



WINSHEAR GOLD

(formerly Helio Resource Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended December 31, 2020 and 2019

Expressed in Canadian dollars - unaudited

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

Unaudited - Prepared by Management

ASSETS	December 31, 2020	March 31, 2020
Current assets		
Cash	\$ 937,699	\$ 232,933
Receivables and prepaids (Note 4)	84,564	61,102
Marketable securities (Note 5)	63,750	10,000
Total current assets	<u>1,086,013</u>	<u>304,035</u>
Total assets	<u>\$ 1,086,013</u>	<u>\$ 304,035</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 46,770	\$ 133,262
Accrued liabilities	26,438	79,556
Due to related parties (Note 11)	32,768	47,570
Total liabilities	<u>105,976</u>	<u>260,388</u>
DEFICIT		
Share capital (Note 9)	49,208,959	47,125,811
Shares to be issued (Notes 7.a, 9.a, & 11)	-	300,000
Contributed surplus	11,883,288	11,806,636
Deficit	(60,112,210)	(59,188,800)
Total equity (deficit)	<u>980,037</u>	<u>43,647</u>
Total liabilities and equity (deficit)	<u>\$ 1,086,013</u>	<u>\$ 304,035</u>

Going Concern (Note 2)

Commitments and contingencies (Notes 7a & 12)

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

Unaudited - Prepared by Management

	For the three months ended December 31,		For the nine months ended December 31,	
	2020	2019	2020	2019
Expenses				
Amortization (Note 6)	\$ -	\$ 116	\$ -	\$ 404
Exploration costs (Note 8)	236,746	143,511	588,186	337,000
Filing and transfer agent fees	2,734	7,073	11,097	11,647
Professional fees	7,067	12,710	113,578	(4,851)
Marketing	14,231	24,316	35,153	34,200
Office and miscellaneous	7,735	8,377	22,198	26,148
Salaries, directors fees and consulting (Note 11)	83,823	22,316	148,257	10,071
Share based payments (Note 9)	7,227	34,799	64,729	34,799
Travel	-	1,114	521	3,421
Total expenses before other income (loss)	(359,563)	(254,332)	(983,719)	(452,839)
Other income / (loss)				
Interest income	-	-	-	7,860
Foreign exchange gain (loss)	(15,475)	380	(13,037)	(9,582)
Loss on revaluation of share payable (Notes 10 & 11)	-	25,000	-	(375,000)
Gain (loss) on marketable securities	43,760	(2,500)	61,260	(12,500)
Provision for VAT receivable	12,086	-	12,086	(1,534)
Total other income (loss)	40,371	22,880	60,309	(390,756)
Net and comprehensive loss for the period	\$ (319,192)	\$ (231,452)	\$ (923,410)	\$ (843,595)
Net loss per share: basic & diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Weighted average				
number of common shares outstanding:	53,506,541	32,449,318	42,543,366	19,031,435

- See accompanying notes -

Winshear Gold Corp.

(formerly Helio Resource Corp.)

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)
Private placement	15,000,000	900,000	-	-	-	900,000
Share issuance costs	-	(16,876)	-	-	-	(16,876)
Mineral property acquisition	5,000,000	300,000	-	-	-	300,000
Stock option vesting	-	-	-	39,149	-	39,149
Shares issued to settle debt	1,500,000	90,000	-	-	-	90,000
Loss for the period	-	-	-	-	(843,595)	(843,595)
December 31, 2019	32,449,318	\$ 47,125,811	\$ -	\$ 11,786,621	\$ (58,659,795)	\$ 252,637
March 31, 2020	32,449,318	\$ 47,125,811	\$ 300,000	\$ 11,806,636	\$ (59,188,800)	\$ 43,647
Private placement	11,000,000	1,320,000	-	-	-	1,320,000
Share issuance costs	-	(44,352)	-	-	-	(44,352)
Warrants exercised	5,075,000	507,500	-	-	-	507,500
Mineral property acquisition (Note 10a)	5,000,000	300,000	(300,000)	-	-	-
Stock option vesting	-	-	-	76,652	-	76,652
Loss for the period	-	-	-	-	(923,410)	(923,410)
December 31, 2020	53,524,318	\$ 49,208,959	\$ -	\$ 11,883,288	\$ (60,112,210)	\$ 980,037

- See accompanying notes -

Winshear Gold Corp.

(formerly Helio Resource Corp.)

Condensed Interim Consolidated Statement of Cash Flows

Canadian Dollars

Unaudited - Prepared by Management

	For the three months ended December 31,		For the nine months ended December 31,	
	2020	2019	2020	2019
Cash flows from operating activities				
Loss for the period:	\$ (319,192)	\$ (231,452)	\$ (923,410)	\$ (843,595)
Non-operating interest income	-	-	-	(7,860)
Items not affecting cash:				
Amortization	-	116	-	404
Provision for VAT receivable	-	-	-	1,534
Loss on marketable securities	(43,760)	2,500	(61,260)	12,500
Loss on revaluation of share payable	-	(25,000)	-	375,000
Share-based payments	8,558	39,149	76,652	39,149
Changes in non-cash working capital:				
Receivables and prepaids	(54,003)	(13,792)	(23,462)	54,394
Accounts payable and accrued liabilities	(34,261)	(138,503)	(139,610)	(75,327)
Due to / from related parties	14,833	57,914	(14,802)	59,545
Cash flows from operating activities	<u>(427,825)</u>	<u>(309,068)</u>	<u>(1,085,892)</u>	<u>(384,256)</u>
Cash flows from investing activities				
Interest received	-	-	-	7,860
Mineral property acquisition costs	-	(1,131)	-	(56,087)
Cash flows from investing activities	<u>7,510</u>	<u>(1,131)</u>	<u>7,510</u>	<u>(48,227)</u>
Cash flows from financing activities				
Share subscriptions received	-	-	-	900,000
Warrant exercises	985	-	507,500	-
Proceeds from the issuance of shares on private placement financing	-	-	1,320,000	-
Share issuance costs	(21,747)	-	(44,352)	(16,876)
Cash flows from financing activities	<u>(20,762)</u>	<u>-</u>	<u>1,783,148</u>	<u>883,124</u>
Net change in cash	<u>(441,077)</u>	<u>(310,199)</u>	<u>704,766</u>	<u>450,641</u>
Cash - beginning of period	<u>1,378,776</u>	<u>777,061</u>	<u>232,933</u>	<u>16,221</u>
Cash - end of period	<u>\$ 937,699</u>	<u>\$ 466,862</u>	<u>\$ 937,699</u>	<u>\$ 466,862</u>

Supplemental information:

Shares issued for mineral property acquisition	\$ 24,000	\$ -	\$ 300,000	\$ -
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- See accompanying notes -

Winshear Gold Corp.

(formerly Helio Resource Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 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 condensed interim consolidated financial statements (the “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 December 31, 2020, the Company has limited working capital, no source of revenue, a deficit of \$60,112,210, had negative cashflow from operations of \$1,085,892 for the nine month 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, changes in laws, 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.

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Notes to the Condensed Interim Consolidated Financial Statements

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Unaudited – prepared by management

3. BASIS OF PRESENTATION

a) Statement of Compliance

These 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”). These Financial Statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended March 31, 2020.

b) Approval of The Financial Statements

These Financial Statements were authorized for issue by the Board of Directors of the Company on February 26, 2021.

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 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 the Company’s Financial Statements 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 Financial Statements. It is anticipated that these amendments will have no impact on the Financial Statements when they are adopted in future years. The IASB has also issued several new amendments to standards and interpretations that were first adopted by the Company on April 1, 2020, none of which had a material impact on the Financial Statements.

Winshear Gold Corp.

(formerly Helio Resource Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2020

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3. BASIS OF PRESENTATION (CONTINUED)

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 have been particularly high compared to other parts of the world. COVID-19 has required the Company to engage in more planning prior to launching a field exploration program, and, at times, has required the Company to withdraw teams in the field, and to delay deploying exploration teams to the field. This has increased the cost of exploration modestly, and has introduced unpredictable delays, which may be further compounded by seasonal weather-delays.

4. RECEIVABLES AND PREPAIDS

	December 31, 2020	March 31, 2020
Prepaid expenses	\$ 37,324	\$ 36,297
Receivables	5,561	16,283
Sales tax receivable - Peru	34,497	-
Sales tax receivable - Canada	7,182	8,522
	<u>\$ 84,564</u>	<u>\$ 61,102</u>

Sales tax receivable is sales taxes that are expected to be recoverable from the relevant government within the next 12 months.

5. MARKETABLE SECURITIES

Damara Gold Corp.	# of shares	Fair value
Opening Balance – March 31, 2020	500,000	\$ 10,000
Dispositions	(75,000)	(4,125)
Fair value adjustment	-	57,875
Ending Balance – December 31, 2020	<u>425,000</u>	<u>\$ 63,750</u>

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Notes to the Condensed Interim Consolidated Financial Statements

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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 December 31, 2020	\$ -	\$ -	\$ -
Consisting of			
Cost	\$ 77,104	\$ 98,797	\$ 175,901
Accumulated amortization	(77,104)	(98,797)	(175,901)
At March 31, 2020 and December 30, 2020	\$ -	\$ -	\$ -

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 10,000,000 common shares to Palamina (See Note 9). In addition, Winshear will make annual advance royalty payments to Palamina. Annual anniversary payments begin at \$25,000 on September 19, 2020 (paid for 2020) and will double every two years until Winshear has completed a total of 5,000 metres 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. The Company has obtained funding to cover the cost of seeking compensation for the expropriation through international arbitration (Note 12).

Winshear Gold Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

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Expressed in Canadian dollars

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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.

Nine months ended December 31, 2020	Tanzania		Peru	Total
	Saza and Saza West	Makongolosi	Gaban & Tinka	
Acquisition costs	\$ -	\$ -	\$ 33,075	\$ 33,075
Field expenses and consumables	288	696	41,426	42,410
Geochemical analysis	-	-	5,411	5,411
Geological consulting	2,750	7,197	7,794	17,741
License fees (recovery)	(6,480)	(12,870)	118,339	98,989
Salaries and wages	13,115	33,973	89,135	136,223
Share based compensation	361	1,068	10,492	11,921
Transportation and travel	240	386	25,973	26,599
Exploration office expenses	14,494	36,518	164,804	215,816
Total:	\$ 24,768	\$ 66,968	\$ 496,449	\$ 588,185

Nine months ended December 31, 2019	Tanzania		Peru	Total
	Saza and Saza West	Makongolosi	Gaban & Tinka	
Field expenses and consumables	504	1,321	9,581	11,406
Geological consulting	2,568	6,823	26,656	36,047
License fees	-	-	64,666	64,666
Salaries and wages	15,116	39,567	130,588	185,271
Share based compensation	-	-	4,350	4,350
Transportation and travel	538	1,410	12,377	14,325
Exploration office expenses	5,780	15,155	-	20,935
Total:	\$ 24,506	\$ 64,276	\$ 248,218	\$ 337,000

Winshear Gold Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2020

Expressed in Canadian dollars

Unaudited – prepared by management

9. SHARE CAPITAL

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

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 had an initial value on September 19, 2019 of \$300,000 – this commitment is disclosed as a non-current liability on the Statement of Financial Position as of March 31, 2020. To satisfy this commitment, the Company issued 4,600,000 common shares on August 17, 2020 and 400,000 common shares on October 5, 2020.

On September 19, 2019, Winshear 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.

On August 12, 2020, Winshear completed a private placement financing, raising \$1,320,000 in gross proceeds through the issuance of 11,000,000 units at \$0.12 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 \$0.18 until August 12, 2022.

In addition, 5,075,000 common shares of Winshear were issued for gross proceeds of \$507,500 in August and September as a result of warrant exercises.

- b) Share-based payments

The Company has established an incentive share purchase option plan whereby the Board of Directors may grant incentive stock 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 incentive 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.

Winshear Gold Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

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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 December 31, 2020	2,250,000	\$ 0.20

The following table summarizes information about stock options outstanding to directors, officers, employees and consultants as at September 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	3.8	2,250,000

The stock options noted above vested 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	7,500,000	\$0.10
Exercised	(5,075,000)	\$0.10
Expired	(2,425,000)	\$0.10
Issued August 12, 2020	5,500,000	\$0.18
As at December 31, 2020	5,500,000	\$0.18

At December 31, 2020, the outstanding warrants all expire on August 12, 2022.

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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. No 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:

	Dec. 31, 2020	March 31, 2020
Canada	\$ 923,802	\$ 253,071
Peru	156,650	-
Tanzania	5,561	50,964
	<u>\$ 1,086,013</u>	<u>\$ 304,035</u>

Cash amounting to \$828,828 was held in Canada, \$108,871 in Peru, and \$Nil was held in Tanzania at December 31, 2020 (March 31, 2020 - \$215,898 in Canada, \$nil in Peru, and \$17,035 in Tanzania).

Net loss by geographic area:

	Nine months ended Dec. 31, 2020	Nine months ended Dec. 31, 2019
Canada	\$ 335,225	\$ 486,407
Peru	496,070	248,218
Tanzania	92,115	108,970
	<u>\$ 923,410</u>	<u>\$ 843,595</u>

Exploration expenses by geographic area:

	Nine months ended Dec. 31, 2020	Nine months ended Dec. 31, 2019
Peru	496,070	248,218
Tanzania	\$ 92,115	\$ 88,782
	<u>\$ 588,185</u>	<u>\$ 337,000</u>

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Notes to the Condensed Interim Consolidated Financial Statements

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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:

Nine months ended	Dec. 31, 2020	Dec. 31, 2019
Salaries paid or accrued	\$ 87,000	\$ 40,000
Salaries forgiven	Nil	(43,000)
Stock based compensation	85,544	31,300
	<u>\$ 172,544</u>	<u>\$ 28,300</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 one point in 2019. Following the private placement in December 2019, officers resumed drawing salary at a much-reduced level. Directors have still not resumed drawing fees.

At December 31, 2020, \$32,768 (March 31, 2020 - \$45,897) was payable to related parties for legal services rendered to the Company and \$1,400 was payable to related parties under a rent-sharing agreement. These amounts were included in due to related parties on the Statement of Financial Position, are 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 9.a, subscribing for a total of 2,550,000 units at \$0.06.

Officers and directors also participated in the Company's private placement of units on August 12, 2020, described in Note 9, 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, and due to having directors in common with the Company, Palamina became a related party. At December 31, 2020, Palamina is indebted to the Company in the amount of \$1,400 (March 31, 2020 – (\$1,673)) as the Company advanced a small amount in order to fund exploration expenditures in Peru. This amount is unsecured, non-interest bearing and payable on demand and is included in due to related parties on the Statement of Financial Position.

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Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2020

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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 is committed to making the annual cash-payments specified under the agreement with Palamina to acquire the Gaban and Tinka projects. Annual payments begin at \$25,000 on September 19, 2020 (paid) 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 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.

Tanzania Contingent Liability:

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.

On December 7, 2020, the Company completed a Litigation Funding Agreement with an affiliate of Delta Capital Partners Management, LLC, a US-based global private equity and advisory firm specializing in litigation and legal finance ("Delta"). Under the Litigation Funding Agreement, the Company can draw funds from a financing facility to meet all fees and expenses relating to the pursuit of certain claims against the Government of Tanzania. In exchange, Delta is entitled to a portion of any proceeds awarded to the Company.