



WINSHEAR GOLD

(formerly Helio Resource Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended June 30, 2020 and 2019

Expressed in Canadian dollars

Notice to Reader: As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these condensed interim consolidated financial statements.

Winshear Gold Corp.

(formerly Helio Resource Corp.)

Condensed Interim Consolidated Statement of Financial Position

Canadian Dollars

ASSETS	June 30, 2020	March 31, 2020
Current assets		
Cash	\$ 79,427	\$ 232,933
Receivables and prepaids (Note 4)	37,549	61,102
Marketable securities (Note 5)	15,000	10,000
Total current assets	<u>131,976</u>	<u>304,035</u>
Total assets	<u>\$ 131,976</u>	<u>\$ 304,035</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 130,253	\$ 133,262
Accrued liabilities	43,448	79,556
Due to related parties (Note 11)	66,742	47,570
Total liabilities	<u>240,443</u>	<u>260,388</u>
DEFICIT		
Share capital (Note 9)	47,125,811	47,125,811
Shares to be issued (Notes 7.a, 9.a, & 11)	300,000	300,000
Contributed surplus	11,840,497	11,806,636
Deficit	<u>(59,374,775)</u>	<u>(59,188,800)</u>
Total equity (deficit)	<u>(108,467)</u>	<u>43,647</u>
Total liabilities and equity (deficit)	<u>\$ 131,976</u>	<u>\$ 304,035</u>

Going Concern (Note 2)

Commitments and contingencies (Notes 7a & 12)

Subsequent Event (Note 13)

ON BEHALF OF THE BOARD OF DIRECTORS:

signed "Richard Williams"
Director

signed "Andrew Thomson"
Director

- See accompanying notes -

Winshear Gold Corp.

(formerly Helio Resource Corp.)

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

Canadian Dollars

	For the three months ended June 30,	
	2020	2019
Expenses		
Amortization (Note 6)	\$ -	\$ 154
Exploration costs (Note 8)	100,316	29,416
Filing and transfer agent fees	1,888	2,156
Professional fees	36,827	36,843
Marketing	3,440	3,431
Office and miscellaneous	6,625	5,733
Salaries, directors fees and consulting (Note 11)	17,383	451
Share based payments (Note 9)	28,594	-
Total expenses before other income (loss)	(195,073)	(78,184)
Other income / (loss)		
Interest income	-	7,785
Foreign exchange gain (loss)	4,098	(8,700)
Gain on marketable securities	5,000	-
Provision for VAT receivable	-	(1,251)
Total other income (loss)	9,098	(2,166)
Net and comprehensive loss for the period	\$ (185,975)	\$ (80,350)
Net loss per share: basic & diluted	\$ (0.01)	\$ (0.01)
Weighted average		
number of common shares outstanding:	32,449,318	10,949,318

- See accompanying notes -

Winshear Gold Corp.

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Condensed Interim Consolidated Statement of Changes in Equity

Canadian Dollars

Unaudited - Prepared by Management

	Number of common shares	Share capital (Note 9)	Shares to be issued (Note 7)	Contributed surplus	Deficit	Total
March 31, 2019	10,949,318	\$ 45,852,687	\$ -	\$ 11,747,472	\$ (57,816,200)	\$ (216,041)
Proceeds collected in advance of a private placement (Note 9)	-	-	193,500	-	-	193,500
Loss for the period	-	-	-	-	(80,350)	(80,350)
June 30, 2019	10,949,318	\$ 45,852,687	\$ 193,500	\$ 11,747,472	\$ (57,896,550)	\$ (102,891)
March 31, 2020	32,449,318	\$ 47,125,811	\$ 300,000	\$ 11,806,636	\$ (59,188,800)	\$ 43,647
Stock option vesting	-	-	-	33,861	-	33,861
Loss for the period	-	-	-	-	(185,975)	(185,975)
June 30, 2020	32,449,318	\$ 47,125,811	\$ 300,000	\$ 11,840,497	\$ (59,374,775)	\$ (108,467)

- See accompanying notes -

Winshear Gold Corp.

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Condensed Interim Consolidated Statement of Cash Flows

Canadian Dollars

Unaudited - Prepared by Management

	For the three months ended	
	June 30,	
	2020	2019
Cash flows from operating activities		
Loss for the period:	\$ (185,975)	\$ (80,350)
Non-operating interest income	-	(5,181)
Items not affecting cash:		
Amortization	-	1,682
Provision for VAT receivable	-	8,153
Recovery of GST receivable	-	(67,752)
Gain on debt settlement	-	(304,201)
Loss on marketable securities	(5,000)	-
Share-based payments	33,861	-
Changes in non-cash working capital:		
Receivables and prepaids	23,553	(24,845)
Accounts payable and accrued liabilities	(39,117)	122,403
Due to / from related parties	19,172	24,884
Cash flows from operating activities	<u>(153,506)</u>	<u>(325,207)</u>
Cash flows from investing activities		
Interest received	-	5,181
Cash flows from investing activities	<u>-</u>	<u>5,181</u>
Net change in cash	(153,506)	(320,026)
Cash - beginning of period	232,933	328,118
Cash - end of period	\$ 79,427	\$ 8,092

- See accompanying notes -

Winshear Gold Corp.

(formerly Helio Resource Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

Expressed in Canadian dollars

Unaudited – Prepared by Management

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Winshear Gold Corp. (formerly Helio Resource Corp.) (the “Company” or “Winshear”) was incorporated on November 8, 1998 under the Business Corporations Act of British Columbia. The Company is listed for trading on the TSX Venture Exchange as a Tier 2 mining issuer under the symbol “WINS-V”. The Company’s head and registered office is located at Suite 580 - 625 Howe Street, Vancouver, British Columbia, Canada. The Company is principally engaged in the exploration and development of the Gaban Gold project and the Tinka Iron Oxide Copper Gold project in Peru. Winshear has filed an international arbitration claim to seek compensation from the government of Tanzania for its expropriation of the Company’s project in Tanzania (the SMP Gold project) (Note 7.b).

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due. These 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. Such adjustments could be material as realizable values may be substantially different from carrying values disclosed in the financial statements.

The Company holds interests in mineral properties in Peru and is focused on the exploration and evaluation of these properties. Title to the Company’s Tanzanian licences has been expropriated by the Tanzanian government (Note 7.b). The Company has not yet determined whether its Peruvian mineral property interests contain mineral reserves that are economically recoverable. As at June 30, 2020, the Company has limited working capital, no source of revenue, a deficit of \$59,374,775, had negative cashflow from operations of \$153,506 for the period then ended, and expects to incur further losses in the exploration and evaluation of its mineral properties which will require additional financing from external sources. All of these factors indicate that material uncertainties exist which cast significant doubt upon the Company’s ability to continue as a going concern.

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 operations of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. Loss of title to a material mineral property interest could be a significant impediment to the Company.

The Company’s ability to continue as a going concern is dependent upon the ability of the Company to continue to obtain the necessary financing to complete the exploration and evaluation of its mineral property interests, the discovery of economically recoverable mineral reserves, the pursuit of just compensation for expropriated properties, or the profitable disposition of its mineral property interests. Although the Company has been successful in obtaining financing in the past, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company.

Winshear Gold Corp.

(formerly Helio Resource Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

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3. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, and are consistent with interpretations by the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the period ending June 30, 2020, as issued and outstanding as of August 26th, 2020, the date the Board of Directors approved these financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended March 31, 2020.

a) Basis of presentation

These consolidated financial statements include the accounts of Winshear Gold Corp. and its wholly owned subsidiaries, Winshear de Peru SA, BAFEX Holdings Ltd. and BAFEX Tanzania Limited. All intercompany balances, and transactions, have been eliminated on consolidation. These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

b) Basis of measurement

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 financial statements are disclosed in Note 4 of the audited financial statements for the year ended March 31, 2020.

c) Significant Accounting Policies

The accounting policies and methods of computation followed in preparing these condensed interim consolidated financial statements are substantially the same as those followed in preparing the most recent audited annual consolidated financial statements. The IASB has issued a number of amendments to standards and interpretations, which were not yet effective in 2020, and have not been applied in preparing these condensed interim consolidated financial statements. It is anticipated that these amendments will have no impact on the Company’s financial statements when they are adopted in future years. The IASB has also issued several new amendments to standards and interpretations which are effective January 1, 2020 and were first adopted by the Company in the three-month period ended June 30, 2020. None of the new amendments effective January 1, 2020 had an impact on the Company’s condensed interim consolidated financial statements.

d) Impact of COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak to constitute a “pandemic.” During 2020, attempts at containment of COVID-19 have resulted in decreased economic activity, which has adversely affected the broader global economy. The Company’s exploration operations are located exclusively in Peru where COVID-19 infection rates are particularly high compared to other parts of the world. The rapid development and fluidity of the situation precludes any prediction as to the ultimate impact of COVID-19; however, the Company seeks to obtain the best possible information to enable the assessment of the risks involved and to implement appropriate measures to respond.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

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4. RECEIVABLES AND PREPAIDS

	June 30, 2020	March 31, 2020
Prepaid expenses	\$ 19,904	\$ 36,297
Receivables	6,649	16,283
Sales tax receivable - Canada	10,996	8,522
	<u>\$ 37,549</u>	<u>\$ 61,102</u>

Sales tax receivable is sales taxes that are expected to be recoverable from the government of Canada within the next year.

5. MARKETABLE SECURITIES

Company name	# of shares	Fair value at June 30, 2020	Fair value at March 31, 2020
Damara Gold Corp.	500,000	\$15,000	\$10,000

6. PROPERTY AND EQUIPMENT

	Field equipment	Office equipment	Total
Net book value			
At March 31, 2019	\$ 811	\$ 1,307	\$ 2,118
Amortization	(811)	(1,307)	(2,118)
At March 31, 2020 and June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Consisting of			
Cost	\$ 77,104	\$ 98,797	\$ 175,901
Accumulated amortization	(77,104)	(98,797)	(175,901)
At March 31, 2020 and June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Notes to the Condensed Interim Consolidated Financial Statements

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7. MINERAL PROPERTIES

a) Peru

The Company acquired the Gaban Gold project and the Tinka Iron Oxide Copper Gold project, both located in Peru, from Palamina Corp. (“Palamina”) on September 19, 2019. In exchange, Winshear issued 5,000,000 common shares to Palamina, and will issue another 5,000,000 common shares on or before September 19, 2021. This upcoming share payment is shown as “shares to be issued” on the Statement of Financial Position. 4,600,000 common shares were issued subsequent to June 30, 2020 in partial fulfilment of this obligation (See Note 13). In addition, Winshear will make annual advance royalty payments to Palamina. Annual anniversary payments begin at \$25,000 on September 19, 2020 and will double every two years until Winshear has completed a total of 5,000m of drilling or has abandoned the properties.

Palamina will retain a 2% Net Smelter Return royalty on each property. Winshear will have the right to purchase 50% of each royalty by making a cash payment of USD\$1,000,000 to Palamina at any time prior to the commencement of commercial production.

b) SMP Licence, Tanzania

The government of Tanzania has expropriated the Company’s Tanzanian Retention Licences. As a result, Winshear has initiated international arbitration proceedings in accordance with the 2013 Agreement for the Promotion and Reciprocal Protection of Investments between Canada and Tanzania. The Company is seeking compensation for the mine not being allowed to go into production, which is a direct result of the expropriation.

The Company had earned a 100% interest in the Saza, Ilunga, Gap and Kwaheri Retention Licences, all within the Lupa Goldfields in southwest Tanzania, substantial portions of which have since been expropriated by the Tanzanian government. Each of the five areas is subject to a 2% net smelter royalty which can be reduced to 1% by paying \$1,000,000 in cash (per area) prior to commencement of commercial production.

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Notes to the Condensed Interim Consolidated Financial Statements

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8. EXPLORATION COSTS

Palamina is the operator of the Gaban and Tinka properties in Peru and is entitled to a 10% administrative fee on eligible expenditures.

Three months ended June 30, 2020	Tanzania		Peru	Total
	Saza and Saza West	Makongolosi	Gaban & Tinka	
Acquisition costs	-	-	-	-
Field expenses and consumables	1,203	2,406	-	3,609
License fees (recovery)	(6,480)	(11,490)	8,994	(8,976)
Salaries and wages	7,863	15,726	23,565	47,154
Share based compensation	366	912	3,989	5,267
Transportation and travel	402	804	-	1,206
Exploration office expenses	3,488	8,681	39,887	52,056
Total costs for the three months ended June 30, 2020:	\$ 6,842	\$ 17,039	\$ 76,435	\$ 100,316

Three months ended June 30, 2019	Tanzania		Total
	Saza and Saza West	Makongolosi	
Field expenses and consumables	\$ 246	\$ 643	\$ 889
Geological consulting	647	1,729	2,376
Salaries and wages	4,988	13,056	18,044
Transportation and travel	14	35	49
Exploration office expenses	2,224	5,834	8,058
Total costs for the three months ended June 30, 2019:	\$ 8,119	\$ 21,297	\$ 29,416

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9. SHARE CAPITAL

- a) Authorized share capital: Unlimited common shares without par value

On June 13, 2018, the Company issued 500,000 common shares with a fair value of \$0.095 per share along with cash payment of \$25,000 to settle accounts payable of \$262,701, resulting in a gain on debt settlement of \$190,201.

On September 19, 2019, Winshear completed a private placement financing, raising \$900,000 through the issuance of 15,000,000 units at \$0.06 per unit. Each unit is comprised of one common share of Winshear and one half of a warrant. Each full warrant entitles the holder to purchase one common share of the Company for \$0.10 at any time within 12 months of closing the financing. On the same date, in order to acquire the Gaban Gold project and the Tinka Iron Oxide Copper Gold project, Winshear also issued 5,000,000 common shares with an estimated fair value of \$300,000 and committed to issue another 5,000,000 common shares. Based on the last trading price of common shares prior to the transaction, the 5,000,000-share commitment also had an initial value on September 19, 2019 of \$300,000. The commitment is shown as “shares to be issued” on the Statement of Financial Position as the Company currently intends to make the payment prior to March 31, 2021, subject to obtaining requisite approvals.

On September 19, 2019, Winshear also issued 1,500,000 common shares valued at \$90,000 in satisfaction of \$90,000 previously carried in accounts payable, some of which was due to related parties (Note 11). The shares were valued at \$0.06 per share based on the last trading price of the common shares prior to the transaction.

Additional common shares were issued subsequent to period end (Note 13).

- b) Share-based payments

The Company has established a share purchase option plan whereby the Board of Directors may grant options to directors, officers, employees or consultants. The goal of this plan is to more closely align the interests of option-holders with the interests of shareholders.

The Company has been authorized by its shareholders to grant stock options numbering up to ten percent (10%) of the number of common shares issued and outstanding. Options granted are subject to a maximum term of ten years from the date of grant. The exercise price of an option must be determined in accordance with the share purchase option plan. Options vest after one year unless determined otherwise by the Board of Directors.

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9. SHARE CAPITAL (CONTINUED)

b) Share-based payments (continued)

Details of stock option activity are as follows:

	Number of Options	Weighted Average exercise price
Outstanding, March 31, 2019	172,000	\$ 1.75
Expired	(172,000)	\$ 1.75
Granted October 24, 2019	2,250,000	\$ 0.20
Outstanding, March 31, 2020 and June 30, 2020	2,250,000	\$ 0.20

The following table summarizes information about stock options outstanding to directors, officers, employees and consultants as at June 30, 2020:

Grant date	Expiry date	Exercise price	Number of options outstanding	Remaining contractual life (years)	Number of options exercisable
October 24, 2019	October 24, 2024	\$0.20	2,250,000	4.3	Nil

The stock options noted above will vest on October 24, 2020. These stock options have been valued using the Black-Scholes option pricing model, using a risk-free interest rate of 1.5%; an expected volatility of 117; a dividend yield of 0%; and an expected life of 4.5 years.

c) Share Purchase Warrants

Details of share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price
As at March 31, 2019	Nil	\$--
Issued September 19, 2019	7,500,000	\$0.10
As at March 31, 2020 and June 30, 2020	7,500,000	\$0.10

The outstanding warrants all expire on September 19, 2020.

There were no share purchase warrants outstanding at March 31, 2019.

Some warrants were exercised subsequent to June 30, 2020 (Note 13).

Winshear Gold Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

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10. SEGMENTED INFORMATION

The Company has three operating segments, which are mineral exploration and evaluation in Tanzania and Peru with head office functions and preliminary exploration activity in Canada. Neither segment generates revenue. Resources are allocated to projects. As the projects are in different countries, this equates to allocating resources by geographical area.

Total assets by geographical area:

	June 30, 2020	March 31, 2020
Canada	\$ 111,927	\$ 253,071
Peru	8,750	-
Tanzania	11,299	50,964
	<u>\$ 131,976</u>	<u>\$ 304,035</u>

Cash amounting to \$73,830 was held in Canada, \$1,610 in Peru, and \$3,987 was held in Tanzania at June 30, 2020 (March 31, 2020 - \$215,898 in Canada; \$nil in Peru; and \$17,035 Tanzania).

Net loss by geographic area:

	Three months ended June 30, 2020	Three months ended June 30, 2019
Canada	\$ 88,613	\$ 37,904
Peru	77,576	-
Tanzania	19,786	42,446
	<u>\$ 185,975</u>	<u>\$ 80,350</u>

Exploration expenses by geographic area:

	Three months ended June 30, 2020	Three months ended June 30, 2019
Peru	77,576	-
Tanzania	\$ 22,740	\$ 29,416
	<u>\$ 100,316</u>	<u>\$ 29,416</u>

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11. RELATED PARTY TRANSACTIONS

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. Except where specifically noted, amounts due to related parties are shown as a separate category on the statement of financial position.

Key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes the Company's directors and members of the senior management group. Details of key management personnel compensation is as follows:

Three months ended	June 30, 2020	June 30, 2019
Salaries paid or accrued	\$ 15,000	\$ Nil
Stock based compensation	27,089	Nil
Directors' fees	Nil	Nil
	<u>\$ 42,089</u>	<u>\$ Nil</u>

For a number of months in 2018 and 2019, in order to assist the Company, related parties were paying for the expenses of the Company and did not draw or accrue salary or director's fees for portions of the 2018 and 2019 calendar years. In addition, officers forgave all salary amounts owed to them at a point in 2019. Following the private placement in December 2019, officers resumed drawing salary at a much-reduced level. As a result, at June 30, 2020, \$53,903 (March 31, 2020 - \$45,897) was payable to related parties for unpaid salary as well as for costs paid on behalf of the Company. This amount was included in due to related parties on the Statement of Financial Position, is unsecured, non-interest bearing and payable on demand.

Officers and directors participated in the Company's settlement on September 19, 2019 of certain amounts previously carried in accounts payable, agreeing to settle a total of \$36,000 in amounts owed in exchange for a total of 600,000 common shares of the Company. On the same date, officers, directors and other related parties also participated in the private placement of units described in Note 9a, subscribing for a total of 2,550,000 units at \$0.06.

Officers and directors participated in the Company's private placement of units on August 12, 2020, described in Note 13, subscribing for a total of 1,200,000 units at \$0.12.

Exploration partner and significant shareholder

In addition, as described in Notes 7.a and 9a, on September 19, 2019, Winshear acquired the Gaban Gold project and the Tinka Iron Oxide Copper Gold project, both located in Peru, from Palamina Corp. in exchange for agreeing to make specified advance royalty and share payments to Palamina over time. As a result of this transaction, Palamina became a related party. At June 30, 2020, the Company is indebted to Palamina in the amount of \$12,839 (March 31, 2020 - \$1,673) as reimbursement for exploration expenditures in Peru. This amount is unsecured, non-interest bearing and payable on demand. The Company also has one remaining share payment owed to Palamina (Note 7.a).

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12. COMMITMENTS AND CONTINGENCIES

Winshear is subject to the fees and expenditure requirements set by the various governments that are required to maintain its mineral exploration properties in good standing.

Winshear has one remaining required share payment: the issuance of 5,000,000 shares to Palamina (Note 7.a) which is shown as shares to be issued on the Statement of Financial Position. 4,600,000 common shares were issued subsequent to June 30, 2020 so that 400,000 shares remain to be issued under the terms of the agreement (See Note 13). Winshear also is committed to making the annual payments specified under the agreement with Palamina to acquire the Gaban and Tinka projects. Annual payments begin at \$25,000 on September 19, 2020 and will double every two years until Winshear has completed a total of 5,000m of drilling or has abandoned the properties.

The Company is party to certain management contracts. These contracts require payment of up to \$595,000 upon the occurrence of a change of control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$486,000 pursuant to the terms of these contracts. As a triggering event has not taken place, these amounts have not been recorded in these consolidated financial statements.

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

13. SUBSEQUENT EVENTS

On August 12, 2020, the Company closed a non-brokered private placement of 11,000,000 Units at \$0.12 per Unit for gross proceeds of \$1,320,000. Each Unit was comprised of one common share and one half of one common share purchase warrant. Each full warrant is exercisable to purchase one common share of Winshear Gold at a price of \$0.18 until August 12, 2022. Cash commissions totalling \$25,990 were paid on certain subscriptions.

Subsequent to June 30, 2020, 712,500 warrants at \$0.10 were exercised by several shareholders.

On August 14, 2020 the Company issued 4,600,000 common shares to Palamina Corp. as required under the Gaban and Ica properties acquisition agreement (Note 7.a). Winshear Gold agreed to purchase the Gaban and Ica properties from Palamina for 10,000,000 shares of Winshear Gold. Palamina now holds 19.9% or 9,600,000 common shares of the total issued common shares of Winshear Gold. Another 400,000 common shares are due Palamina under the terms of the agreement, and will be issued at a time when the issuance would not push Palamina over the 20% ownership threshold.