MONTERO MINING AND EXPLORATION LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2020 and 2019

Expressed in Canadian Dollars

The accompanying unaudited interim consolidated financial statements of Montero Mining and Exploration Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

MONTERO MINING AND EXPLORATION LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars - unaudited)

	Notes	March 31, 2020	December 31, 2019
ASSETS		**$**	**$**
Current assets			
Cash		743	10,979
Other receivables		71,844	51,251
Prepaid expenses and deposits		26,138	18,723
Total current assets		98,725	80,953
Non-current assets			
Plant and equipment		1,838	2,103
Exploration and evaluation assets	4	30,102	-
Total non-current assets		31,940	2,103
TOTAL ASSETS		**130,665**	**83,056**
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	10	671,690	549,288
Total current liabilities		671,690	549,288
SHAREHOLDERS' EQUITY			
Share capital	5	16,448,943	16,448,943
Warrants	6	306,361	306,361
Share-based payment reserve	7	7,292,626	7,292,626
Foreign currency translation reserve		1,047,299	1,050,898
Accumulated deficit		(25,636,254)	(25,565,060)
Total shareholders' equity		(541,025)	(466,232)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**130,665**	**83,056**
Nature and continuance of operations	1		
Subsequent event	15		

On behalf of the Board:

"Antony Harwood"	*"Andrew Thomson"*
Antony Harwood, Director	Andrew Thomson, Director

See accompanying notes to the condensed consolidated interim financial statements

MONTERO MINING AND EXPLORATION LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars - unaudited)

	Notes	Three months ended March 31, 2020	Three months ended March 31, 2019
		$	**$**
EXPENSES			
Consulting, administrative and management fees	10	66,462	70,689
Depreciation		265	1,052
General and administrative	10	11,316	15,341
Other expenses		2,789	9,883
Professional fees		14,202	11,594
Project investigation costs	4	6,624	-
Shareholder and regulatory		1,877	2,217
OPERATING LOSS		(103,535)	(110,776)
OTHER ITEMS			
Recovery on impaired exploration and evaluation assets	4	32,295	-
Foreign exchange gain		46	(250)
		32,341	(250)
NET LOSS		**(71,194)**	**(111,026)**
OTHER COMPREHENSIVE INCOME			
Exchange difference on translating foreign operations		(3,599)	(33,327)
COMPREHENSIVE LOSS		**(74,793)**	**(144,353)**
EARNINGS (LOSS) PER SHARE – BASIC AND DILUTED	8	$ (0.01)	$ (0.01)

See accompanying notes to the condensed consolidated interim financial statements

MONTERO MINING AND EXPLORATION LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars - unaudited)

	Share Capital		Warrants	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Deficit	TOTAL EQUITY
	Number of Shares	$	$	$	$	$	$
Balance, December 31, 2018	**21,880,818**	**16,448,943**	**306,361**	**7,292,626**	**1,045,113**	**(24,907,503)**	**185,540**
Net loss and comprehensive loss	—	—	—	—	(33,327)	(111,026)	(144,353)
Balance, March 31, 2019	**21,880,818**	**16,448,943**	**306,361**	**7,292,626**	**1,011,786**	**(25,018,529)**	**41,187**
Balance, December 31, 2019	**21,880,818**	**16,448,943**	**306,361**	**7,292,626**	**1,050,898**	**(25,565,060)**	**(466,232)**
Net loss and comprehensive loss		**-**	**-**	**-**	(3,599)	(71,194)	(74,793)
Balance, March 31, 2020	**21,880,818**	**16,448,943**	**306,361**	**7,292,626**	**1,047,299**	**(25,636,254)**	**(541,025)**

See accompanying notes to the condensed consolidated interim financial statements

MONTERO MINING AND EXPLORATION LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars - unaudited)

	Three months ended March 31, 2020	Three months ended March 31, 2019
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(71,194)	(111,026)
Adjustments to loss for non-cash items:		
Depreciation	265	1,052
Net changes in non-cash working capital items:		
Other receivables	(20,593)	3,974
Prepaid expenses and deposits	(7,415)	(25,116)
Trade and other payables	68,803	96,392
Net cash flows used in operating activities	(30,134)	(34,724)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets assets	(30,102)	(1,537)
Recoveries of exploration and evaluation assets	-	9,154
Net cash provided by (used in) investing activities	(30,102)	7,617
CASH FLOWS FROM FINANCING ACTIVITIES		
Promissory note payable	50,000	-
Net cash provided by (used in) financing activities	50,000	-
NET DECREASE IN CASH	(10,236)	(27,107)
CASH, BEGINNING OF PERIOD	10,979	32,758
CASH, END OF PERIOD	743	5,651

See accompanying notes to the condensed consolidated interim financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Montero Mining and Exploration Ltd ("Montero" or the "Company") was incorporated on October 5, 2006, under the laws of British Columbia, Canada. Montero and its subsidiaries (collectively, the "Company") are engaged in the acquisition and exploration of mineral properties in Tanzania and Namibia.

Montero is a publicly listed company with its shares listed on the TSX Venture Exchange ("TSX-V"). The Company's registered office is located at 1040 West Georgia Street, Suite 1900, Vancouver, BC, V6E 4H3 and its head office address is 789 West Pender Street, Suite 810, Vancouver, BC V6C 1H2.

Going Concern

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2020, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions give rise to substantial doubt about the Company's ability to continue as a going concern. When further funds are required, they will be financed through a private placement of common shares or by debt instruments.

Since March 2020, severe restrictive measures have been implemented globally in all of the countries Montero operates due to the spread of the COVID-19 pandemic. The Company continues to operate but has ceased all exploration activity at this time mainly due to travel restrictions. Uncertainty surrounding the duration of the COVID-19 pandemic has meaningfully impacted business operations and resumption of exploration activities cannot be reasonably estimated at this time. The Company anticipates this will have an adverse impact on its business, results of operations, financial position and ability to finance in 2020.

2. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements of the Company, including comparatives, have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements comply with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all of the information required of a complete set of consolidated financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and the performance of the Company since the end of its last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2019, which were prepared in accordance with IFRS as issued by the IASB. The condensed consolidated interim financial statements were authorized for issue on May 25, 2020 by the Audit Committee of the Company.

3. BASIS OF PRESENTATION

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual consolidated financial statements for the year ended December 31, 2019. The condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise indicated.

(Expressed in Canadian dollars - unaudited)

4. EXPLORATION AND EVALUATION PROJECTS

A summary of the Company's exploration and evaluation projects is as follows:

	March 31, 2020	December 31, 2019
	$	$
Chile	30,102	-
	30,102	**-**

a) Namibia

Lithium Projects

Soris Lithium Project

On October 10, 2017, the Company entered into a Letter of Intent ("LOI") with Frovio Investment ("Frovio") and Mickal Tjituka ("Tjituka"), the owner of Frovio, to acquire up to an 80% interest in a newly formed company ("Newco") that will hold the mining claims that make up this lithium project (the "Soris Lithium Project"). Frovio has eight mining claims making up the Soris Lithium Project and will transfer them into Newco in exchange for a 20% interest. Montero will earn the remainder 80% interest by committing to spending $1 million on the Soris Lithium Project over a three year period. The LOI indicated a three month due diligence period and Montero requested an extension until the transfer of the mining claims is ratified, which has been granted. If successful results are achieved after this due diligence period, Frovio and Montero will complete a definitive agreement covering the Soris Lithium Project. Montero has established a new subsidiary in Namibia, Soris Mining (Proprietary) Ltd. as required by the LOI above and entered into a shareholder's Agreement with Tjituka covering its term of operations

At December 31, 2019, due to the Company's current inability to obtain a permit to allow drilling and the weak lithium market an impairment charge of $224,229 was recorded.

UIS Lithium Tin Tailings Project

On March 5, 2018, the Company entered into a binding Heads of Agreement ("HOA") with Namib Base Minerals CC ("NBM") and Namibia Silica CC ("NBS"), (collectively the "Owners") to acquire a 95% interest in the UIS Lithium Tin Tailings Project. Under the terms of the HOA, Montero can earn a 95% interest in the UIS Lithium Tin Tailings Project by spending United States dollars ("USD") $1,425,000 over a three-year period. A payment of USD $10,000 is required on the execution of the HOA (paid), another payment of USD $40,000 paid on the successful completion of due diligence, and a further payment of USD $275,000 should have been paid by October 15, 2019 to keep the existing agreement in good standing which was not paid and therefore the Company is in default of the agreement.

Montero also entered into an agreement with Lithium Africa 1 ("LA1"), to acquire drilling and other data pertaining to the UIS Lithium tailings Project, within four months following a successful due diligence for the amount of $125,000 in cash or shares at LA1's election.

The Company capitalized costs of $169,662 on the UIS Lithium Tin Tailings Project. As the agreement is currently in default, the Company has impaired the carrying value of this project.

EPL 6162 Lithium Project

On March 1, 2018, the Company entered into a LOI with Mr. Esegial Xamseb ("Xamseb"), a Namibian national, to acquire an 80% interest in the Exclusive Prospecting Licence 6162 ("EPL 6162 Lithium Project"). Under the terms

4. EXPLORATION AND EVALUATION ASSETS – *Continued*

of the LOI, Montero can earn an 80% interest in the EPL 6162 Lithium Project by spending $1,000,000 over a three year period. Montero shall pay Xamseb $5,000 on signing of a definitive agreement and make annual payments to him of $10,000 on the anniversary of the effective date. There was a due diligence period of three months provided.

The Company has withdrawn from this EPL 6162 Lithium project and issued a termination notice and therefore recorded an impairment of $11,023 at December 31, 2019.

b) South Africa
<u>Phosco Project</u>

On November 18, 2011, the Company's subsidiary, Montero Projects Limited ("Montero Projects") acquired the shares in Eurozone which holds interests in subsidiary companies that hold phosphate exploration projects in South Africa (hereafter, "Phosco"). Montero Projects paid $101,700 (United States dollars "USD" $100,000) and issued 2,500,000 common shares of Montero, valued at $750,000, and completed the acquisition of Eurozone. The Company held two licences covering the Duyker Eiland and Phillips Kraal areas as a result of this payment.

The licenses comprising the Phosco project expired in February 2019 and management has re-applied for only the mining rights to the Duyker Elland project area. The Phillips Krall area was not re-applied for.

Due to this uncertainty and the Company's limited resources and a change in focus to lithium projects in Namibia, the Company recorded an impairment charge for the year end December 31, 2018 for Phosco totaling $1,362,197 which included $9,393 in reclamation bonds. During the year ended December 31, 2019, the Company incurred costs of $6,648 on the Phosco project which were expensed as project investigation costs.

c) Tanzania
<u>Wigu Hill Project</u>

From May 26, 2008 to April 27, 2010 Montero Tanzania completed an earn-in on the Wigu Hill rare earth Project whereby the tenements were transferred to a newly-formed company Wigu Hill Mining Company Limited ("WHMC"). Pursuant to defining a rare earth resource, Montero's interest in WHMC increased to 82.25%. In 2015, Montero applied for and was awarded a Retention Licence over the Wigu Hill Deposit, placing the project on care-and-maintenance. Retention Licences were granted to holders of a prospecting licence after a mineral deposit was defined within the prospecting area which could not immediately be developed due to technical constraints, adverse market conditions or other economic factors.

In July 2017 the Government of Tanzania announced wide-ranging and severe amendments to the Mining Act 2010, which, inter alia, abolished the legislative basis for the Retention License classification with no replacement classification. On 10 January 2018 Tanzania cancelled all Retention Licenses issued prior to 10 January 2018 at which point they ceased to have any legal effect.

The operating environment in Tanzania is challenging for mining companies and as such, management believes that this is an indicator of impairment, and has therefore written off the carrying value of the Wigu Hill Project in the amount of $1,190,719 during the year ended December 31, 2018. As well, a smaller license in the vicinity was not renewed and therefore the Company has recorded an impairment charge of $30,079 for this other Tanzanian license for the year ended December 31, 2018. During the year ended December 31, 2019, the Company reversed an accrual for certain license fee payments resulting in an impairment reversal of $29,823.

On June 26, 2019, the Company signed a variation letter to amend a prior letter of intent outlining the terms of the sale of Montero's Tanzanian holding company that holds 100% of the Intellectual Property ("IP") relating to the Wigu Hill Project to Cheetah Resources Pty Ltd. ("Cheetah"). To date, the Company has received a non-refundable fee of $100,000. Cheetah has agreed to fund a $500,000 development program over six months to complete a legal and technical due diligence of the IP once a Mining License is awarded at Wigu Hill. Cheetah retains an option to

(Expressed in Canadian dollars - unaudited)

4. EXPLORATION AND EVALUATION ASSETS – *Continued*
c) Tanzania – *Continued*

acquire all the Company's equity interest for $1.1 million in the holding company after which Cheetah will grant and register a 1% net smelter return royalty payable to the Company on any production from the IP and future Licenses awarded.

In the event that the agreement is terminated by Cheetah in circumstances where the Tanzanian Ministry of Mines does not grant the license to Cheetah, the $100,000 will become a loan repayable 12 months from the date of termination bearing interest at 5% per annum. No provision has been recognized in relation to the deposit received as the Company does not consider it probable that the license will not be granted and it will need to repay this amount to Cheetah.

Pursuant to the letter of intent, Cheetah is currently paying for overhead costs of USD $7,000 per month (total recoveries of USD $21,000, $28,243 for the period ended March 31, 2020). During the year ending December 31, 2019 the Company received other reimbursements in the amount of USD $42,575, $56,333, plus the deposit of $100,000, offset by other costs of $16,840 for a net recovery of $250,637. Costs recovered in 2018 were credited against the carrying value of the project.

d) Chile
On January 25, 2018, Montero entered into an agreement with certain individuals to apply for claims in Chile utilizing exploration techniques designed to identify lithium deposits. Due to a drop in lithium prices and a lack of meaningful exploration results, the exploration claims lapsed during the 4th quarter of 2019 and the agreement was terminated.

The Company has made a new application for 13,200 hectares in the area to allow the Company to explore for copper molybdenum.

At December 31, 2019, no new claims had been granted to Montero, so the Company recorded these costs as property investigation costs. During the year ended December 31, 2018, Montero spent $91,781 on a lithium exploration program. During the year ending December 31, 2019 the Company incurred a further $46,583 on lithium exploration. During the current period ending March 31, 2020, the Company was granted claims and capitalized $30,102 in costs.

Details of the Company's exploration and evaluation assets are as follows:

	Chile	**Three Months ended March 31, 2020**	**Year ended December 31, 2019**
	$	**$**	**$**
Balance, beginning of period	-	**-**	-
Costs incurred during the period:			
License and claims	30,102	**30,102**	-
Total	30,102	**30,102**	**-**

(Expressed in Canadian dollars - unaudited)

5. SHARE CAPITAL

Authorized
Unlimited number of common shares without par value.

Issued and outstanding
At March 31, 2020 there were 21,880,818 (December 31, 2019 – 21,880,818) issued and fully paid common shares outstanding.

There have been no changes in the period ending March 31, 2020.

Stock options
The Company has established a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The number of common shares that are available for grants of options under the Plan shall not at any time exceed 10% of the number of outstanding common shares, calculated at the time of grant. Options granted under the Plan generally have a term of five years and vest on the date of the grant.

A summary of the continuity of the Company's stock options is as follows:

	March 31, 2020		December 31, 2019	
	Number of Shares Issuable	Weighted Average Exercise Price	Number of Shares Issuable	Weighted Average Exercise Price
		$		$
Options outstanding, beginning of period	1,752,000	0.25	1,752,000	0.25
Granted	-	-	-	-
Expired	-	-	-	-
Options outstanding and exercisable, end of period	1,752,000	0.25	1,752,000	0.25

The stock options expire on May 14, 2023 and the weighted average remaining contractual life of the outstanding stock options is 3.12 years.

6. WARRANTS

The issued and outstanding warrants are comprised of the following:

Date of expiry	Warrant Reserve	Number of warrants	Exercise Price
	$		$
October 27, 2020	306,361	3,440,849	0.32
Balance, March 31, 2020	**306,361**	**3,440,849**	

(Expressed in Canadian dollars - unaudited)

6. WARRANTS – *Continued*

A summary of the continuity of the Company's warrants is as follows:

	March 31, 2020		**December 31, 2019**	
	Number of Shares Issuable	Weighted Average Exercise Price	Number of Shares Issuable	Weighted Average Exercise Price
		$		**$**
Warrants outstanding, beginning of period	3,440,849	0.32	3,440,849	0.32
Granted	-	-	-	-
Warrants outstanding, end of period	3,440,849	0.32	3,440,849	0.32

At March 31, 2020, the weighted average remaining contractual life of the outstanding warrants was 0.58 years.

The warrant reserve records the fair value of warrants associated with private placements until such time that the warrants have expired, at which time the corresponding amount will be transferred to share-based payment reserve. If the warrants are exercised prior to expiry, the corresponding amount will be transferred to share capital.

7. SHARE-BASED PAYMENT RESERVE

The Company's share-based payment reserve is comprised of the following:

	$
Expired warrants	5,086,472
Expired stock options	1,784,707
Unexpired stock options	421,447
Balance, March 31, 2020	**7,292,626**

The share-based payment reserve records items recognized as stock-based compensation expense, the fair value of expired warrants associated with private placements and the fair value of agent's warrants. If the stock options are exercised prior to expiry, the corresponding amount will be transferred to share capital.

(Expressed in Canadian dollars - unaudited)

8. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period. The basic and diluted earnings (loss) per share are the same since the Company reported a loss for 2020 and 2019.

		March 31, 2020		March 31, 2019
Net loss attributable to owners of the parent company	$	(71,194)	$	(111,026)
Weighted average number of ordinary shares outstanding		21,880,818		21,880,818
Basic and diluted loss per ordinary share	$	(0.01)	$	(0.01)

9. COMMITMENTS AND CONTINGENCIES

The Company has no operating lease commitments. The Company has capital commitments relating to its exploration and evaluation projects as outlined in Note 4.

10. RELATED PARTY TRANSACTIONS

Key management personnel compensation

	Three months ended March 31	
	2020	**2019**
	$	**$**
Compensation of key management personnel	32,206	32,669
	32,206	32,669

(Expressed in Canadian dollars - unaudited)

10. RELATED PARTY TRANSACTIONS – *Continued*

Related party balances

The Company incurred the following transactions with management, directors, officers or companies which have directors in common, or in which the directors have significant influence and interests.

	Three months ended March 31	
	2020	**2019**
	$	**$**
Operating expense transactions		
Consulting, directors', administrative and management fees	25,048	17,864
General and administrative	1,734	1,868
Total trading transactions with related parties	**26,782**	**19,732**

The following amounts due to related parties are included in trade and other payables:

	March 31, 2020	**December 31, 2019**
	$	**$**
Due to related parties	334,954	274,215
Promissory Note	50,000	-
Total	**384,954**	**274,215**

The amounts due to related parties represent amounts due to directors and officers or companies which have directors in common, or in which the directors have significant influence and interests. These amounts are unsecured, non-interest bearing and are due within twelve months. The promissory note is interest bearing at 5.0% per annum. The unpaid principal amount together with any accrued and unpaid interest, shall become due and payable in full on or before December 31, 2020.

11. SEGMENTED INFORMATION

The Company has one business segment being the exploration and evaluation of mineral resources. The Company is organized by geographic area and as such, its reportable geographic segments are located in Canada, and Namibia.

Information regarding the Company's geographic segments is as follows:

As at March 31, 2020			
	Chile	**Namibia**	**Total**
	$	**$**	**$**
Plant and equipment	729	1,109	1,838
Exploration and evaluation assets	30,102	-	30,102
Total non-current assets	**30,831**	**1,109**	**31,940**

(Expressed in Canadian dollars - unaudited)

11. SEGMENTED INFORMATION - *Continued*

As at December 31, 2019

	Chile	Namibia	Total
	$	$	$
Plant and equipment	817	1,286	2,103
Total non-current assets	**817**	**1,286**	**2,103**

12. NON-CASH TRANSACTIONS

There were no non-cash transactions during the three months ended March 31, 2020 or three months ended March 31, 2019 that are not reflected in the statement of cash flows.

13. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern, while supporting the Company's business and maximizing the return to its stakeholders. The Company's capital structure is adjusted based on management's decisions to issue debt or equity instruments to fund expenditures. In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business. The capital of the Company consists of equity attributable to owners of the parent comprised of share capital, stock options and warrants.

The Company's principle activities are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flow. In order to facilitate the management of capital and exploration of its mineral properties, the Company needs to raise capital as and when required to complete its projects and for working capital. The sources of future funds presently available to the Company are through the issuance of new share capital, through the exercise of stock options and/or warrants or through borrowings from related parties.

The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as the business performance of the Company. There can be no assurances that the Company will be successful in its efforts to arrange additional financing, when required, on terms satisfactory to the Company.

Management prepares operating budgets to forecast its financing requirements in advance and they review their capital management approach on an ongoing basis and believes that this approach is reasonable, given the relative size of the Company. The Company's investment policy is to hold excess cash in interest-bearing accounts at high credit quality financial institutions to minimize risk and maximize liquidity. The Company's overall strategy remains unchanged from the prior period. The Company is not subject to any externally imposed capital requirements

14. RISK MANAGEMENT

The Company operates in the mining industry and faces a number of risks that could adversely affect the Company's operations. These risks include industry risk, credit risk, liquidity risk, interest rate risk, foreign currency risk, commodity price risk. Management reviews and develops policies for managing each of these risks which are summarized below.

Industry Risk
The Company is engaged in the mineral exploration field, which is subject to inherent risks of success as well as compliance with environmental, political and regulatory requirements. The Company is potentially at risk for environmental reclamation obligations associated with resource property interests. As well, the Company operates

in foreign countries and is subject to local political risks, as well as local regulatory requirements regarding ownership and maintenance of mineral licences. Management is of the opinion that they have the expertise to address these risks and makes all efforts to conduct their business in compliance with local industry standards, however environmental and local industry laws and practices are complex, and there is no certainty that all exposure to liability or costs have been mitigated.

Credit Risk
Credit risk is the risk of loss associated with a counter-party's ability to fulfill its payment obligations. The Company's primary exposure to credit risk is attributable to its cash and cash equivalents, as well as other receivables. This risk relating to cash and cash equivalents is considered low since the Company only invests its cash in major banks which are high credit quality financial institutions. The other receivables primarily comprise local sales tax refunds due from governmental agencies and, as such, management considers the risk with their collection minimal. The cash and cash equivalents are invested in short-term investment certificates for periods less than 90 days and the other receivables are due in less than 90 days.

Liquidity Risk
Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash in order to meet its liquidity requirements and to develop budgets to forecast cash requirements in advance of their requirements. The Company currently does not have a source of operating cash flow and must raise funds for its exploration and evaluation programs and for general working capital. There are risks associated with raising the funds required, and there can be no assurances that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. The Company's loans payable were settled with common shares during the year and the Company's trade and other payables are generally due within 90 days, with all amounts due within twelve months.

Interest Rate Risk
Interest rate risk refers to the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents which represent excess cash invested in short-term investments and these accrue interest at variable market rates. The Company monitors these investments with its need for cash flow and is satisfied with the return on these investments, given the timing of the need for cash in the Company. The effect of interest rate changes on the Company is insignificant.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada, Namibia, South Africa and Tanzania and portions of its expenditures are incurred in US dollars, Namibian dollars, South African Rand and Tanzanian Shillings. The Company's presentation currency is the Canadian dollar, the Tanzanian subsidiaries' functional currency is the United States dollar and the South African and Namibian subsidiaries' functional currency is the Canadian dollar. At March 31, 2020 and 2019, the value of financial assets and liabilities denominated in currencies other than the functional currency of the entity to which they relate is not significant.

Commodity Price Risk
The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value of its exploration and evaluation assets, due to commodity price movements and volatilities. The Company monitors commodity prices (primarily lithium and rare earth elements) to determine the appropriate course of action to be taken by the Company.