SEAHAWK VENTURES INC.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED MAY 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Seahawk Ventures Inc.

Opinion

We have audited the accompanying financial statements of Seahawk Ventures Inc. (the "Company"), which comprise the statements of financial position as at May 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred a net loss of $726,980 during the year ended May 31, 2020 and, as of that date, the Company had an accumulated deficit of $8,531,242. As stated in Note 1, these events and conditions 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 obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements, including the disclosures, and whether the 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 auditor's report is Glenn Parchomchuk.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

August 20, 2020

SEAHAWK VENTURES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at May 31,

	2020	2019
ASSETS		
Current		
Cash	$ 22,319	$ 451,541
Amounts receivable (Note 5)	64,370	126,461
Prepaids	69	22,500
Exploration advances	2,019	22,752
Total current assets	88,777	623,254
Exploration and evaluation assets (Note 4)	2,274,071	1,840,800
Total assets	$ 2,362,848	$ 2,464,054
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 131,543	$ 72,112
Due to related parties (Note 9)	543,451	370,670
Flow-through share premium (Note 8)	-	95,878
Total current liabilities	674,994	538,660
Shareholders' equity		
Share capital (Note 7)	7,571,332	7,410,057
Reserves (Note 7)	2,641,514	2,319,599
Obligation to issue shares (Notes 7, 13)	6,250	-
Deficit	(8,531,242)	(7,804,262)
	1,687,854	1,925,394
Total liabilities and shareholders' equity	$ 2,362,848	$ 2,464,054

Nature and continuance of operations (Note 1)
Events subsequent to the reporting period (Note 13)

Approved and authorized on behalf of the Board on August 20, 2020:

"Giovanni Gasbarro" Director   *"Bruno Gasbarro"* Director

The accompanying notes are an integral part of these financial statements.

SEAHAWK VENTURES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
For the years ended May 31,

	2020	2019
OPERATING EXPENSES		
Consulting	$ 3,200	$ -
Insurance	4,905	-
Interest and bank charges	7,485	1,408
Management fees (Note 9)	-	75,000
Office and miscellaneous	1,814	1,318
Professional fees	64,088	73,069
Share-based compensation (Note 7)	321,915	139,864
Shareholder cost and corporate communication	48,948	40,919
Transfer agent and filing fees	15,164	16,653
Travel	6,343	1,471
Write-off of exploration and evaluation assets (Note 4)	352,598	-
Loss on debt settlement (Note 6)	-	8,220
Interest income	(3,602)	(2,007)
Flow-through share premium recovery (Note 8)	(95,878)	(64,122)
Loss and comprehensive loss for the year	$ (726,980)	$ (291,793)
Basic and diluted loss per common share	$ (0.02)	$ (0.01)
Weighted average number of common shares Outstanding – basic and diluted	30,282,538	25,398,873

The accompanying notes are an integral part of these financial statements.

SEAHAWK VENTURES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the years ended May 31,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (726,980)	$ (291,793)
Items not involving cash:		
Share-based compensation	321,915	139,864
Expenses paid in shares	9,375	-
Expenses in obligation to issue shares	6,250	-
Write-off of exploration and evaluation assets	352,598	-
Flow-through share premium recovery	(95,878)	(64,122)
Loss on debt settlement	-	8,220
Changes in non-cash working capital items:		
Receivables	(15,450)	(32,093)
Prepaids	22,431	(19,000)
Accounts payable and accrued liabilities	5,180	37,464
Due to related parties	6,343	76,000
Net cash used in operating activities	(114,216)	(145,460)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(430,906)	(339,832)
Net cash used in investing activities	(430,906)	(339,832)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	115,900	912,240
Share issue costs	-	(59,500)
Shares issued pursuant to option exercise	-	40,000
Proceeds from loan from related party	-	25,000
Net cash provided by financing activities	115,900	917,740
Change in cash for the year	(429,222)	432,448
Cash, beginning of year	451,541	19,093
Cash, end of year	$ 22,319	$ 451,541

Supplemental disclosure with respect to cash flows (Note 10)

The accompanying notes are an integral part of these financial statements.

SEAHAWK VENTURES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital Amount	Obligation to issue shares	Reserves	Deficit	Total
Balance, May 31, 2018	28,884,772	$ 5,917,342	$ -	$ 2,204,490	$ (7,512,469)	$ 609,363
Shares issued in private placement	2,350,750	912,240	-	-	-	912,240
Share issuance costs	-	(59,500)	-	-	-	(59,500)
Flow-through share premium liability	-	(160,000)	-	-	-	(160,000)
Shares issued pursuant to option exercise	100,000	64,755	-	(24,755)	-	40,000
Shares issued for exploration and evaluation assets	1,850,000	701,000	-	-	-	701,000
Shares issued to settle related party loan	236,000	34,220	-	-	-	34,220
Contingently cancellable shares - cancelled	(3,517,176)	-	-	-	-	-
Share-based compensation	-	-	-	139,864	-	139,864
Loss for the year	-	-	-	-	(291,793)	(291,793)
Balance, May 31, 2019	29,904,346	7,410,057	-	2,319,599	(7,804,262)	1,925,394
Shares issued for exploration and evaluation assets	200,000	36,000	-	-	-	36,000
Shares issued in private placement	463,600	115,900	-	-	-	115,900
Shares issued for services	37,500	9,375	-	-	-	9,375
Obligation to issue shares	-	-	6,250	-	-	6,250
Share-based compensation	-	-	-	321,915	-	321,915
Loss for the year	-	-	-	-	(726,980)	(726,980)
Balance, May 31, 2020	30,605,446	$ 7,571,332	$ 6,250	$ 2,641,514	$ (8,531,242)	$ 1,687,854

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Seahawk Ventures Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on January 16, 2007. The Company's registered and records office is located at suite 1700 – 666 Burrard Street, Vancouver, BC V6C 2X8 and its head office is located at 909 Bowron Street, Coquitlam, BC V3J 7W3.

The Company currently holds a 100% interest in the Mystery Property, Touchdown Property, Xtra Point Property, and Blitz Property, all located in the Urban-Barry Greenstone Belt region within the Abitibi sub-province, Quebec, Canada (Note 4).

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. The Company incurred a net loss of $726,980 for the year ended May 31, 2020 and as of that date the Company’s accumulated deficit was $8,531,242 (2019 - $7,804,262). The Company’s ability to continue as a going concern is dependent upon it ability to attain profitable operations, and to continue to raise funds or obtain borrowing from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables.

While management intends to pursue additional financings and the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

In early March 2020, there was a global outbreak of coronavirus (COVID-19) that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a prospective material impact to the Company’s project exploration activities, cash flows and liquidity.

These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of measurement and presentation currency

These financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

2. BASIS OF PREPARATION (cont'd…)

Use of estimates and critical judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

b) Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term highly liquid investments with original maturities of 90 days or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. As at May 31, 2020 and 2019, the Company did not hold any cash equivalents.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The fair value of the options is recognized as an expense with a corresponding increase in equity.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted, and is recognized over the vesting period on a graded basis. The share-based payments are recorded as an operating expense with an offset to equity reserves. When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as equity reserves are transferred to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Loss per share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average number of common shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Shares that are contingently cancellable are not included in the calculation of basic or diluted loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

Tax expense is comprised of current and deferred tax. Tax expense is recognized in profit or loss except to the extent that the tax arises from a transaction or event which is recognized either in other comprehensive income or directly in equity.

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using rates enacted or substantially enacted at the year end, and includes any adjustments to tax payable in respect of previous years.

Deferred taxes

Deferred income taxes are calculated using the asset and liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Where an asset has no deductible or depreciable amount for income tax purposes, but has a deductible amount on sale or abandonment for capital gains purposes, the amount is included in the determination of temporary differences.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each statement of financial position date and adjusted to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when: (a) the Company has a legally enforceable right to set off; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Any changes in deferred tax assets or liabilities are recognized as part of tax expense or income in profit or loss, except where they relate to items that are recognized in other comprehensive income (loss) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income (loss) or equity, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

c) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The Company's financial assets comprise of cash and GST receivable, which are all measured at amortized cost.

Financial liabilities

The Company's liabilities include accounts payable and accrued liabilities and due to related parties which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For GST receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the transferee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction".

Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

As at May 31, 2020 and 2019, the Company does not have any known rehabilitation obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is evaluated at the cash generating unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of the CGU is the greater of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Adoption of new accounting standard

The following new accounting standard and interpretations have been adopted during the year:

IFRS 16 – Leases

The IASB issued IFRS 16, Leases ("IFRS 16"), which eliminates the classification of leases as either operating or finance leases for a lessee. IFRS 16 was effective from June 1, 2019. Under IFRS 16, all leases will be recorded on the statement of financial position. The only exemptions to this will be for leases that are 12 months or less in duration or for leases of low-value assets. The requirement to record all leases on the statement of financial position under IFRS 16 will increase "right-of-use" assets and lease liabilities on an entity's financial statements. IFRS 16 will also change the nature of expenses relating to leases, as the straight-line lease expense previously recognized for operating leases will be replaced with depreciation expense for right-of-use assets and finance expense for lease liabilities. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about right-of-use assets and expenses and cash flows related to leases, (b) a maturity analysis of lease liabilities and (c) any additional company-specific information that is relevant to satisfying the disclosure objective. There was no impact on the Company's financial statements upon the adoption of this standard.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS – MINERAL PROPERTIES

	Mystery Property	*Touchdown Property*	*Xtra Point Property*	*Skyfall Property*	*Blitz Property*	*Total*
Balance, May 31, 2018	$ 466,513	$ 393,020	$ 4,200	$ -	$ -	$ 863,733
Acquisition - cash	-	-	-	25,000	8,000	33,000
Acquisition - shares	-	-	-	74,000	627,000	701,000
Exploration						
Mining taxes	-	-	-	6,656	6,971	13,627
Survey	-	-	-	123,628	157,855	281,483
Reports	2,749	22,749	-	-	-	25,498
Quebec tax credit	(38,771)	(38,770)	-	-	-	(77,541)
Balance, May 31, 2019	430,491	376,999	4,200	229,284	799,826	1,840,800
Acquisition - cash	-	-	-	25,000	-	25,000
Acquisition - shares	-	-	-	36,000	-	36,000
Exploration						
Assay	-	9,151	-	300	1,188	10,639
Mining taxes	8,192	2,436	287	500	11,362	22,777
Drilling	82,341	231,367	-	-	73,863	387,571
Equipment rental	3,035	7,064	-	-	6,556	16,655
Survey	281	4,800	-	-	5,400	10,481
Project manager	30,000	60,000	7,500	22,500	30,000	150,000
Prospecting	9,454	18,500	6,548	39,014	53,230	126,746
Write-off of exploration and evaluation assets	-	-	-	(352,598)	-	(352,598)
Balance, May 31, 2020	$ 563,794	$ 710,317	$ 18,535	$ -	$ 981,425	$ 2,274,071

4. EXPLORATION AND EVALUATION ASSETS – MINERAL PROPERTIES (cont'd…)

Mystery Property, Quebec

On June 9, 2017, the Company entered into a Property Purchase Agreement (the "Agreement") with RSD Capital Corp. and Michel A. Lavoie (the "Vendors") to acquire a 100% undivided interest in the Mystery Property comprising 66 mineral claims in the Urban-Barry Greenstone Belt region within the Abitibi sub-province, Quebec, Canada.

The Agreement provides that the Company will acquire a 100% interest in the Mystery Property in consideration for payment to the Vendors of an aggregate of $50,000 (paid), and issuing total of 1,000,000 common shares (issued, valued at $280,000) of the Company. The Vendors will retain a 2% NSR on the Mystery Property. The Company may elect to purchase one-half of the NSR from the Vendors for a payment of $500,000, thereby leaving the Vendors with the remaining 1%.

Touchdown Property, Quebec

On August 2, 2017, the Company entered into a Property Purchase Agreement (the "Agreement") with RSD Capital Corp. and Michel A. Lavoie (the "Vendors") to acquire the Touchdown Property comprising 48 mineral claims in the Urban-Barry Greenstone Belt region within the Abitibi sub-province, Quebec, Canada.

The Agreement provides that the Company will acquire a 100% interest in the Touchdown Property in consideration for payment to the Vendors of an aggregate of $60,000 (paid), and issuing total of 400,000 common shares (issued, valued at $156,000) of the Company. The Vendors will retain a 2% NSR on the Touchdown Property. The Company may elect to purchase one-half of the NSR from the Vendors for a payment of $1,000,000, thereby leaving the Vendors with the remaining 1%.

The Company also issued 150,000 shares (valued at $58,500) as a finder's fee in connection with the acquisition.

Xtra Point Property, Quebec

In April 2018, the Company acquired from an arm's length vendor a 100% interest in the Xtra Point Property located in the Urban BarryGold Camp, Barry Township, Québec. In consideration, the Company issued the vendor 10,000 common shares (issued, valued at $4,200). The vendor retains a 2% net smelter return royalty on the property. The Company has the option to reduce the royalty to a 0.5% net smelter return royalty for a cash payment to the vendor of $1,000,000.

Blitz Property, Quebec

In August 2018, the Company entered into a property purchase agreement with Mitchell E. Lavery, a director of the Company, to acquire a 100% interest in the Blitz Property located in Urban-Barry Greenstone Belt, Quebec. As per the agreement, the Company is to pay Mr. Lavery $8,000 in cash (accrued) and issue 1,650,000 shares (issued and valued at $627,000), subject to a 2.5% net smelter return royalty.

Skyfall Property, Quebec

On July 9, 2018, the Company entered into an option agreement to acquire from Hinterland Metals Inc. a 100% interest in the Skyfall Property located at Urban-Barry mining area in the Abitibi region of Quebec. To obtain the 100% interest in the Skyfall Property, the Company was to pay the optionor a total of $100,000 cash, issue 800,000 shares and incur $800,000 in exploration expenditures in the next 3 years, scheduled as follows:

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS – MINERAL PROPERTIES (cont'd…)

Skyfall Property, Quebec (cont'd…)

Date	Cash	Shares	Exploration expenditures
On or before July 14, 2018	$25,000 (paid)	200,000 (issued and valued at $74,000)	$Nil
On or before July 9, 2019	$25,000 (paid)	200,000 (issued and valued at $36,000)	$200,000
On or before July 9, 2020	$25,000	200,000	$100,000
On or before July 9, 2021	$25,000	200,000	$500,000

During the year ended May 31, 2020, the Company notified the optionor it would not be proceeding with the option agreement. The Company as a result wrote off the Skyfall Property in its entirety.

5. AMOUNTS RECEIVABLE

The items comprising the Company's amounts receivable are summarized below:

	May 31, 2020	May 31, 2019
	$	$
GST receivable	28,836	19,570
QST receivable	37,534	27,579
Quebec tax credit receivable	-	77,541
Interest receivable	-	1,771
Total amounts receivable	64,370	126,461

6. LOAN PAYABLE TO RELATED PARTY

On July 5, 2018, the Company received loan proceeds of $25,000 from the CEO of the Company. The loan bears interest at 5% per annum and is repayable on demand, upon the Company having sufficient resources, in cash or in shares at the option of the lender. On April 25, 2019, the Company issued 236,000 shares (valued at $34,220) to settle the loan principal and interest totaling $26,000. A loss on debt settlement of $8,220 was recorded in the statement of loss and comprehensive loss in the year ended May 31, 2019.

7. SHARE CAPITAL AND RESERVES

Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value.

As at May 31, 2020, the Company has 30,605,446 (2019 – 29,904,346) common shares outstanding.

Share issuance and cancellation

During the year ended May 31, 2020:

a) In July 2019, the Company issued 200,000 common shares (valued at $36,000) to acquire the Skyfall Property (Note 4).

b) In December 2019, the Company issued 463,600 of share units at a price of $0.25 per unit for gross proceeds of $115,900. Each unit consists of one common share and one common share purchase warrant entitling the holder to acquire one common share at a price of $0.50 per share for three years from the date of issuance.

c) On March 31, 2020, the Company issued 37,500 shares (valued at $9,375) to Buchalter Consulting Inc. as per the investor relations service agreement entered on January 1, 2020.

During the year ended May 31, 2019:

a) In July 2018, the Company issued 200,000 common shares (valued at $74,000) to acquire the Skyfall Property (Note 4).

b) In August 2018, the Company issued 1,650,000 common shares (valued at $627,000) to acquire the Blitz Property (Note 4).

c) In August 2018, the Company cancelled 3,517,176 Performance Escrow Shares (valued at $Nil).

d) In November 2018, the Company completed a private placement by issuing 350,750 non-flow-through shares at $0.32 per share and 2,000,000 flow-through shares at $0.40 per share for total gross proceeds of $912,240. The Company recognized a flow-through share premium of $160,000 on issuance using the residual value method.

e) In January 2019, the Company issued 100,000 common shares pursuant to 100,000 options exercised at $0.40 per share for total proceeds of $40,000. The Company transferred the fair value of the 100,000 options ($24,755) from reserves to share capital.

f) In April 2019, the Company issued 236,000 common shares (valued at $34,220) to its CEO to settle the loan principal and interest totaling $26,000 (Note 6).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (cont'd…)

Obligation to issue shares

On January 1, 2020, the Company entered into an agreement with Buchalter Consulting Inc. who will assist the Company in market support, Investor relations communications, and implementing potential financing initiatives. The agreement has a term of twelve months and the Company will pay a total fee of $37,500 in 150,000 shares of the Company, payable at the end of every three-month period. As of May 31, 2020, the Company accrued $6,250 in the obligation to issue shares.

Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

On December 30, 2019, the Company granted 1,000,000 stock options to certain directors and consultants of the Company. Each option is exercisable into one common share at a price of $0.25 per share for a period of 24 months. These options vested on the date of grant.The fair value of the stock options granted was $139,289 ($0.1393 per option).

On July 30, 2019, the Company granted to directors, officers and consultants 1,900,000 stock options, exercisable at $0.25 per share for a term of twelve months. These options vested on the date of grant. The fair value of the stock options granted was $182,626 ($0.0961 per option).

During the year ended May 31, 2019, the Company granted to two consultants 1,100,000 stock options, exercisable at $0.40 per share for a term of one year. These options vested on the date of grant. The fair value of the stock options granted was $139,864 ($0.1271 per option).

The fair value of the stock options granted was determined using the following assumptions:

Weighted average assumptions	**Year ended May 31, 2020**	**Year ended May 31, 2019**
Risk free interest rate	1.68%	1.90%
Volatility	140.11%	109.40%
Expected life of options	1.3 years	1 year
Dividend rate	0%	0%

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options (cont'd…)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2018	1,000,000	$ 0.40
Granted	1,100,000	0.40
Exercised	(100,000)	0.40
Expired	(100,000)	0.40
Balance, May 31, 2019	1,900,000	0.40
Granted	2,900,000	0.25
Expired	(1,900,000)	0.40
Balance, May 31, 2020	2,900,000	$ 0.25

As at May 31, 2020, the following incentive stock options are outstanding and exercisable:

Number of Options	Exercise Price	Expiry Date
1,900,000	$ 0.25	July 30, 2020*
1,000,000	$ 0.25	December 30, 2021

*Subsequent to the year ended May 31, 2020, the options expired.

Warrants

In December 2019, the Company issued 463,600 share units at a price of $0.25 per unit to raise gross proceeds of $115,900. Each unit consists of one common share and one common share purchase warrant entitling the holder to acquire one common share at a price of $0.50 per share for three years from the date of issuance.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2018 and 2019	-	$ -
Issued	463,600	0.50
Balance, May 31, 2020	463,600	$ 0.50

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (cont'd…)

Warrants (cont'd…)

As at May 31, 2020, the following warrants are outstanding and exercisable:

Number of Options	Exercise Price	Expiry Date
463,600	$ 0.50	December 30, 2022

8. FLOW-THROUGH SHARE PREMIUM

In November 2018, the Company issued 2,000,000 flow-through shares at $0.40 per share for total gross proceeds of $800,000. The Company recognized a flow-through share premium of $160,000 on issuance using the residual value method. On March 1, 2019, the Company renounced the tax benefit to the investors.

As of May 31, 2019, the Company spent $320,608 on exploration. As a result, the flow-through share premium of $64,122 was reversed and a recovery was recorded into the statement of loss and comprehensive loss in the year ended May 31, 2019.

During the year ended May 31, 2020, the Company spent the remaining proceeds of $479,392 on exploration. As a result, the remaining flow-through share premium of $95,878 was reversed and a recovery was recorded in the statement of loss and comprehensive loss during the year ended May 31, 2020.

9. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the financial statements, during the year ended May 31, 2020, the Company entered into the following transactions with related parties:

(a) The Company paid or accrued management fee of $Nil (2019 - $30,000) to the Chief Financial Officer ("CFO"). As of May 31, 2020, $138,000 (May 31, 2019 - $138,000) is owed to the CFO.

(b) The Company paid or accrued management fees of $Nil (2019 - $45,000) to the Chief Executive Officer ("CEO"). As at May 31, 2020, $202,500 (May 31, 2019 - $202,500) is owed to the CEO of the Company.

(c) The Company issued Nil (2019 - 1,650,000 shares (valued at $627,000)) to the President of the Company to acquire the Blitz Property (Note 4). The Company also accrued or paid to the President $150,000 (2019 $Nil) of project management fees, $3,200 (2019 - $20,000) of consulting fees and $4,200 (2019 - $Nil) of equipment rental that are recorded in exploration and evaluation. As of May 31, 2020, $202,951 (May 31, 2019 - $30,171) is owed to the President.

(d) The Company received a loan of $Nil (2019 - $25,000) from the CEO (Note 6).

(e) The Company granted 825,000 stock options (2019 – Nil) to directors of the Company. The stock options were valued at $100,883 (2019 - $Nil) at the date of grant.

Amounts due to related parties were due to companies controlled by directors and officers, were unsecured, were non-interest bearing and had no specific terms of repayment.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions during the year ended May 31, 2020 included:

a) the issuance of 200,000 shares (valued at $36,000) in relation to the acquisition of the Skyfall Property.

b) the issuance of 37,500 shares (valued at $9,375) and accrual of $6,250 of obligation to issues shares for investor relations services.

c) $196,608 of exploration and evaluation assets included in due to related parties as of May 31, 2020.

d) $60,000 of exploration and evaluation assets included in accounts payable and accrued liabilities as of May 31, 2020.

The significant non-cash transactions during the year ended May 31, 2019 included:

a) the issuance of 1,850,000 shares (valued at $701,000) in relation to the acquisition of the Skyfall Property and Blitz Property.

b) $30,170 of exploration and evaluation assets included in due to related parties as of May 31, 2019.

c) $5,749 of exploration and evaluation assets included in accounts payable and accrued liabilities as of May 31, 2019.

d) $24,755 of the fair value of 100,000 options exercised were transferred from reserves to share capital.

e) the issuance of 236,000 shares (valued at $34,220) to settle loan principal and interest of $26,000 (Note 6).

f) $77,541 of exploration and evaluation assets included in accounts receivable as of May 31, 2019.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

Fair value

As at May 31, 2020, the Company’s financial instruments comprise cash, amounts receivable, accounts payable and accrued liabilities and due to related parties. The carrying values of amounts receivable, accounts payable and accrued liabilities, and accounts payable to related parties approximate their fair values due to the relatively short periods to maturity of these financial instruments.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of the Company’s financial instruments best represents the maximum exposure to credit risk.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

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 May 31, 2020, the Company had a cash balance of $22,319 (2019 - $451,541) and current liabilities of $674,994 (2019 - $538,660).

The Company has historically relied on equity and debt financings to satisfy its capital requirements and will continue to depend heavily upon equity capital and debt to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on acceptable terms.

Interest rate risk

The Company is not exposed to risk in the event of interest rate fluctuations. The Company has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations.

Foreign currency risk

The Company's functional currency is the Canadian dollar and the majority of its purchases are transacted in Canadian dollars. From time to time, the Company funds certain operations, exploration and administrative expenses in US dollars on a cash call basis using US currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities. The Company relies mainly on equity issuances and loans from related parties to raise new capital. In the management of capital, the Company includes the components of shareholders' equity (deficiency). The Company prepares annual estimates of operating expenditures and monitors actual expenditures compared to the estimates in an effort to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to negotiate premium interest rates on savings accounts or to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated at any time without interest penalty. The Company will require additional financing in order to provide working capital to fund costs for the current year. These financing activities may include issuances of additional debt or equity securities.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

(Expressed in Canadian Dollars)

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2020	2019
Loss for the year	$ (726,980)	$ (291,793)
Expected income tax (recovery)	$ (193,000)	$ (78,000)
Change in statutory tax rates and other	-	14,000
Share issue costs	-	(16,000)
Permanent differences	59,000	21,000
Impact of flow-through shares	138,000	76,000
Adjustment to prior years provision versus statutory tax returns	14,000	-
Change in unrecognized deductible temporary differences	(18,000)	(17,000)
Total income tax expense (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2020	2019
Deferred tax assets (liabilities):		
Share issue costs	$ 10,000	$ 16,000
Exploration and evaluation assets	-	11,000
Allowable capital losses	273,000	276,000
Non-capital losses available for future periods	1,264,000	1,262,000
	1,547,000	1,565,000
Unrecognized deferred tax assets	(1547,000)	(1,565,000)
Net deferred tax assets	$ -	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2020	Expiry Date Range	2019	Expiry Date Range
Temporary differences:				
Share issue costs	$ 38,000	2040 – 2044	$ 59,000	2040 – 2044
Exploration and evaluation assets	$ -	No expiry date	$ 19,000	No expiry date
Allowable capital losses	$ 1,037,000	No expiry date	$ 1,041,000	No expiry date
Non-capital losses available for future periods	$ 4,748,000	2028 – 2040	$ 4,717,000	2028 – 2039

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On June 30, 2020, the Company issued 37,500 shares (valued at $9,375) to Buchalter Consulting Inc. as per the investor relations service agreement entered on January 1, 2020.

On August 5, 2020, the Company granted incentive stock options to certain directors and consultants of the Company for the right to purchase up to an aggregate of 1,700,000 common shares of the Company, exercisable at a price of $0.30 per share for a period of 24 months.

On August 14, 2020 the Company closed a non-brokered private placement by issuing 1,569,471 units at a price of $0.25 per unit (the "Units") for gross proceeds of $392,368. Each Unit consists of one common share and one common share purchase warrant entitling the holder to acquire one common share in the capital of the Company at a price of $0.50 per share for three years from the date of issuance. The Company paid $5,250 of cash commission.