Leases" – This new standard was adopted as of May 1, 2019. IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. At present, the Company has no leases, other than an informal arrangement with a related party for shared office space. As such, there was no impact to the financial statements from the adoption of this standard.

4. RECEIVABLES

The Company's receivables are as follows:

	January 31, 2020	April 30, 2019
Related party receivables (Note 9)	$ 3,343	$ 12,971
GST receivable	11,404	4,807
Third party receivable	-	172
Total	$ 14,747	$ 17,950

5. NON-CONTROLLING INVESTMENT IN PRIVATE COMPANY

On October 25, 2019, the Company announced that it had reached an agreement with an arms-length private entity to sell its 62.5% interest in certain mineral claims in the Ring of Fire region of the James Bay Lowlands, Ontario. The Company received 2,780,000 common shares (valued at $278,000), which was approximately 29% ownership interest in the private entity.

In January 2020, the private entity successfully completed a private placement at $0.90/share and issued additional shares, bringing the total number of shares of the private entity to approximately 24,200,000. As at January 31, 2020, the Company owns 11.5% of the private entity. Using the latest private placement information, the valuation of the Company's investment is $2,502,000 (unrealized gain on investment value of $2,224,000).

6. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The carrying values of the Company's exploration and evaluation assets are as follows:

	Wemindji James Bay, Quebec	Kyle Lake, Ontario	Total
Balances as at April 30, 2018 and January 31, 2020	$ 10,500	$ 264,862	$ 275,362

The Company's one reportable operating segment is the acquisition and exploration of mineral properties; the Company's non-current assets are entirely in Canada.

Wemindji James Bay Property, Quebec

As at January 31, 2020, the Company has a 76.96% (April 30, 2019 – 76.74%) contributing interest in various mineral claims located in the Wemindji James Bay region of Quebec for the exploration of diamonds. In August, 2017, the Company signed an agreement with Threegold Resources Inc ("Threegold"), regarding the non-diamond commodities joint venture. Threegold agreed to assign its right, title and interest in this joint venture to the Company in exchange for $5,000 (paid) and the issuance of 100,000 common shares (issued at a value of $5,500) of the Company. As such, the Company owns 100% of the non-diamond project.

Kyle Lake Project, Ontario

As at January 31, 2020, the Company has a 100% earned interest in certain mineral claims located in the Kyle Lake area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex Development Ltd. ("Kel-Ex"), a company related by virtue of a common director. In September 2011, the Company acquired all of Arctic Star Exploration Corp's ("Arctic Star") remaining joint venture interests in the Company's Kyle Lake, James Bay Lowlands and Attawapiskat projects for a lump sum payment of $264,862. Also pursuant to the agreement, the Company will pay Arctic Star a further $2,000,000 in circumstances where a mine is put into production on the claims comprising the Kyle Lake project.

James Bay Lowlands Property, Ontario

On October 25, 2019, the Company announced that it had sold its 62.5% earned interest in certain mineral claims located in the Ring of Fire region of the James Bay Lowlands, Ontario in exchange for a minority equity position in a privately held company (Note 5).

Attawapiskat Property, Ontario

Big Red Diamond Joint Venture

As at January 31, 2020, the Company has a 83.9% working interest (72% earned interest) in certain mineral claims in the Attawapiskat area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex.

6. EXPLORATION AND EVALUATION ASSETS

Attawapiskat Property, Ontario (continued)

Dumont Joint Venture

As at January 31, 2020, the Company has a 82.5% working interest (61.7% earned interest) in certain mineral claims located in the vicinity of Attawapiskat, Ontario. These claims are subject to 10% carried interests in favour of each of Kel-Ex and DNI Metals Inc. (formerly Dumont Nickel Inc.)

Mali

The Company had a 100% interest in two gold exploration licenses. The annual exploration commitments for both permits in CFA Francs ("CFA"), with Canadian Dollar equivalents using exchange rates at January 31, 2020 is estimated at $1,536,090 (CFA 692,000,000).

To date, the exploration commitments have not been met. The Company's licenses expired during the year ended April 30, 2013. The Company is assessing its option to renew its license; however, due to the current political climate, the Company has been unable to renew its licenses.

Morocco

In May 2004, the Company entered into an agreement with the Office National de Hydrocarburers et des Mines ("ONHYM") to conduct preliminary exploration work in Southern Morocco in order to identify areas on which to undertake further exploration work. In May 2005, the Company added additional areas for exploration work on the same terms and conditions as the first agreement. The agreements were governed by the laws and regulations of the Kingdom of Morocco and were valid until November 2006.

In April 2011, the Company entered into a new joint venture agreement with the ONHYM for further exploration of the claim areas. The Company will hold a 60% interest while ONHYM will retain a 40% interest in the project. Both parties will be responsible for funding their respective interests.

The Company's 36 month agreement with ONHYM has expired and the Company is in the process of extending it.

(Expressed in Canadian Dollars)

7. EXPLORATION EXPENDITURES

	James Bay, Quebec	Kyle Lake, Ontario	Attawapiskat, Ontario	Mali	Morocco	Total
Cumulative expenditures, April 30, 2018	$ 8,612,362	$ 46,534,039	$ 9,415,286	$ 176,227	$ 5,897,646	$ 70,635,560
Additions						
Drill supplies and repairs	1,632	-	-	-	-	1,632
Licenses, rent and other	381	2,404	-	3,236	-	6,021
Labour	4,474	27,152	-	-	3,678	35,304
Shipping and freight	11,959	74,873	-	2,339	5,460	94,631
Travel and accomodation	206	-	-	-	-	206
Total additions	18,652	104,429	-	5,575	9,138	137,794
Cost recoveries	(18,432)	-	-	-	-	(18,432)
Net exploration expenditures (recovery) during the period	220	104,429	-	5,575	9,138	119,362
Cumulative expenditures, January 31, 2019	8,612,582	46,638,468	9,415,286	181,802	5,906,784	70,754,922
Net exploration expenditures to year end	822	71,699	-	737	1,323	74,581
Cumulative expenditures, April 30, 2019	8,613,404	46,710,167	9,415,286	182,539	5,908,107	70,829,503
Additions						
Licenses, rent and other	574	2,324	-	3,563	-	6,461
Labour	6,234	4,017	1,650	-	-	11,901
Sample laboratory analysis	77,357	130,128	-	-	-	207,485
Shipping and freight	11,959	64,527	-	2,270	6,496	85,252
Total additions	96,124	200,996	1,650	5,833	6,496	311,099
Cost recoveries	(34,337)	-	-	-	-	(34,337)
Net exploration expenditures (recovery) during the period	61,787	200,996	1,650	5,833	6,496	276,762
Cumulative expenditures, January 31, 2020	$ 8,675,191	$ 46,911,163	$ 9,416,936	$ 188,372	$ 5,914,603	$ 71,106,265

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

		Computer equipment
Cost:		
Balance at April 30, 2018 and January 31, 2019	$	1,926
Additions		3,812
Dispositions		(1,926)
Balance at April 30, 2019		3,812
Dispositions		-
Balance as January 31, 2020	$	3,812
Accumulated depreciation:		
Balance at April 30, 2018 and January 31, 2019	$	1,926
Dispositions		(1,926)
Balance at April 30, 2019		-
Depreciation		953
Balance as January 31, 2020	$	953
Carrying amounts		
As at April 30, 2018 and January 31, 2019	$	-
As at April 30, 2019	$	3,812
As at January 31, 2020	$	2,859

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are as follows:

	January 31, 2020	**April 30, 2019**
Trade payables	$ 8,098	$ 5,968
Accrued liabilities	329,794	284,794
Related party payables (Note 10)	3,709,788	3,367,285
Total	$ 4,047,680	$ 3,658,047

(Expressed in Canadian Dollars)

10. RELATED PARTY DISCLOSURES

The Financial Statements include the financial statements of Metalex Ventures Ltd. and its 100% owned subsidiary, Mali Gold Mine Ltd. (incorporated in the country of Mali); there has been no change in ownership during the period.

During the three and nine month periods ended January 31, 2020 and 2019, the Company had related party transactions with the following companies related by way of common directors or shareholders:

- C.F. Mineral Research Ltd. ("CF Minerals") – a private company owned by the Metalex Chairman. CF Minerals provides heavy mineral geochemistry services to the Company.
- Cantex Mine Development Corp. ("Cantex") - a publicly listed company with common directors and management. Metalex and Cantex share office space and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- Element 29 Ventures Ltd. ("Element 29") - a private company owned by the Metalex CEO. Element 29 provides geological consulting services to the Company.
- Kel-Ex Development Ltd. ("Kel-Ex") - a private company owned by the Metalex Chairman. Kel-Ex provides administration, payroll and office services to the Company.

The key management personnel of the Company are the Directors, Chief Executive Office, Chief Financial Officer and Chief Operating Officer.

The Company's related party expenses (recovery) consist of the following:

	Three month periods ended January 31, 2020	2019	Nine month periods ended January 31, 2020	2019
Laboratory and mineralogical costs,	**$ (12,802)**	$ 24,947	**$ 18,276**	$ 52,103
Administration fees (10%)	**4,869**	3,602	**7,289**	4,300
Geological consulting fees	**3,204**	2,010	**6,459**	33,030
Shared field expenditures	**140,605**	10,416	**143,507**	13,416
Shared office and administrative costs	**2,611**	4,068	**11,047**	12,025
	$ 138,487	$ 45,043	**$ 186,578**	$ 114,874

	Three month periods ended January 31, 2020	2019	Nine month periods ended January 31, 2020	2019
C.F. Mineral Research Ltd.	**$ (12,802)**	$ 24,947	**$ 18,276**	$ 52,103
Element 29 Ventures Ltd.	**3,054**	3,337	**6,478**	28,513
Kel-Ex Development Ltd.	**148,235**	16,759	**161,824**	34,258
	$ 138,487	$ 45,043	**$ 186,578**	$ 114,874

(Expressed in Canadian Dollars)

10. RELATED PARTY DISCLOSURES *(continued)*

The Company's expenses recovered from related parties consist of the following:

	Three month periods ended January 31,		Nine month periods ended January 31,	
	2020	2019	**2020**	2019
Shared field expenditures	**$ 5,099**	$ 899	**$ 15,716**	$ 13,358
Shared office and administrative costs	**5,400**	10,802	**16,103**	21,115
	$ 10,499	$ 11,701	**$ 31,819**	$ 34,473

	Three month periods ended January 31,		Nine month periods ended January 31,	
	2020	2019	**2020**	2019
Cantex Mine Development Corp.	**$ 7,795**	$ 9,175	**$ 23,974**	$ 24,958
Kel-Ex Development Ltd.	**2,704**	1,357	**7,845**	8,346
Element 29 Ventures Ltd.	**-**	1,169	**-**	1,169
	$ 10,499	$ 11,701	**$ 31,819**	$ 34,473

Included in accounts payable of the Company are the following amounts due to related parties:

	January 31, 2020	April 30, 2019
C.F. Mineral Research Ltd.	**$ 1,120,534**	$ 948,943
Element 29 Ventures Ltd.	**1,267**	525
Kel-Ex Development Ltd.	**2,587,987**	2,230,270
	$ 3,709,788	$ 3,179,738

Included in receivables of the Company are the following amounts due from related parties:

	January 31, 2020	April 30, 2019
Cantex Mine Development Corp.	**$ 2,792**	$ 6,695
Kel-Ex Development Ltd.	**551**	612
	$ 3,343	$ 7,307

(Expressed in Canadian Dollars)

10. RELATED PARTY DISCLOSURES *(continued)*

The remuneration of directors and officers is as follows:

	Three month periods ended January 31,				Nine month periods ended January 31,			
		2020		2019		**2020**		2019
Director fees[(1)]	**$**	**15,000**	$	15,000	**$**	**45,000**	$	45,000
Wages and benefits[(2)]		**10,538**		12,909		**35,167**		56,047
	$	**25,538**	$	27,909	**$**	**80,167**	$	101,047

(1) Directors fees are amounts accrued under the Company's deferred share unit plan as described in Note 10 (c). Each quarter, $15,000 in DSUs are accrued under the plan; the total number of DSUs outstanding is then adjust based on the fair market value of the share price, resulting in fluctuations in the amount of fees expensed or recovered.

(2) Wages and benefits includes amounts paid or accrued for geological consulting fees and payroll costs due to related parties included in exploration expenditures and office and administrative expenses within the statements of profit or loss.

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

b) Stock options and warrants

The Company, in accordance with its shareholder approved stock option plan as amended, is authorized to grant options to directors, officers, employees and consultants, to acquire up to 10% of the issued and outstanding common shares. The exercise price of the options issued under the plan is determined by the Board of Directors at the time the options are granted. The options vest immediately upon grant, unless otherwise determined by the Board of Directors, and are exercisable for up to a period of ten years from the date of grant.

Stock option transactions are summarized as follows:

	Stock Options			Warrants		
	Number	Weighted Average Exercise		Number	Weighted Average Exercise	
Outstanding, April 30, 2018 and January 31, 2019	6,466,000	$	0.12	2,752,800	$	0.10
Expired	-		-	(2,752,800)		0.10
Outstanding April 30, 2019	6,466,000		0.12	-		-
Expired	(300,000)		0.08	-		-
Outstanding, January 31, 2020	6,166,000	$	0.12	-	$	-
Number currently exercisable	6,166,000	$	0.12	-	$	-

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (*continued*)

b) Stock options and warrants (*continued*)

The following stock options were outstanding at October 31, 2019:

	Number	Exercise Price		Expiry Date
Options	510,000	$	0.08	October 20, 2020
	1,500,000		0.08	March 28, 2021
	3,756,000		0.15	December 19, 2023
	400,000		0.08	January 13, 2026
	6,166,000			

c) Deferred share unit plan

The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Under the plan, directors will earn compensation quarterly ($7,500 initial value per quarter per director) at which time the number of deferred share units will be determined based on the weighted average of the Company's trading price for the last five trading days at the end of the quarter. Upon leaving the Board, directors, at their discretion, will receive shares for the deferred compensation. Under the deferred share plan, directors are entitled to receive the cash value equal to the fair value of the deferred shares outstanding. Accordingly, the value of the deferred liability is equal to the fair value of the shares. As of January 31, 2020, $329,794 of deferred compensation (April 30, 2019 – $284,794) has been accrued in accounts payable which equates to 6,595,872 shares (April 30, 2019 – 5,695,872 shares). Total directors fees of $45,000 (2019 – $45,000) reflect the compensation to directors, less any fair value gains associated with the deferred share units.

12. EARNINGS PER SHARE

Basic Earnings per Share

Basic earnings per share is calculated by dividing the net income for the period by the weighted average number of common shares outstanding during the fiscal year of the Company.

		Three month periods ended January 31,				**Nine month periods ended January 31,**		
		2020		2019		**2019**		2018
Net income (loss) for the period	$	1,915,500	$	(102,042)	$	2,066,122	$	85,133
Weighted average number of common shares		112,957,165		112,957,165		112,957,165		112,957,165
	$	0.02	$	(0.00)	$	0.02	$	0.00

(Expressed in Canadian Dollars)

12. EARNINGS PER SHARE *(continued)*

Diluted Earnings per Share

For the purpose of calculating diluted earnings per share, the weighted average number of shares of common shares outstanding during the period has been adjusted for the dilutive effects of all potential common shares, warrants and deferred share units granted to board members. The diluted earnings per share is calculated by dividing the net income (loss) for the period by the weighted average number of shares that would have been in issue upon full exercise of the dilutive issuances, except where such adjustment would be anti-dilutive. Thus, for the three month period ended January 31, 2019, as a result of the Company's net loss, the basic and diluted earnings per share are the same.

	Three month periods ended January 31,		Nine month periods ended January 31,	
	2020	2019	**2019**	2018
Net income (loss) for the period	$ 1,915,500	$ (102,042)	$ 2,066,122	$ 85,133
Opening weighted average shares outstanding	112,957,165	112,957,165	112,957,165	112,957,165
Weighted average number of DSUs issued	1,087	-	5,996,959	4,796,959
Warrants outstanding	-	-	-	2,433,635
Stock options outstanding	6,420,348	-	6,450,783	6,466,000
shares	119,378,600	112,957,165	125,404,907	126,653,759
Diluted income (loss) per share	$ 0.02	$ (0.00)	$ 0.02	$ 0.00

13. PROVISIONS

During the 2011 fiscal year, the Company completed a succession of flow-through share arrangements and renounced the expenditures to investors in accordance with Canadian income tax legislation. The Company was required to incur eligible Canadian exploration expenditures in order to ensure investors were eligible for the tax deductions. As at April 30, 2014, the Company did not incur all the required expenditures and the investors were no longer eligible to receive certain tax deductions. Consequently, the Company had recorded a provision towards potential indemnification of tax liabilities to purchasers of the flow-through shares as at April 30, 2013.

During the three month period ended July 31, 2018, the statute of limitations was reached for the 2011 flow through indemnity. The liability, including the provision and accrued interest, was reversed through the statement of operations in the amount of $350,211.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. Non-controlling interest in private company is carried at fair market value, which has been based on the last share purchase price used to raise funds. Any adjustments to the value of this investment will be reflected in Statement of Income and Comprehensive Income.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

Currency risk - While the Company's capital is raised in Canadian dollars, the Company is also conducting business in Morocco whose currency is the dirham. As such, the Company is subject to risk due to fluctuations in the exchange rates for that currency as well as the United States and Canadian dollar. The Company does not use derivative financial instruments to reduce its exposure to foreign currency risk. The Company considers this foreign currency risk to be insignificant.

Credit risk - Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is in large Canadian financial institutions. The Company's receivables typically consist mainly of receivables from related parties for shared expenditures and GST receivable due from the Federal Government of Canada. As at January 31, 2020, the Company had $3,343 in outstanding related party receivables; the Company has subsequently received all of this balance. The Company is subject to the risk that its joint venture partners will default on amounts owing for their portion of exploration expenditures (April 30, 2019 and January 31, 202 – $Nil). Any such amounts defaulted would dilute that partners' interest in the exploration joint venture and would require the Company to pick up the proportionate share of future exploration expenditures.

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. There is a very limited interest rate risk as the Company holds no material interest bearing financial obligations or assets.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 13. The Company is exposed to liquidity risk.

Price risk - The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of diamonds and other minerals. The Company's input costs are also affected by the price of fuel. Management monitors diamond, precious metal and fuel prices to determine the appropriate course of action to be taken by the Company.

15. CAPITAL RISK MANAGMENT

The Company includes equity (deficiency), comprised of issued common shares, reserves, and deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

15. CAPITAL RISK MANAGEMENT *(continued)*

The Company is in the exploration stage; as such, it has historically relied on the equity markets to fund its activities. The Company's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration and development of its mineral properties while maintaining its ongoing operations. To secure the additional capital to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt and or equity. The Company has made no changes to its objective, nor is the Company subject to external capital requirements.