HORNBY BAY
MINERAL EXPLORATION

Consolidated Financial Statements

Years Ended March 31, 2019 and 2018

Wasserman
Ramsay

Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Hornby Bay Mineral Exploration Ltd.:

Opinion

We have audited the consolidated financial statements of Hornby Bay Mineral Exploration Ltd. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, cash flows and changes in shareholders' deficiency for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that for the year ended March 31, 2019 the Company incurred losses of $411,991 and had an accumulated deficit of $41,940,602 at year end. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Kevin Ramsay.

Wasserman Ramsay

Markham, Ontario
July 22, 2019

Chartered Professional Accountants
Licensed Public Accountants

HORNBY BAY MINERAL EXPLORATION LTD.
Consolidated Statements of Financial Position
(Expressed In Canadian Dollars)

As at	**March 31, 2019 $**	March 31, 2018 $
Assets		
Current		
Cash	**5,215**	2,410
Amounts receivable (Note 4)	**3,863**	12,300
Total current assets	**9,078**	14,710
Prepaid expenses (Note 5)	**115,695**	181,111
Total Assets	**124,773**	195,821
Liabilities and Shareholders' Deficiency		
Current Liabilities		
Accounts payable and accruals (Notes 12, 13 and 14)	**471,609**	382,502
Shareholders' loans (Note 13)	**113,565**	110,516
Loans payable (Note 8)	**200,000**	200,000
Provision for environmental remediation (Note 7)	**50,000**	50,000
Total Current Liabilities	**835,174**	743,018
Debenture (Note 13)	**1,052,933**	877,444
Total Liabilities	**1,888,107**	1,620,462
Shareholders' Deficiency		
Capital stock (Note 9)	**39,975,535**	39,975,535
Share-based payments reserve (Note 10)	**73,298**	55,968
Other reserves	**128,435**	128,435
Deficit	**(41,940,602)**	(41,584,579)
Total Shareholders' Deficiency	**(1,763,334)**	(1,424,641)
Total Liabilities and Shareholders' Deficiency	**124,773**	195,821

GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 7, 13 and 14)

APPROVED ON BEHALF OF THE BOARD:

Signed "*Chris Irwin*", Director

Signed "*James Brady*", Director

HORNBY BAY MINERAL EXPLORATION LTD.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed In Canadian Dollars)

For the years ended March 31,	**2019 $**	2018 $
Revenue		
Sale of assets (Note 6(c))	**30,000**	-
	-	-
Expenditures		
Exploration and evaluation expenses		
Lease rental payments	**30,811**	17,774
Technical consulting	**12,200**	111,812
Demobilization	**-**	67,855
Camp and support	**-**	1,775
Recording fees and taxes	**3,783**	16,909
Total exploration and evaluation expenses	**46,794**	216,125
General and administrative expenses		
Professional fees	**61,744**	91,209
Shareholders' information	**25,295**	44,046
Office and general	**2,771**	11,265
Interest and accretion on debenture (Note 13)	**175,489**	118,255
Interest and bank charges	**56,600**	76,561
Stock based compensation	**73,298**	-
Total general and administration expenses	**395,197**	341,336
Loss before the following item	**(411,991)**	(557,461)
Reversal of flow through indemnification and interest provision (Note 14)	**-**	483,789
Net loss and comprehensive loss for the year	**(411,991)**	(73,672)
Loss per share – basic and diluted	**(0.01)**	(0.00)
Weighted average number of common shares outstanding – basic and diluted	**80,870,925**	60,554,510

See accompanying notes to the consolidated financial statements.

HORNBY BAY MINERAL EXPLORATION LTD.

Consolidated Statements of Cash Flows
(Expressed In Canadian Dollars)

For the years ended March 31,	2019 $	2018 $
Cash flows from:		
Operating activities		
Net loss for the year	**(411,991)**	(73,672)
Adjust for: operating items not involving cash		
Accrued interest and accretion on debenture	**175,489**	118,255
Reversal of flow through indemnification and interest provision	**-**	(483,789)
Stock based compensation	**73,298**	
Change in non-cash working capital:		
Amounts receivable	**8,437**	(8,764)
Prepaid expenses	**65,416**	138,842
Accounts payable and accruals	**89,107**	167,906
	(244)	(141,222)
Financing activities		
Cash paid for cancellation of fractional shares	**-**	(14,453)
Shareholders' loans	**3,049**	150,635
	3,049	136,182
Increase (decrease) in cash	**2,805**	(5,040)
Cash at beginning of year	**2,410**	7,450
Cash at end of year	**5,215**	2,410

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	**-**	-
Taxes paid	**-**	-
Non-cash investing and financing activities:		
Common shares issued for debt	**-**	1,122,014

See accompanying notes to the consolidated financial statements.

HORNBY BAY MINERAL EXPLORATION LTD.
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed In Canadian Dollars)

	Number of Shares	Capital Stock $	Share-based Payments Reserve $	Other reserves $	Deficit $	Total Shareholder's Deficiency $
Balance April 1, 2017	58,159,989	38,968,423	67,962	27,986	(41,522,901)	(2,458,530)
Net loss for the year	-	-	-	-	(73,672)	(73,672)
Share issued for debt settlement	23,000,000	1,150,000	-	(27,986)	-	1,122,014
Fractional shares cancelled	(289,064)	(142,888)		128,435	-	(14,453)
Options forfeited	-	-	(11,994)	-	11,994	-
Balance March 31, 2018	80,870,925	39,975,535	55,968	128,435	(41,584,579)	(1,424,641)
Net loss for the year	-	-	-	-	(411,991)	(411,991)
FMV of options granted	-	-	73,298	-	-	73,298
Options expired	-	-	(55,968)	-	55,968	-
Balance March 31, 2019	80,870,925	39,975,535	73,298	128,435	(41,940,602)	(1,763,334)

See accompanying notes to the audited consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Hornby Bay Mineral Exploration Ltd. (the “Company”) currently has interests in exploration and evaluation properties in Canada. Substantially all of the Company’s efforts are devoted to financing and developing these properties. There has been no determination on whether the Company's interests in exploration and evaluation properties contain mineral reserves which are economically recoverable. The Company is incorporated and domiciled in Ontario, Canada. The registered address of the Company and its principal place of business is 401 – 217 Queen Street Wet, Toronto, ON M5V 0R2. The Company’s shares are listed on the TSX Venture Exchange and trade under the symbol, “HBE”.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, under which material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern must be disclosed. As at March 31, 2019, the Company had not yet achieved profitable operations and continues to be dependent upon its ability to obtain sufficient working capital from external financing to meet the Company’s liabilities as they become payable and ultimately to generate profitable future operations. As at March 31, 2019, the Company had a working capital deficiency of $826,096 (March 31, 2018 - $728,308) and has accumulated losses since inception resulting in a deficit of $41,940,602 (2018 - $41,584,579). These audited consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

2. BASIS OF PRESENTATION

(i) Statement of compliance

These audited consolidated financial statements (“consolidated financial statements”) of Hornby Bay Mineral Exploration Ltd. and its subsidiary, as at and for the years ended March 31, 2019 and 2018, have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The policies set out below were consistently applied to all the years presented unless otherwise noted.

These consolidated financial statements of the Company for the years ended March 31, 2019 and 2018 were approved and authorized for issue by the Board of Directors on July 22, 2019.

(ii) Significant accounting judgements, estimates and assumptions

The preparation of consolidated 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 consolidated financial statements and 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. Actual results may differ from these estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies

Refer to Note 14.

(iii) Basis of consolidation

The consolidated financial statements of the Company include the accounts of its 100% owned subsidiary, Copper Royalty Mineral Corp. (a company incorporated in British Columbia), and the proportionate accounts of all of its joint ventures (see Note 16). Unrealized gains and losses on transactions between the Company and its subsidiary and joint ventures are eliminated to the extent of the Company's interest in those entities. Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Company.

These consolidated financial statements were prepared under the historical cost basis, except for certain assets which are measured at fair value as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below. These accounting policies have been used throughout all years presented in the consolidated financial statements.

(i) Presentation currency

The Company's presentation and functional currency is the Canadian Dollar ("CAD"). The functional currency of the Company's subsidiary and joint ventures is CAD.

(ii) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and evaluation activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. Any premium between the quoted market price and the price paid by investors for flow-through shares will be recognized as a liability of the Company at the time the shares are issued. When these expenditures are renounced, a deferred tax liability is set up and the initial premium liability is reversed, with the difference being recognized in the consolidated statement of operations.

(iii) Interest revenue

Interest revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed, with a corresponding increase in share-based payments reserve, on a graded-vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods, or when the counterparty renders the service.

The estimated grant date fair value of share based payments that expire unexercised are moved from share-based payments reserve to deficit upon their expiry.

(v) Taxation

Current tax

Income tax expense, if any, represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

_(vi)_ Exploration and evaluation expenses

Property option proceeds received are included in the consolidated statement of operations as 'Other Income' in the period they are received. Exploration and evaluation costs are expensed as incurred. Development costs are expensed until it has been established that a mineral deposit is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company capitalizes expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

(vii) Government grants

Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants relating to costs are deferred and recognized in the consolidated statement of operations over the period necessary to match them with the costs that they are intended to compensate.

Grants relating to intangible assets or equipment are deducted from the carrying amount of the asset.

(viii) Financial assets and liabilities

Accounting policy under IFRS 9 applicable from April 1, 2018

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statements of loss.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVOCI.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss and when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are amounts receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade and other payables, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

(ix) Accounting policy under IAS 39 applicable prior to April 1, 2018

The accounting policy under IAS 39 for the comparative information presented in respect of financial assets and liabilities was as follows:

Financial instruments

The Company does not have any derivative financial instruments. Financial assets are initially recorded at fair value and designated upon inception into one of the following categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”). Loans and receivables are recognized on the date of origination. All other financial assets are recognized on the trade date at which the Company becomes party to the contractual provisions of the instrument.

Cash and amounts receivable are classified as loans and receivables and are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

A financial asset is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Realized and unrealized gains and losses are reflected in the statement of loss. Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership to another entity. The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other financial liabilities. Trade and other payables are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Trade and other payables are classified as other financial liabilities and are initially recognized at fair value. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on 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); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(x) Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. The Company recorded a provision as of March 31, 2012 related to a flow-through indemnification (Note 15), which is included in Accounts payable and accruals on the Statement of Financial Position. This provision was reversed as at March 31, 2019.

(xi) Income (loss) per share

Basic income (loss) per share is calculated by dividing income (losses) attributable to common shares by the weighted average number of common shares outstanding during the year.

Diluted income (loss) per share is calculated using the denominator of the basic calculation described above adjusted to include the potentially dilutive effect of outstanding stock options and warrants. The denominator is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all stock options and warrants with exercise prices below the average market price for the year.

Shares potentially issuable on exercise of stock options and warrants totaling 3,000,000 (March 31, 2018 – 2,800,000) were not included in the computation of diluted income (loss) per share for the years ended March 31, 2019 and 2018 because the effect would have been anti-dilutive.

(xii) Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, dismantling operating facilities, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground and/or environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore or expensed if incurred during the exploration and evaluation stage. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations and comprehensive income (loss) as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of operations and comprehensive income (loss).

See Note 7.

(xiii) Operating segments

The Company's operating segments are organized around the geographical locations of the projects. Since the Company only has interests in properties in Canada, it only has one operating segment.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(Expressed in Canadian dollars)

(xiv) Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for the Company's accounting periods beginning on April 1, 2019 or later periods. Many of these updates are not applicable or are not consequential to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company does not anticipate that the adoption of this standard will have an impact on the Company as it is not party to any leases subject to the new standard at the present time.

(xv) Changes in Accounting Policies

Effective April 1, 2018, the Company adopted IFRS 9, Financial Instruments, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in both standards, the Company adopted these standards retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at April 1, 2018. There were no effects on opening balances at April 1, 2018 with respect to the adoption of these policies.

IFRS 9, Financial Instruments
IFRS 9 replaces International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Financial liabilities		

Trade and other payables	Other financial liabilities	Amortized cost

4. AMOUNTS RECEIVABLE

	March 31, 2019	March 31, 2018
HST/GST receivable	**$ 3,863**	$ 12,300
	$ 3,863	$ 12,300

Amounts in Trade receivable relate to net smelter return ("NSR") royalties owing on the Company's 5% NSR royalty on the Copper Mountain Mine in the Princeton, BC area (Note 18) as at the year-end date.

5. PREPAID EXPENSES

	March 31, 2019	March 31, 2018
Advances – non-current	**115,695**	181,111
Total prepaid expenses	**$ 115,968**	$ 181,111

During the year ended March 31, 2011, the Company entered into an agreement with a supplier whereby the Company advanced $600,000 to be applied against future invoices for demobilization of drilling equipment at the Company's Nunavut property site. During the year ended March 31, 2019, the supplier partially removed some of the equipment from Hornby's property. As at March 31, 2019, there was a remaining prepaid balance of $115,695 (March 31, 2018 - $181,111).

6. EXPLORATION AND EVALUATION PROPERTIES

(a) **COPPERMINE RIVER, NUNAVUT**
The Company holds a 100% interest in certain mineral leases in the Coppermine River area of Nunavut. The leases are subject to a 1% net smelter royalty and/or a 1% gross diamond royalty to a maximum of $10,000,000. In November 2016, Hornby's management decided to drop 10 leases that formed part of its Nunavut property. This was done to save the Company money as the leases are considered to be outside of the Company's strategic holdings within the total land package.

(b) **ONTARIO GOLD PROPERTIES**
The Company has 100% ownership, without royalty, of mining lease 107313 on the gold-bearing Pipestone Fault in Stock Township in the Timmins area. The East Clavos Property shares a common boundary with the Clavos Gold Mine Property, previously owned by Sage Gold. The Company has an active permit for drilling on this lease. The two-kilometer-long segment of the Pipestone Fault across the East Clavos Property represents one of the last untested major gold targets in the Timmins-Porcupine Camp. During the year ended March 31, 2019, the Company surrendered four small non-strategic leases in the Timmins area.

(c) **B.C. PROPERTIES**
The Company holds a 5% NSR royalty interest on certain parts of the Copper Mountain Mining Corporation operating mine located near Princeton, BC. During the year ended March 31, 2019, the Company sold its 100% interest in four Crown grants in the area of the Independence Cu-Mo deposit in British Columbia for $30,000 and retained a 1% NSR royalty. These Crown grants were not significant to the Company's future plans.

7. PROVISION FOR CAMP DECOMMISSIONING AND ENVIRONMENTAL REMEDIATION

During the year ended March 31, 2015, the Company was made aware by Nunavut's Aboriginal Affairs and Northern Development Canada (AANDC) that some upgrades were needed to be made to the Company's permanent camp facilities in order to comply with current environmental regulations, such as storage of fuel tanks and salt containers, soil cleanup, and repairs to one of the berms. Certain other work needed to be done to comply with the land use permit. Hornby Bay's management considered this work and the cost of completion and decided instead to dismantle its permanent Nunavut camp facilities. Given that the camp is used infrequently and is expensive to maintain, Hornby Bay has opted to dismantle the existing, permanent camp and will use temporary facilities in future if and when it may carry out field activities from time to time. The Company initially recognized a provision of $50,000 for the cost of environmental remediation work, which was Management's best estimate of the cost to complete the work. The amount was later reallocated as a provision for camp decommissioning as at March 31, 2015. During the three months ended June 30, 2015, much of the work to dismantle the camp was completed and the provision was reversed. To allow for any residual environmental obligations as a result of the camp decommissioning work, the Company has recognized a provision in the amount of $50,000, which is included on the Statement of Financial Position as at March 31, 2019. During the year ended March 31, 2018, further work to decommission the camp was commissioned; however, the contractor did not complete the work as agreed in the time frame agreed although the Company had advanced him 50% of the agreed price to complete the contract. The estimated additional completion costs are $50,000 and have been fully accrued. It is anticipated that this work will be completed in the upcoming fiscal year.

8. LOANS PAYABLE

On March 20, 2014, the Company completed a non-brokered private placement financing of $100,000 principal amount of unsecured promissory notes ("Notes") from an unrelated party. The Notes were due September 20, 2015 and bear interest at a rate of 9% per annum, payable monthly. In addition, each lender has been issued 2,000 common shares of the Company for every $1,000 principal amount of Notes subscribed for in the financing for an aggregate issuance of 200,000 shares. These shares were valued at $17,000, which represented the closing market price of the shares on the day that the financing was completed. The Company has paid interest of $Nil and accrued interest of $16,247 on the consolidated statements of loss and comprehensive loss during the year ended March 31, 2019 (March 31, 2018 - $9,000).

During the year ended March 31, 2016, the Company re-negotiated the term of the Notes with the lenders, who agreed to a six-month extension of the expiry date of the Notes to March 20, 2016. In June 2016, the Company negotiated another extension in terms and was due on December 31, 2017. The Notes are now due and the lender has not yet demanded repayment but may do so at any time. In connection with the extensions, Hornby must pay an additional extension fee of 12%, or $1,000 monthly.

On June 27, 2014, the Company completed a non-brokered private placement financing of $100,000 principal amount of unsecured promissory notes (the "Notes"). The Notes were due December 27, 2015 and bear interest at a rate of 9% per annum, payable monthly. The Notes are senior in rank to all other indebtedness of the Company. In addition, each lender has been issued 2,000 common shares of the Company for every $1,000 principal amount of Notes subscribed for in the financing for an aggregate issuance of 200,000 shares. These shares were valued at $13,000, which represented the closing market price of the shares on the day that the financing was completed. The proceeds of the financing were used for general working capital purposes. The Company has paid interest of $Nil and accrued interest of $16,032 on the consolidated statements of loss and comprehensive loss during the year ended March 31, 2019 (March 31, 2018 - $9,000).

During the year ended March 31, 2016, the Company re-negotiated the term of the Notes with the lenders, who agreed to a six-month extension of the expiry date of the Notes to June 27, 2016. In June 2016, the Company negotiated another extension in terms and was due on December 31, 2017. The Notes are now due and the lender has not yet demanded repayment but may do so at any time. In connection with the extensions, Hornby must pay an additional extension fee of 12%, or $1,000 monthly.

The Company was party to a loan agreement entered into in prior years for an aggregate of $168,500 with an unrelated third party (the "Lender"). Proceeds of the loan were used to pay for lease rental payments of its Nunavut leases, and for legal counsel for professional services (Note 16). The loan was unsecured and bears interest at 9% per annum. The Company has accrued interest of $nil on the consolidated statements of loss and comprehensive loss for the year ended March 31, 2019 (2018 - $15,086) as the loan has been assigned to the Company's CEO who provided compensation to the lender and settled through the issuance of common shares (Note 9) during the fiscal year ended March 31, 2018.

(Expressed in Canadian dollars)

9. CAPITAL STOCK

(i) As at March 31, 2019 and 2018, the Company's authorized number of common shares was unlimited without par value.

(ii) **Common Shares**

Issued 80,870,925 common shares	**Number of Shares**	**Amount**
Balance at April 1, 2016 and 2017	**58,159,989**	**$38,968,423**
Issuance on debt settlement	**23,000,000**	**1,150,000**
Fractional shares cancelled	**(289,064)**	**(142,888)**
Balance at March 31, 2019 and 2018	**80,870,925**	**$39,975,535**

During the year ended March 31, 2018, the Company settled $1,150,000 of related party debts though the issuance of 23,000,000 common shares. In addition, the Company repurchased 289,064 fractional shares for cancellation and paid $14,453. The repurchased shares had a paid up capital value of $142,888 and therefore $128,435 was transferred to other reserves as a result of this transaction.

10. SHARE-BASED PAYMENTS RESERVE

	Number of Options	Weighted Average Exercise Price	**Grant Date Value of Options**	Number of Warrants	Weighted Average Exercise Price	**Grant Date Value of Warrants**	**Total Value**
Balance April 1, 2017	3,400,000	$ 0.10	**$ 67,962**	-	$ -	**$ -**	**$ 67,962**
Forfeited	(600,000)	0.10	**(11,994)**	-	-	**-**	**(11,994)**
Balance March 31, 2018	2,800,000	$ 0.10	**$ 55,968**	-	$ -	**$ -**	**$ 55,968**
Granted	3,000,000	0.05	**73,298**	-	-	**-**	**73,298**
Expired	(2,800,000)	0.10	**(55,968)**	-	-	**-**	**(55,968)**
Balance March 31, 2019	3,000,000	$ 0.05	**$ 73,298**	-	$ -	**$ -**	**$ 73,298**

Options

The Company's stock option plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed five years at exercise prices not less than the closing sale price of the shares on the TSX Venture Exchange on the trading day immediately preceding the date the options are granted, and are not transferrable. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued and outstanding common shares.

During the year ended March 31, 2019, 2,800,000 options with a weighted average exercise price of $0.10 and a fair value of $55,968 expired unexercised with the amount transferred to deficit. On January 29, 2019, 3,000,000 options were granted: 2,000,000 options were granted to directors and officers of the Company, and 1,000,000 options were granted to consultants of the Company. The options are exercisable into Common Shares of the Company at a price of $0.05 and expire in five years.

(Expressed in Canadian dollars)

Options outstanding to purchase common shares at March 31, 2019 have a weighted average exercise price of $0.05. Individual options grants carry exercise prices and remaining terms to maturity as follows:

Number of Options	Options Exercisable	Exercise Price	Fair Value at Grant Date	Expiry Date	Remaining Contractual Life Outstanding
#	#	$	$		(Years)
3,000,000	3,000,000	0.05	73,298	29-Jan-24	4.84

The fair values of options granted have been estimated on the date of grant using the Black-Scholes option-pricing model. Assumptions used in the pricing model are as follows:

Expiry Date	Grant date share price $	Exercise price $	Expected volatility %	Expected option life (Years)	Expected dividend yield %	Risk-free interest rate %
29-Jan-24	0.03	0.05	128.23	5	0	1.88

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of its properties. The capital of the Company consists of shareholder’s loan, debenture, capital stock and share-based payments reserve. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company and its subsidiary are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2019, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended March 31, 2019 or 2018.

12. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the bases for recognition of income and expenses) for each class of financial asset, and financial liability are disclosed in Note 3.

(Expressed in Canadian dollars)

Financial assets and financial liabilities as at March 31, 2019 and 2018 were as follows:

March 31, 2019	FVPL	Amortized cost	Total
Accounts receivable	$ 3,863	$ -	$ 3,363
Accounts payable and accruals	-	(471,609)	(465,958)
Shareholder's loan	-	(113,565)	(113,565)
Loan payable	-	(200,000)	(200,000)
Debenture	-	(1,052,933)	(1,052,933)
	$ 3,863	$ (1,838,107)	$ (1,828,593)

March 31, 2018	FVPL	Amortized cost	Total
Accounts receivable	$ 12,300	$ -	$ 12,300
Accounts payable and accruals	-	(382,502)	(382,502)
Shareholder's loan	-	(110,516)	(110,516)
Loan payable	-	(200,000)	(200,000)
Debenture	-	(877,444)	(877,444)
	$ 12,300	$ (1,570,462)	$ (1,558,162)

Financial Instrument Risk Factors

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 or procedures as at and during the years ended March 31, 2019 and 2018.

Credit risk
The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consists of bank deposits which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2019, the Company had cash and an amounts receivable balance of $9,078 (March 31, 2018 - $14,710) to settle current liabilities of $835,174 (March 31, 2018 - $743,018). As such, liquidity risk for the Company should be considered high. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except for the convertible debenture described in Note 8, the loans described in Note 9, the debenture and shareholder's loan described in Note 14, and the provision described in Note 15. Interest payable on the debenture and loans payable will further impact the Company's liquidity risk and working capital.

Market risk
(a) Interest rate risk
The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management considers interest rate risk to be minimal given that, as at March 31, 2019 and 2018, no amounts were held in short-term deposit certificates. Interest rates on the debentures and loans are fixed and therefore interest rate risk is considered by Management to be low.

(b) Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in

(Expressed in Canadian dollars)

Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

(c) Price risk
The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's mineral exploration properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not currently a revenue producing entity.

(d) Fair value
Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash, amounts receivable, and accounts payable and accruals on the statement of financial position approximate fair value because of the limited term of the instruments. It is not possible to determine if the shareholder's loan or the debenture are at fair value as there is no comparable market value for such loans.

At March 31, 2019 and 2018 the Company had no financial instruments that are carried at fair value.

13. RELATED PARTY TRANSACTIONS

The amounts due to related parties of the Company at the reporting date, as disclosed in the table below, arose as a result of transactions entered into with the related parties in the ordinary course of business.

	Amounts owed to related parties for the years ended:	
	March 31, 2019	March 31, 2018
Officers and directors	$ 46,993	$ 21,642
Shareholder's loan	$ 113,565	$ 110,516
Debenture	$ 1,052,933	$ 877,444

Included in the amount owing to officers and directors is $38,519 (March 31, 2018 - $18,817) for legal services provided by a director of the Company prior to and during the year ended March 31, 2019. During the year then ended, $nil (March 31, 2018 - $127,159) was settled through the issuance of shares (Note 10) to the officer and director for legal services. The remaining balance owing to officers and directors of $8,475 (March 31, 2018 - $2,825) is owed to an officer of the Company for management services rendered during the year; $28,250 was paid to this officer during the year ended March 31, 2019 (March 31, 2018 - $15,537).

On November 1, 2012, the shareholder's loan, which was previously due on demand and non-interest bearing, was cancelled and a secured debenture for principal of $1,500,000 was issued in its place. The debenture bears interest at 3% per annum which is payable at maturity and matured on November 1, 2017. The Company may extend the maturity date to November 1, 2022 with 30 days' notice. Advances to the Company and payments made on its behalf by the shareholder in excess of the $1,500,000 principal loan amount are included on the statement of financial position as shareholder's loan. The shareholder's loan continues to be unsecured, due on demand and non-interest bearing. As security for the debenture, the Company has granted a security interest to the holder over its 5% net smelter return royalty on certain parts of the Copper Mountain Mine located in British Columbia.

The fair value of the debenture was estimated at $325,500 on the date of issuance using an interest rate of 20%. The debenture is being accreted to its maturity value using the effective interest rate method at an annual interest rate of 20%. Interest and accretion on the debenture of $175,489 was recorded on the

(Expressed in Canadian dollars)

Statement of Loss and Comprehensive Loss during the year ended March 31, 2019 (March 31, 2018 - $146,241).

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the periods ended March 31, 2019 and 2018 was as follows:

For the years ended March 31,	**2019** **$**	2018 $
Salaries including bonuses	**30,000**	36,250
Share-based payments	**48,866**	-
	78,866	36,250

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

14. COMMITMENTS AND CONTINGENCIES

a) Pursuant to the issuance of 8,346,820 flow-through shares on September 9, 2010, the Company has renounced $1,318,421 of qualified exploration expenditures with an effective date of December 31, 2010. The Company was required to spend these flow-through funds by December 31, 2011 but was unable to do so. As of December 31, 2011, the amount remaining to be spent was approximately $882,000. The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. As a result of this indemnification, the Company recorded a provision of $580,537 during the year ended March 31, 2012, which is included in Accounts payable and accruals on the consolidated statement of financial position.

   As the Company has not paid any claims associated with the indemnification in over six years, the Company reversed the remaining provision of $483,789 during the year ended March 31, 2018.

a) Environmental Contingencies

   The Company's exploration and evaluation 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 conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. Hornby has made, and expects to make in the future, expenditures to comply with such laws and regulations. A provision for environmental remediation in the amount of $50,000 is included on the Statement of Financial Position as at March 31, 2019. The nature of this provision is disclosed in Note 7.

15. INTERESTS IN JOINT VENTURES

The Company does not have any significant assets, liabilities, revenues, expenses or cash flows from its interests in joint ventures as at and for the years ended March 31, 2019 and 2018.

16. LEGAL PROCEEDINGS

Hornby filed a claim in the Supreme Court of British Columbia against Copper Mountain related to Copper Mountain's failure to pay Hornby's five percent (5%) net smelter returns royalty (the "NSR") covering part of the Copper Mountain Mine. The claim requests special damages for non-payment of due royalties and general damages for breach of contract. Although royalty payments have been made, there are still unresolved issues.

(Expressed in Canadian dollars)

17. INCOME TAXES

(a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 26.5% (2018 – 26.5%) were as follows:

	2019 $	2018 $
Loss before income taxes	**(411,991)**	(73,672)
Expected income tax recovery	**(109,178)**	(19,500)
Adjustments to benefit resulting from:		
Non-deductible items	**78,000**	(39,500)
	(31,178)	(59,000)
Benefit of tax losses not recognized	**31,178**	59,000
Deferred income tax recovery	**-**	-

(b) The deferred income tax assets consist of the following temporary differences:

	2019 $	2018 $
Equipment	**27,000**	27,000
Non-capital loss carry-forwards	**718,000**	565,000
Resource expenditures	**6,103,000**	6,100,000
Share issue costs	**-**	-
Total benefits not recognized	**(6,648,000**	(6,692,000
	-	-

(c) As at March 31, 2019, the Company has accumulated losses for income tax purposes of approximately 2,714,300 that are available to be carried-forward to reduce taxable income of future years. These losses expire as follows:

Year	Amount $
2026	107,000
2027	66,000
2028	200,000
2029	238,000
2030	275,000
2031	129,000
2032	87,000
2033	300
2034	253,000
2035	234,000
2036	318,000
2037	-
2038	692,000
2039	115,000
	2,714,300

The Company has approximately $898,000 and $22,000,000 Canadian development expenses and Canadian exploration expenditures respectively, as at March 31, 2019 which, under certain circumstances, may be utilized to reduce taxable income of future years.