



WARRIOR GOLD

EXPERIENCE • EXPLORATION • RESULTS

Condensed Consolidated Interim Financial Statements (Unaudited)

For the Nine Months Ended December 31, 2020

**Notice of No Auditor Review of
Condensed Consolidated Interim Financial Statements**

The accompanying unaudited condensed consolidated interim financial statements of Warrior Gold Inc. for the nine months ended December 31, 2020 have been prepared by and are the responsibility of the Company's management ("Management") and have been approved by the Company's audit committee.

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

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

	Note	December 31 2020 \$	March 31 2020 \$
ASSETS			
Current assets			
Cash		1,098,647	70,378
Receivables		93,768	174,898
Prepaid expenses and deposits		9,063	14,933
Total current assets		1,201,478	260,209
Non-current assets			
Exploration and evaluation assets	6	5,113,088	4,990,286
Right-of-use asset	4	18,821	30,062
Total non-current assets		5,131,909	5,020,348
Total assets		6,333,387	5,280,557
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	218,321	172,912
Flow-through share premium liabilities	5	53,209	7,409
Lease liability – short term	4	14,260	13,991
Total current liabilities		285,790	194,312
Non-current			
Lease liability – long term	4	15,631	23,325
Total non-current liabilities		15,631	23,325
Total liabilities		301,421	217,637
EQUITY			
Share capital	7	47,734,244	45,737,880
Reserves	7,8,9	4,648,108	4,600,708
Deficit		(46,350,386)	(45,275,668)
Total equity		6,031,966	5,062,920
Total liabilities and equity		6,333,387	5,280,557

Corporate information and going concern (Note 1)

On behalf of the Board of Directors:

“Stephen Burleton”

“Peter Winnell”

Stephen Burleton, Director

Peter Winnell, Director

See accompanying notes.

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

		Three Months Ended December 31		Nine months Ended December 31	
	Note	2020 \$	2019 \$	2020 \$	2019 \$
Operating expenses					
Consulting fees		17,080	11,380	32,080	33,020
Depreciation		3,747	3,788	11,241	11,283
Exploration costs	6	117,745	359,804	660,693	676,235
Insurance		2,812	3,026	10,559	9,584
Investor relations		21,212	8,119	70,506	51,243
Management fees	10	61,000	72,000	175,000	216,000
Office and miscellaneous		16,246	13,674	38,756	25,229
Professional fees		19,058	16,299	33,721	32,846
Rent		-	1,295	-	3,912
Share-based compensation		-	169,575	18,400	169,575
Transfer agent and filing fees		12,135	13,626	26,831	20,015
Travel		100	283	3,859	3,335
Loss before other income (expenses)		(271,135)	(672,869)	(1,081,646)	(1,252,277)
Other income (expense)					
Foreign exchange gain (loss)		4,057	116	(1,072)	(2,816)
Interest expense	4	(927)	(1,421)	(3,000)	(3,987)
Recovery of claim deposits		-	-	11,000	-
		3,130	(1,305)	6,928	(6,803)
Loss and total comprehensive Loss for the period		(268,005)	(674,174)	(1,074,718)	(1,259,080)
Basic and diluted loss and comprehensive loss per common share		(0.00)	(0.01)	(0.01)	(0.02)
Weighted average number of common shares outstanding, basic and diluted		81,412,576	67,246,479	75,922,037	60,458,653

See accompanying notes.

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

Nine months ended December 31	Note	2020 \$	2019 \$
Operating activities			
Loss for the period		(1,074,718)	(1,259,080)
Adjustments for			
Foreign exchange		616	1,878
Depreciation	4	11,241	11,283
Share-based compensation	8	18,400	169,575
Interest expense on lease payments`	4	3,000	3,738
Changes in non-cash operating working capital			
Accounts receivable		81,130	(80,030)
Prepaid expenses		5,870	(4,802)
Accounts payable and accrued liabilities		42,409	(302,352)
Cash used in operating activities		<u>(912,052)</u>	<u>(1,459,790)</u>
Financing activities			
Shares issued in private placements	7	2,146,633	910,093
Share issue costs	7	(75,469)	(32,548)
Lease payments	4	(7,425)	(5,746)
Cash provided by investing activities		<u>2,063,739</u>	<u>871,799</u>
Investing activities			
Acquisition of exploration and evaluation assets	6	122,802	-
Cash provided by investing activities		<u>122,802</u>	<u>-</u>
Foreign exchange effect on cash		<u>(616)</u>	<u>(1,878)</u>
Increase (decrease) in cash and cash equivalents		1,028,269	(589,869)
Cash, beginning of period		<u>70,378</u>	<u>914,488</u>
Cash, end of period		<u>1,098,647</u>	<u>324,619</u>
Cash paid (received) for interest		\$ -	\$ -
Cash paid (received) for income tax		\$ -	\$ -

See accompanying notes.

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

	Note	Common shares \$	Reserves \$	Deficit \$	Total equity \$
Balance March 31, 2019		44,926,290	4,317,178	(43,803,132)	5,440,336
Private placements	7	1,010,093	-	-	1,010,093
Less share issuance costs	7	(32,548)	-	-	(32,548)
Share issuance costs – brokers’ warrants	7	(7,500)	7,500	-	-
Share-based compensation	8	-	169,575	-	169,575
Loss for the period		-	-	(1,259,080)	(1,259,080)
Balance December 31, 2019		45,896,335	4,494,253	(45,062,212)	5,328,376
Balance March 31, 2020		45,737,880	4,600,708	(45,275,668)	5,062,920
Private placements	7	2,146,633	-	-	2,146,633
Share issuance costs	7	(75,469)	-	-	(75,469)
Share issuance costs - brokers’ warrants	7	(29,000)	29,000	-	-
Flow-through share premium liabilities		(45,800)	-	-	(45,800)
Share-based compensation	8	-	18,400	-	18,400
Loss for the period		-	-	(1,074,718)	(1,074,718)
Balance December 31, 2020		47,734,244	4,648,108	(46,350,386)	6,031,966

See accompanying notes.

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

Expressed in Canadian Dollars

1. Corporate Information and Going Concern

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

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. The Company incurred a loss of \$1,074,718 during the nine months ended December 31, 2020 (December 31, 2019 – \$1,259,080) and, as of that date the Company’s deficit was \$46,350,386 (March 31, 2020 - \$45,275,668). The Company had cash of \$1,098,647 at December 31, 2020 (March 31, 2020 - \$70,378). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and pursue the acquisition and exploration of mineral resource properties. Although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

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

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

The coronavirus COVID-19 pandemic has to date not had a significant effect on the Company’s operations. During emergency measures instituted by the Government of Ontario, the Company’s executive and consulting team worked from home while early restrictions were in place. As of the date of this MD&A, the Timiskaming Health Unit (“THU”) District which includes the towns of New Liskeard, Kirkland Lake, and Englehart has reported 92 cases of COVID-19 since the start of the pandemic, of which 90 cases have been resolved, one death and one case remains active. The THU has administered 329 doses of the vaccine to date.

The Company’s management and field crew tests for COVID-19 in advance of travelling to Kirkland Lake. While it is not possible to predict the duration or magnitude of the pandemic and its effects on the Company’s business, Warrior Gold continues to work in a conscientious manner to keep its team and the community in good health.

2. Basis of Presentation

a) Statement of compliance

These condensed consolidated interim financial statements for the nine months ended December 31, 2020 have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee.

The Company’s board of directors approved the release of these condensed consolidated interim financial statements on March 1, 2021.

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

Expressed in Canadian Dollars

2. Basis of Presentation (continued)

b) *Basis of measurement*

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

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

c) *Principles of consolidation*

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

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

All significant intercompany transactions have been eliminated.

3. Critical Accounting Estimates and Judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are the same as those applied to the Company's March 31, 2020 annual financial statements.

The Company makes critical judgements in the determination of income taxes, capitalized value of evaluation and exploration assets and critical estimates in computing the value of share-based transactions.

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

Expressed in Canadian Dollars

4. Adoption of New Accounting Pronouncements

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

IFRS 16 Leases

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

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

At the time of adoption of IFRS 16 on April 1, 2019, the Company had one operating lease for office premises. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates applies to the lease liability. The weighted average incremental borrowing rate applied to the lease liability in the nine months ended December 31, 2020 was 9.9% per annum. The weighted average lease term remaining as at December 31, 2020 is approximately 2.92 years. The details of the lease liability recognized during the period are as follow:

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

Right-of-use asset

The following is the continuity of the cost and accumulated amortization of right-of-use asset (office premises) as at and for the period ended December 31, 2020:

Cost	\$
Balance, April 1, 2019	45,092
Additions	-
Balance, April 1, 2020 and December 31, 2020	45,092
Accumulated depreciation	
Balance, April 1, 2020	15,030
Depreciation	11,241
Balance, December 31, 2020	26,271
Carrying amount as at December 31, 2020	18,821

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

Expressed in Canadian Dollars

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

The following is the continuity of lease liability as at and for the period ended December 31, 2020:

Nine months ended December 31,	2020
Cost	\$
Balance, April 1, 2019	45,092
Additions	-
Lease payments	(12,646)
Interest expense on lease payments	4,870
Balance, March 31, 2020	37,316
Additions	-
Lease payments	(10,425)
Interest expense on lease payments	3,000
Balance, December 31, 2020	29,891
Less: current portion	(14,260)
Lease liabilities – non-current	15,631

5. Flow-through share premium liabilities

	December 31, 2020	March 31, 2020
	\$	\$
Balance, beginning of period	7,409	-
Premium liabilities recognized on flow-through units issued	45,800	52,000
Settlement of flow-through unit premium liabilities	-	(44,591)
Balance, end of period	53,209	7,409

In December 2020, the Company issued 1,809,000 flow-through units and 3,106,001 charity flow-through units for gross proceeds of \$605,330. These flow-through and charity flow-through units were issued in a non-brokered private placement at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium liability was calculated to be \$18,800. The flow-through premium is derecognized through income as the qualifying expenditures are incurred. As of December 31, 2020, the Company is committed to incurring \$605,330 of qualifying expenditures by December 31, 2022.

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

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

Expressed in Canadian Dollars

5. Flow-through share premium liabilities (continued)

In September and November 2019, the Company issued 5,200,000 flow-through units for gross proceeds of \$520,000. These flow-through units issued in a non-brokered private placement were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium liability was calculated to be \$52,000. The flow-through premium is derecognized through income as the qualifying expenditures are incurred. During the year ended March 31, 2020, the Company satisfied \$44,591 of the commitment by incurring qualifying expenditures of \$445,900. As of December 31, 2020, the Company is committed to incur a further \$74,100 of qualifying expenditures by December 31, 2021.

6. Exploration and Evaluation Assets

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

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

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

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

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

In September 2020, the Company acquired a private property on Airport Road within the Goodfish-Kirana property boundary and on the Goodfish patented claims. The property is four acres and includes installed hydro, a portable schoolroom building, a shipping container and the infrastructure for a septic system. The costs were \$65,000 payable in cash, of which, \$35,000 was paid at the time of acquisition and the balance of \$30,000 was paid in December 2020.

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

Expressed in Canadian Dollars

6. Exploration and Evaluation Assets (continued)

During the nine months ended December 31, 2020 and 2019, the Company incurred exploration expenses on Goodfish-Kirana as follows:

	December 31, 2020 \$	December 31, 2019 \$
Drilling	208,512	245,190
Geology	107,076	213,948
Assays	152,230	78,055
Technical reports	55,689	9,133
Camp costs	39,476	38,647
Geotechnical	37,770	7,052
Core sampling	29,326	34,812
Logistics	24,792	5,929
Survey	3,998	-
Other	1,824	5,234
Equipment rental	-	12,258
Prospecting	-	9,996
Geophysics	-	9,975
Demobilization	-	3,296
Ground preparation	-	2,710
	660,693	676,235

7. Share Capital and Reserves*Authorized capital*

Unlimited common shares, without par value.

Issued capital

	Common Shares (#)	Common Shares (\$)
March 31, 2019	57,493,479	44,926,290
Shares issued in private placements	10,645,478	1,010,093
Fair value of warrants	-	(106,455)
Flow-through premium	-	(52,000)
Share issuance costs	-	(32,548)
Share issuance costs – brokers' warrants	-	(7,500)
March 31, 2020	68,138,957	45,737,880
Shares issued in private placements	23,679,479	2,146,633
Flow-through premium	-	(45,800)
Share issuance costs	-	(75,469)
Share issuance costs – brokers' warrants	-	(29,000)
December 31, 2020	91,818,436	47,734,244

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

Expressed in Canadian Dollars

7. Share Capital and Reserves (continued)

Share Issuances

In December 2020, the Company closed a private placement with the issuance of 11,262,812 common share units ("December 2020 Units") for gross proceeds of \$1,176,633.

The 11,262,812 December 2020 Units were issued as to 6,347,811 common share units priced at \$0.09 per unit, 1,809,000 flow-through units priced at \$0.12 per unit and 3,106,001 charity flow-through units priced at \$0.125 per unit. Each December 2020 Unit comprised one common share and one-half common share purchase warrant (each whole common share purchase warrant, a "December 2020 Warrant") of the Company. Each December 2020 Warrant entitles the holder, on exercise, to purchase one additional share of the Company (a "December 2020 Warrant Share"), at a price of \$0.15 per December 2020 Warrant until June 23, 2022, subject to an accelerated expiry date. If at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX-V is greater than \$0.20 for 20 or more consecutive trading days, the Company may give notice to the holders of December 2020 Warrants that the expiry date of the Warrants will be accelerated and the December 2020 Warrants will expire on the 30th business day following the date of such notice. The December 2020 Warrants are subject to a four-month hold period.

In connection with the December 2020 private placement, the Company paid \$41,679 in cash and issued 458,228 broker warrants exercisable into common shares of the Company at \$0.15 per share for a period of 18 months. The fair value assigned to the broker warrants was \$16,000.

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

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

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

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

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

Expressed in Canadian Dollars

7. Share Capital and Reserves (continued)

Share Issuances (continued)

In connection with the sale of the June 2020 FT Share Units, the Company paid \$30,100 in cash and issued 501,664 broker warrants in accordance with the policies of the TSX-V. The fair value assigned to the broker warrants was \$13,000.

During the nine months ended December 31, 2019, the Company completed a private placement (the "Offering") raising gross proceeds of \$1,010,093 through the issuance of 5,200,000 flow-through units ("FT Units") and 5,445,478 hard dollar units ("HD Units"). Of the \$1,010,093 gross proceeds, \$100,000 was offset against accounts payable to a related party.

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

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

Reserves

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

8. Share-Based Compensation

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

The weighted average grant-date fair value of options awarded in the nine months ended December 31, 2020 was \$0.05 (December 31, 2019 - \$0.06). The Company employed the Black-Scholes option-pricing model using the following weighted average assumptions:

Nine months ended December 31	2020	2019
Share price	\$0.06	\$0.07
Exercise price	\$0.10	\$0.10
Annualized stock price volatility	119.51%	125.60%
Risk-free interest rate	0.43%	1.65%
Expected option life (years)	5 years	5 years
Dividend yield	0%	0%

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

Expressed in Canadian Dollars

8. Share-Based Compensation (continued)

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

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

The Company's outstanding and exercisable stock options at December 31, 2020 are:

	Outstanding Options			Exercisable Options	
	Options (#)	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price \$	Options (#)	Weighted Average Exercise Price \$
Expiry Date					
May 5, 2021	3,128,255	0.34	0.21	3,128,255	0.21
December 16, 2024	2,875,000	3.96	0.10	2,875,000	0.10
May 6, 2025	400,000	4.34	0.10	400,000	0.10
	6,403,255	2.22	0.15	6,403,255	0.15

9. Warrants

The Company's outstanding warrants, at December 31, 2020, are:

	Number of Financing Warrants	Weighted Average Exercise Price \$	Number of Broker Warrants	Weighted Average Exercise Price \$
March 31, 2019	12,477,509	0.25	269,231	0.15
Issued	5,322,739	0.15	339,479	0.15
Expired	(12,441,600)	0.25	(269,231)	0.15
March 31, 2020	5,358,648	0.15	339,479	0.15
Issued	6,208,333	0.10	501,664	0.10
Issued	5,631,407	0.15	458,228	0.15
Expired			(339,479)	0.15
December 31, 2020	17,198,388	0.13	959,892	0.12

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

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9. Warrants (continued)

Number of Financing Warrants	Number of Broker Warrants	Exercise Price \$	Expiry Date
35,909	-	0.67	February 9, 2021
4,533,239	-	0.15	March 25, 2021
789,500	-	0.15	May 20, 2021
4,166,667	501,664	0.10	December 30, 2021
2,041,666	-	0.10	January 6, 2022
5,631,407	458,228	0.15	June 24, 2022
17,198,388	959,892		

During the nine months ended December 31, 2020, the Company granted broker warrants pursuant to the private placements. The warrants were valued at \$29,000 (December 31, 2019 - \$nil).

The Company employed Black-Scholes option-pricing model to determine the fair value of the warrants using the following weighted average assumptions:

Nine months ended December 31	2020	2019
Share price	\$ 0.07 - 0.09	-
Exercise price	\$ 0.10 - 0.15	-
Annualized stock price volatility	102.85 – 103.79 %	-
Risk-free interest rate	0.21 - 0.25 %	-
Expected warrant life (years)	1.50	-
Dividend yield	0 %	-

10. Related-Party Transactions

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

Key management personnel compensation

Nine months ended December 31	2020	2019
	\$	\$
Management fees	175,000	144,000
Share-based compensation	13,800	-
	<u>188,800</u>	<u>144,000</u>

The short-term management fees were paid or accrued to personal companies owned by officers and directors of the Company.

As at December 31, 2020, \$18,645 (March 31, 2020 - \$75,000) is due to the Company's CEO, which amount is included in accounts payable and accrued liabilities. During the year ended March 31, 2020, the CEO converted \$100,000 of outstanding debt into 1,000,000 FT Units on the same terms as the Offering.

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

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

Expressed in Canadian Dollars

11. Capital Management

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

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

	December 31 2020 \$	March 31 2020 \$
Current assets	1,201,478	260,209
Current liabilities	(285,790)	194,312
Working capital	915,688	65,897

The Company is not subject to external capital restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes to the Company's approach to capital management during the nine months ended December 31, 2020.

12. Financial Instruments

Fair Value

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

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

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

Level 2 - include financial assets and liabilities using valuation techniques based on assumptions that are supported by prices from observable current market transactions.
The Company has no assets or liabilities in this category.

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

WARRIOR GOLD INC.

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Nine months Ended December 31, 2020

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12. Financial Instruments (continued)

The Company has no assets or liabilities in this category.

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

Financial Instruments Risk Management

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

Market risk

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

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

Foreign currency exchange rate risk

The Company's exposure to foreign currency fluctuations is negligible from the cash on hand denominated in US dollars. There are no exchange rate contracts in place. A 10% change in the US dollar will have an immaterial effect on profit/loss.

Financial instruments denominated in foreign currencies are:

At December 31, 2020		US Dollars
Cash		45
Exchange rate - \$1.00 =		.7854
At March 31, 2020		US Dollars
Cash		13,651
Exchange rate - \$1.00 =		.7049

Interest rate risk

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

WARRIOR GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months Ended December 31, 2020

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12. Financial Instruments (continued)

Liquidity risk

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

As at December 31, 2020, the Company has working capital of \$915,688 (March 31, 2020 - \$65,897).

Credit Risk

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

13. Segment Reporting

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

14. Contingencies and Commitments

Compensation Agreements

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

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