AURWEST RESOURCES CORPORATION

(formerly Shamrock Enterprises Inc.)

Financial Statements

May 31, 2020 and May 31, 2019

(Expressed in Canadian Dollars)

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of:
Aurwest Resources Corporation (formerly Shamrock Enterprises Inc.)

Opinion

We have audited the financial statements of Aurwest Resources Corporation (formerly Shamrock Enterprises 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 (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 year 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has a working capital deficiency at May 31, 2020 of $220,521 and an accumulated deficit of $4,176,947. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management 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. 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Melyssa Charlton, CPA, CA.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS

1735-555 Burrard Street
Vancouver, BC
V7X 1M9

September 29, 2020

AURWEST RESOURCES CORPORATION
(formerly Shamrock Enterprises Inc.)
STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)

	Notes	**May 31 2020**	May 31 2019
		$	$
ASSETS			
Current assets			
Cash		**153,057**	16,276
Prepaid expenses		**-**	1,000
Goods and services tax receivable		**11,796**	5,878
		164,853	23,154
Long term asset			
Exploration and evaluation asset	4, 7	**249,719**	246,485
TOTAL ASSETS		**414,572**	269,639
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**84,931**	248,722
Loans payable	5, 7	**70,180**	71,117
Due to related parties	7	**230,263**	174,406
		385,374	494,245
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6	**3,752,071**	3,271,225
Contributed surplus	6	**454,074**	430,324
Accumulated deficit		**(4,176,947)**	(3,926,155)
		29,198	(224,606)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIENCY)		**414,572**	269,639

Nature and continuance of operations (Note 1)
Commitments (Notes 4, 5 and 6)
Subsequent events (Note 13)

Approved on behalf of the Board of Directors

Signed "Colin Christensen"
Director

Signed "Warren Brown"
Director

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

AURWEST RESOURCES CORPORATION
(formerly Shamrock Enterprises Inc.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(expressed in Canadian dollars)

	Notes	**May 31 2020**	May 31 2019
		$	$
EXPENSES			
Advertising and promotion		**59,502**	-
Exploration and evaluation		**6,992**	-
Loan interest	5	**7,483**	5,981
Office and general		**6,792**	5,192
Professional fees	7	**229,894**	167,445
Regulatory and filing		**36,009**	17,388
Share-based compensation	7	**-**	44,125
OPERATING LOSS		**(346,672)**	(240,131)
Other income	6	**100,042**	-
Gain on settlement of debt	5,6	**17,919**	-
Write-off of exploration and evaluation assets	4	**(22,081)**	(201,975)
Recovery of flow through premium		**-**	24,857
NET LOSS AND COMPREHENSIVE LOSS		**(250,792)**	(417,249)
Basic and diluted loss per common share		**($0.02)**	($0.04)
Weighted average number of shares outstanding		**12,870,462**	10,219,798

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

AURWEST RESOURCES CORPORATION
(formerly Shamrock Enterprises Inc.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(expressed in Canadian dollars)

	Share Capital		Contributed Surplus			
	Number of Shares	Amount	Equity settled benefits	Warrants	Accumulated deficit	Total
	#	$	$	$	$	$
Balance, May 31, 2018[1]	9,432,402	3,020,039	292,415	95,947	(3,508,906)	(100,505)
Private placements	1,198,779	191,348	-	-	-	191,348
Flow through share premium	-	(24,857)	-	-	-	(24,857)
Share issue costs- cash	-	(6,468)	-	-	-	(6,468)
Share issue costs - warrants	-	(837)	-	837	-	-
Property option acquisitions	685,000	89,000	-	-	-	89,000
Share-based compensation	-	-	41,125	-	-	41,125
Consulting services	25,000	3,000	-	-	-	3,000
Loss for the year	-	-	-	-	(417,249)	(417,249)
Balance, May 31, 2019[1]	11,341,181	3,271,225	333,540	96,784	(3,926,155)	(224,606)
Private placements (Note 6)	14,525,750	338,015	-	23,750	-	361,765
Share issue costs- cash	-	(6,480)	-	-	-	(6,480)
Debt settlement (Note 6)	3,998,156	149,311	-	-	-	149,311
Loss for the year	-	-	-	-	(250,792)	(250,792)
Balance, May 31, 2020	**29,865,087**	**3,752,071**	**333,540**	**120,534**	**(4,176,947)**	**29,198**

[1] post 4:1 consolidation

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

AURWEST RESOURCES CORPORATION
(formerly Shamrock Enterprises Inc.)
STATEMENTS OF CASH FLOWS
(expressed in Canadian dollars)

	Notes	Year ended May 31 2020	 May 31 2019
		$	$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net loss for the year		**(250,792)**	(417,249)
Items not involving cash:			
Loan interest	5	**7,483**	5,912
Share-based compensation		**-**	44,125
Recovery of flow through premium		**-**	(24,857)
Gain on settlement of debt		**(17,919)**	-
Other income		**(100,042)**	
Write-off of exploration and evaluation asset	4	**22,081**	201,975
Changes in non-cash working capital items:			
Prepaid expenses		**1,000**	(52)
Goods and services tax receivable		**(5,918)**	(2,608)
Accounts payable and accrued liabilities		**15,566**	31,560
Due to related parties	7	**120,852**	67,902
Net cash used in operating activities		**(207,689)**	(93,292)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of mineral properties		**-**	(30,000)
Exploration and evaluation expenditures		**(25,315)**	(56,352)
Net cash used in investing activities		**(25,315)**	(86,352)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds		**14,500**	19,400
Private placement proceeds		**361,765**	181,348
Cash finders' fees		**(6,480)**	(6,468)
Net cash provided by financing activities		**369,785**	194,280
Change in cash		**136,781**	14,636
Cash, beginning of the year		**16,276**	1,640
Cash, end of the year		**153,057**	16,276

Supplemental disclosure with respect to cash flows – Note 12

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Aurwest Resources Corporation (the "Company" or "Aurwest") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on April 17, 2008 and has been a reporting issuer in British Columbia, Alberta and Ontario, and whose shares have traded on the Canadian Securities Exchange since November 10, 2010 under stock symbol SRS. The Company's registered and records office and corporate office address is address is Suite 2003, 188 – 15 Ave SW, Calgary, Alberta Canada T2R 1S4. On January 7, 2020, the Company completed a share consolidation on the basis of 4 old shares for 1 new share. The share consolidation has been retroactively presented in these financial statements and all share amounts, including per share amounts, reflect the share consolidation. The Company also changed its name to Aurwest Resources Corporation and on January 8, 2020, commenced trading under the stock symbol "AWR".

The Company is pursuing the acquisition, exploration and evaluation of mineral properties. At May 31, 2020, it had acquired a 100% interest in one mineral property from two separate transactions with the same vendor, as described in Note 4. The Company is in the process of exploring those mineral properties and has not yet determined whether the properties contains reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral properties in accordance with industry practice, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on September 29, 2020.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared, except for cash flow information, using the accrual basis of accounting. Unless otherwise noted, these financial statements are presented in Canadian dollars, the functional currency of the Company.

Going concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation in the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At May 31, 2020, the Company has not yet achieved profitable operations, has a working capital deficiency of $220,521 and an accumulated deficit of $4,176,947 since inception and expects to incur further losses in the development of its business. The current challenging economic climate brought about by factors including the Coronavirus (COVID-19) may lead to adverse financing conditions, working capital levels and/or debt balances, which may also have an effect on the Company's consolidated operating results and consolidated financial position. The above material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

2. BASIS OF PRESENTATION (continued)

Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgements

Exploration and evaluation expenditures

The application of the Company’s accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going Concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

Estimates

Share Based Compensation

The Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value of share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models use for estimating fair value for share-based payment transactions are disclosed in Note 6.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

Exploration and evaluations assets

The Company may hold interests in mineral property interests in various forms, including prospecting licenses, exploration and exploitation concessions, mineral leases and surface rights, and property options. The Company capitalizes payments made in the process of acquiring legal title to these properties. Mineral property interest acquisition costs are recorded at historical cost. Exploration and evaluation expenditures incurred on properties prior to obtaining legal rights to explore the specific area are charged to operations as incurred.

The carrying values of exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The carrying value of equipment is reviewed for indications of impairment at each reporting date. When impairment indicators exist, the asset’s recoverable amount is estimated. If it is determined that the estimated recoverable amount is less than the carrying value of an asset, then a write-down is made with a charge to operations.

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration 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 restoration 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 asset with a corresponding entry to the restoration provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company’s estimates of restoration costs, are charged to the statement of comprehensive loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production is charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company’s accounting policy for exploration and evaluation assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The company's cash is measured at fair value through profit or loss ("FVTPL"), while its accounts payables and accrued liabilities, loans payable and due to related parties is recorded at amortized cost.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are measurement categories under which the Company classifies its debt instruments:

- Financial assets and liabilities at amortized cost: Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

- Financial assets and liabilities at FVTPL: Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

- Financial assets at FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences, between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

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 flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or “premium” are recorded as a deferred credit. When expenditures are renounced, a deferred tax liability is recognized and the deferred credit is reversed. The net amount is recognized as a deferred income tax recovery.

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 subjected to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company grants stock options to buy common shares of the Company through its stock option plan as described in Note 6. The Company accounts for share-based payments using the fair value method. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is charged to reserves. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company grants stock options that are subject to various vesting terms. Under IFRS, the fair value of each instalment of the award is considered a separate grant based on the vesting period with the fair value of each instalment determined separately and recognized as compensation expense over the term of its respective vesting period ("graded vesting").

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement. Warrants that are part of units are assigned a value based on the residual value of the unit after deducting the fair value of the common shares. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Diluted earnings per share exclude all dilutive potential common shares if their effect is anti-dilutive.

Foreign Exchange

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

(expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretation

New accounting standards adopted during the year

IFRS 16 – Leases

The Company has adopted IFRS 16, Leases ("IFRS 16") which is effective for annual periods beginning on or after January 1, 2019. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets.

The Company adopted this standard effective June 1, 2019 and it did not have any material impacts on the financial statements upon adopting the standard.

4. EXPLORATION AND EVALUATION ASSETS

For the year ended May 31, 2020

	Topley-Richfield	Portland	Stellar	Buckley	Milly	Total
Balance, beginning of period	$ -	$ -	$ 182,110	$ 45,000	$ 19,375	$ 246,485
Shares issued	-	-	45,000[1]	(45,000)[1]	-	-
Cash - payment	-	-	20,000[1]	-	-	20,000
	-	-	247,110	-	19,375	266,485
Exploration expenditures	-	-	2,609	-	2,706	5,315
	-	-	249,719	-	22,081	271,800
Impairment	-	-	-	-	(22,081)	(22,081)
Balance, end of period	$ -	$ -	$ 249,719	$ -	$ -	$ 249,719

For the year ended May 31, 2019

	Topley-Richfield	Portland	Stellar	Buckley	Milly	Total
Balance, beginning of year	$ 41,944	$ 54,828	$ 108,509	$ -	-	$ 205,281
Cash - payment	-	30,000	-	-	-	30,000
Shares issued	11,000	27,000	-	45,000	6,000	89,000
	52,944	111,828	108,509	45,000	6,000	324,281
Exploration expenditures	1,183	36,020	73,601	-	13,375	124,179
	54,127	147,848	182,110	45,000	19,375	448,460
Impairment	(54,127)	(147,848)	-	-	-	(201,975)
Balance, end of year	$ -	$ -	$ 182,110	$ 45,000	$ 19,375	$ 246,485

[1] Due to the Buckley Project being contiguous with Shamrock's Stellar claims, management has decided to combine the properties to one project under the existing Stellar Project. The payment in common shares at a value of $45,000 on April 4, 2019 and the cash payment of $20,000 received on August 1, 2019 will be reallocated to the Stellar Project.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Stellar Project

On February 9, 2018, the Company entered into an Option Agreement to acquire a 100% interest in 4 mineral claims located in north central British Columbia, comprising 2,344 hectares. During the year end May 31, 2018, the Company acquired the 100% interest in the properties for total consideration of 500,000 (2,000,000 pre-consolidated) shares and $20,000 in cash payments. The vendor retains a 2% net smelter royalty, with the Company having an option to buy out one-half of that royalty for $1 million.

During the year ended May 31, 2020, the Company incurred $2,609 (2019 - $73,601) in exploration and evaluation costs, which were also capitalized. That amount included $2,609 (2019 - $12,495) in costs from a company controlled by a former director.

Topley-Richfield Project

On August 18, 2017, the Company entered into an option agreement to acquire a 100% interest in seven contiguous mineral claims covering an area of 2,313 hectares, known as the Topley-Richfield gold/copper/silver/lead/zinc project, located in the Bulkley Valley, 100 km southeast of Smithers, British Columbia. The Company can acquire a 100% interest in the project for total consideration of 250,000 (1,000,000 pre-consolidated) shares (issued 100,000 common shares to May 31, 2019), $200,000 in cash payments (paid $20,000 to May 31, 2019) and a $200,000 work commitment over four years. The project vendors retain a 3% net smelter royalty, which the Company can buy-out at a rate of $1.0 million for each 1%. An advanced royalty payment of $20,000 per year begins on the 5th anniversary.

The Company incurred $8,024 in exploration and evaluation costs prior to finalization of the option agreement, to assist in its decision to enter into the agreement. That amount was expensed in 2018. During the year ended May 31, 2019, the Company paid $20,000 and issued a total of 50,000 (200,000 pre-consolidated) shares with a fair value of $11,000 towards the acquisition and retention of the option. Those amounts were capitalized. The Company incurred $1,183 exploration and evaluation costs. That amount included $593 in costs from a company controlled by a former director.

On April 4, 2019, after discussions with the vendors of the Topley-Richfield property option and due consideration by the Company’s management, Shamrock provided written notice to discontinue the option agreement. The parties agreed in writing that Shamrock is not responsible for any outstanding or further work commitments, share issuances or property payments. All related costs, totalling $54,127, comprised of property acquisition ($39,500) and exploration and evaluation expenditures ($14,627) were written-off to the statement of loss during the year ended May 31, 2019.

Portland Project

On October 25, 2017, the Company entered into an Option Agreement to acquire from a private vendor a 100% interest in 16 mineral claims located near Stewart, British Columbia. The properties include the Portland Project, 22 km northeast of Stewart, consisting of 14 contiguous mineral claims covering an area of 2,416 hectares (over 24 sq. km) and two additional separate mineral claims, the American Creek and Kimball Lake claims, 37 km and 42 km northeast of Stewart, covering a combined area of 359 hectares. The Company can acquire 100% interest in the properties for total consideration of 575,000 (2,300,000 pre-consolidated) shares (issued 325,000 common shares to May 31, 2019), $150,000 in cash payments of which $30,000 was paid in May 31, 2018 (paid $30,000 to May 31, 2019) and a $300,000 work commitment over 3 years (incurred $48,848 in exploration to May 31, 2019). The vendor retains a 3% net smelter royalty with the Company having an option to buyout up to 2% for $2 million.

4. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended May 31, 2019, the Company paid the project vendor $30,000 and issued 200,000 (800,000 pre-consolidated) shares at a then-current market value of $27,000 towards the acquisition of the option. Those amounts were capitalized. The Company incurred $36,020 in exploration and evaluation costs during the year ended May 31, 2019, which were also capitalized. That amount included $34,347 in costs from a company controlled by a former director.

As at May 31, 2019, the Company decided it would not be maintaining the property due to the upcoming cash commitments, and in accordance with IFRS 6, recorded an impairment totalling $147,848, comprised of property acquisition ($107,000) and exploration and evaluation expenditures ($40,848) on the Portland property. As at November 26, 2019, the Company received notification that the option was terminated.

Milly Project

On December 10, 2018, the Company signed an Option to Purchase Agreement ("Option Agreement") with one non-arm's-length and three arms-length private vendors ("Optionors") to acquire a 100% interest in the Milly Project mineral claims in central British Columbia, approximately 50 kms southwest of Mackenzie B.C. At that time, the Milly Project consisted of 4 mineral claims covering an area of 6,013 hectares. The Company can acquire a 100% working interest in the Milly Project from the vendors for total consideration of 500,000 (2,000,000 pre-consolidated) shares (issued 60,000 common shares to May 31, 2019), $150,000 in cash payments over a four year period. A 2.0% Net Smelter Return ("NSR") on the property. The Company has retained the right to purchase 1.0% of the NSR for $1.6 million.

On February 27, 2019, the Company announced that the Optionor had acquired an additional 1,003 hectares of prospective mineral rights adjoining the original Milly property claims. The newly staked claim became part of the original Option to Purchase Agreement. The Milly Project then consisted of 5 mineral claims covering an area of 7,017 hectares.

On March 27, 2019, the Company announced that the Optionor had staked an additional 2,360 hectares of claims to the west and south of its Milly property. The newly-staked claims become part of the original Option to Purchase Agreement and the project now consists of 7 tenures covering 9,377 hectares.

During the year ended May 31, 2020, the Company incurred $2,706 (2019 - $13,375) in exploration and evaluation costs, which were capitalized. Those costs were from a company controlled by a director.

On October 29, 2019, the Company announced that it has terminate the Milly Option Agreement, accordingly all related costs, totalling $22,081, comprised of property acquisition ($6,000) and exploration and evaluation expenditures ($16,081) were written-off to the statement of loss as at May 31, 2020.

Buckley Project

On June 18, 2018, the Company entered into an Option to Purchase Agreement with an arm's-length private vendor to acquire a 100% interest in the Buckley Project mineral claims, in British Columbia, approximately 25 kms southwest of Houston B.C. The Buckley Project consists of 24 mineral claims covering 15,318 hectares and is contiguous with Shamrock's Stellar claims. The Buckley and Stellar properties lie along the north-western margin of the Nechako Plateau in west-central British Columbia, bordering the east side of the Coast Mountains.

During the year ended May 31, 2020, the Company acquired 100% working interest in the Buckley Project. The consideration was a cash payment of $20,000 (paid August 1, 2019) and issued 375,000 (1,500,000 pre-consolidated) shares of its common stock (issued on April 4, 2019) with a fair value of $45,000. The vendor will retain a 2% Net Smelter Royalty ("NSR") on the property, with the Company having the right to purchase 1% of the NSR for $1 million.

4. EXPLORATION AND EVALUATION ASSETS (continued)

The Company determined that because of the continuity of mineral tenures of the Stellar and Buckley project claims, they would be combined into one project called the Stellar property.

5. LOANS PAYABLE

At May 31, 2020, the Company had the following loans payable:

1. From a non-related party, a series of unsecured loans totaling $17,200 (2019 - $12,700), with interest accruing at 12% per annum from the date of issue and no specific terms of repayment. During the year ended May 31, 2020 the Company drew down an additional $4,500 and accrued $1,770 (2019 - $1,794) in interest on the loan amounts. Total accrued interest at May 31, 2020 was $8,039 (2019 - $6,269).

2. From a second non-related party, the estate of a former director, $21,000 (2019 - $21,000), unsecured, with interest at 12% per annum from June 1, 2015 and no specific terms of repayment. During the year ended May 31, 2020, $2,527 (2019 - $2,520) of interest was accrued on the loan. Total accrued interest at May 31, 2020 was $12,607 (2019 - $10,080). Subsequent to May 31, 2020, a debt settlement agreement was executed with the executors of the estate of the director to settle the loan accrued interest of $25,397 due by June 30, 2020.

3. From a third non-related party, $Nil (2019 - $10,000), with interest accruing at 12% per annum from September 11, 2018 and no specific terms of repayment. During the year ended May 31, 2020, $1,203 (2019 - $865) of interest was accrued on the loan. Total accrued interest at May 31, 2020 was $Nil (2019 - $865). As of May 31, 2020, a debt settlement agreement was executed with the loan holder and the loan and accrued interest were settled in full for 500,000 common shares (Note 6).

4. From a former director’s spouse of the Company, $9,400 (2019 - $9,400), with interest accruing at 12% per annum from September 27, 2018 and no specific terms of repayment. During the year ended May 31, 2020, $1,131 (2019 - $803) of interest was accrued on the loan. Total accrued interest at May 31, 2020 was $1,934 (2019 - $803).

5. During the year ended May 31, 2020, the Company entered into a loan agreement with a third non-related party for $10,000. The loan accrued interest at 12% per annum from September 17, 2019 and had no specific terms of repayment. During the year ended May 31, 2020, $852 (2019 - $Nil) of interest was accrued on the loan. As of May 31, 2020, a debt settlement agreement was executed with the loan holder and the loan and accrued interest were settled in full for 500,000 common shares (Note 6).

6. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of commons shares without par value. At May 31, 2020, 29,865,087 (2019 - 11,341,181) common shares (post 4:1 consolidation) were issued and outstanding.
No shares were held in escrow at May 31, 2020 and 2019.

(expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

Issued

As of May 31, 2020, the issued and outstanding shares are as follows:

	Number of Shares	Amount ($)
Balance, May 31, 2019	11,341,181	3,271,225
Additions:		
Private placement July 29, 2019	1,187,500	71,250
Debt settlement July 29, 2019	375,000	22,500
Private placement May 25, 2020	13,338,250	260,285
Loans, payables and accrued liabilities settlement	3,623,156	126,811
Balance May 31, 2020	**29,865,087**	**3,752,071**

For the year ended May 31, 2020

On July 29 2019, the Company issued 375,000 (1,500,000 pre-consolidated) shares valued at $22,500 to settle outstanding debt of $52,500 resulting in a gain on settlement of debt of $30,000.

On July 29, 2019, the Company completed a private placement comprised of 1,187,500 (4,750,000 pre-consolidated) non-flow-through units at $0.08 ($0.02 pre-consolidated) per unit for total gross proceeds of $95,000. Each unit consisted of common share and one share purchase warrant. One share purchase warrant is exercisable to acquire one common share at $0.16 ($0.04 pre-consolidated) for two years from the date of issuance. The Company uses the residual method of valuing its warrants and has allocated $23,750 to contributed surplus.

On May 25, 2020, the Company completed a private placement comprised of 13,338,250 common shares at $0.02 per share for total gross proceeds of $266,765.

As of May 31, 2020, the Company issued 3,623,156 common shares and paid $51,335 in cash to settle outstanding payables of $181,198, accrued liabilities of $61,989 and loans of $22,920 resulting in an overall gain on settlement of accounts payable of $100,042, which is recorded as other income and a loss on settlement of debt of ($12,081).

For the year ended May 31, 2019

On August 15, 2018, the Company issued 75,000 (300,000 pre-consolidated) common shares with a fair value of $12,000 towards acquiring the Portland property option (See Note 4).

On August 16, 2018, the Company issued 50,000 (200,000 pre-consolidated) common shares with a fair value of $11,000 towards acquiring the Topley-Richfield property option (See Note 4).

On August 17, 2018, the Company completed the first tranche of a private placement, comprised of 112,500 (450,000 pre-consolidated) flow-through units at $0.28 ($0.07 pre-consolidated) per unit and 134,750 (539,000 pre-consolidated) non-flow-through units at $0.20 ($0.05 pre-consolidated) per unit for total gross proceeds of $58,450. Each flow-through unit consisted of one flow-through common share and one half-share purchase warrant. One whole purchase warrant is exercisable to acquire one common share at $0.36 ($0.09 pre-consolidated) for two years from the date of issuance. Each non-flow-through unit consisted of one common share and one half-share purchase warrant, with one whole purchase warrant being exercisable to acquire one common share at $0.28 ($0.07 pre-consolidated) for two years from the date of issuance. A value of $9,000 was attributed to the flow-through premium liability in connection with the flow-through financing.

6. SHARE CAPITAL (continued)

Issued (continued)

On October 24, 2018, the Company completed the second tranche of a private placement, comprised of 35,714 (142,857 pre-consolidated) flow-through units at $0.28 ($0.07 pre-consolidated) per unit for total proceeds of $10,000. Each flow-through unit consisted of one flow-through common share and one half-share purchase warrant. One whole purchase warrant is exercisable to acquire one common share at $0.36 ($0.09 pre-consolidated) for two years from the date of issuance. A value of $2,857 was attributed to the flow-through premium liability in connection with the flow-through financing.

On October 31, 2018, the Company issued 125,000 (500,000 pre-consolidated) shares of its common stock towards acquiring the Portland property option (See Note 4). The shares were valued at $15,000 based on the then-current market price.

On October 31, 2018, the Company issued 25,000 (100,000 pre-consolidated) common shares with a fair value of $3,000 towards consulting services provided by an outside party (See Note 4).

On December 28, 2018 the Company closed the first tranche of a private placement, issuing 442,500 (1,770,000 pre-consolidated) non-flow through units at a price of $0.12 ($0.03 pre-consolidated) per unit and 162,500 (650,000 pre-consolidated) flow through shares at a price of $0.20 ($0.05 pre-consolidated) per share, for gross aggregate proceeds of $85,600. Each non-flow through unit consists of one common share in the Company and one half of a share purchase warrant. Each full warrant is exercisable to purchase one common share at $0.20 ($0.05 pre-consolidated) for two years from the date of closing. The Company paid finder's fees totaling $2,805 in cash, $1,367 in legal fees and 23,375 (93,500 pre-consolidated) finder's warrants, with the warrants having the same terms as described above. The finder's warrants were valued at $329 using the Black-Scholes option pricing model which assumed a risk-free rate of 1.86%; estimated life of 2 years; volatility of 97.02%; and dividend yield of 0%. A value of $13,000 was attributed to the flow-through premium liability in connection with the flow-through financing.

On February 25, 2019 the Company completed the second tranche of the private placement, issuing 310,814 (1,243,257 pre-consolidated) non-flow through units at a price of $0.12 ($0.03 pre-consolidated) per unit for gross proceeds of $37,298. Each non-flow through unit consists of one common share in the Company and one half of a share purchase warrant. Each full warrant is exercisable to purchase one common share at $0.20 ($0.05 pre-consolidated) for two years from the date of closing. The Company paid finder's fees totaling $1,275 in cash, $1,021 in legal fees and 10,625 (42,500 pre-consolidated) finder's warrants, with the warrants having the same terms as described above. The finder's warrants were valued at $508 using the Black-Scholes option pricing model which assumed a risk-free rate of 1.77%; estimated life of 2 years; volatility of 98.57%; and dividend yield of 0%.

On April 4, 2019, the Company issued 60,000 (240,000 pre-consolidated) common shares with a fair value of $6,000 towards acquiring the Milly property option (See Note 4).

On April 22, 2019, the Company issued 375,000 (1,500,000 pre-consolidated) common shares with a fair value of $45,000 towards acquiring the Buckley property option (See Note 4).

Commitments

Stock Options

Stock-Option Plan

The Company has a stock option plan in place. Under the stock option plan the Company can issue up to 10% of the issued and outstanding Shares as incentive stock options to directors, officers, insiders, employees and other service providers to the Company. The stock option plan limits the number of incentive stock options which may

(expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

Commitments (continued)

Stock Options (continued)

be granted to any one individual to not more than 5% of the total issued Shares of the Company in any 12-month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued Shares of the Company. The options granted under the Stock Option Plan are normally subject to the vesting schedule wherein 25% of the options will vest on the day which is 3 months from the day of grant and 25% of the options will vest every 3 months thereafter for a period of 12 months after the day of grant.

There were no stock options granted during the year ended May 31, 2020.

On August 15, 2018, the Company granted a consultant 187,500 (750,000 pre-consolidated) options with an exercise price of $0.20 ($0.05 pre-consolidated) and valid for two years. One-third of the options vested immediately; one third vested three months from grant date; and the final third vested five months from grant date. The options were valued at $10,915 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate of 2.09%, estimated life of 1.58-2 years, volatility of 82.62% and dividend

yield of 0%. These were terminated 30 days after notice which was sent on March 3, 2019). As a result of amortization of the value attributed to various options issued by the Company, a stock-based compensation expense totaling $41,125 was recognized during the year ended May 31, 2019.

Summary of stock option activity:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
Balance, May 31, 2018	762,500	$0.20	3.78
Granted	187,500	$0.20	
Forfeited/Cancelled	(225,000)	$0.20	
Balance May 31, 2019	725,000	$0.20	2.92
Forfeited/Cancelled	(650,000)	$0.21	
Balance May 31, 2020	**75,000**	**$0.24**	**2.72**

*On May 29, 2020, 512,500 stock options with Ineligible Persons were canceled: 362,500 stock options with an exercise price of $0.20 and 150,000 options with an exercise price of $0.24.

Summary of options outstanding and exercisable at May 31, 2020:

Outstanding Options				Exercisable Options	
Exercise Price	Number of Options	Remaining Life (Years): By Grant and Weighted Average - Total	Expiry Date	Number of Vested Options	Weighted Average Exercise Price
$0.24	75,000	2.72	Feb 16, 2023	75,000	
	75,000	**2.72**		**75,000**	**$0.24**

(expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

Commitments (continued)

Agent's Warrants

Summary of agent's warrant activity:

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balance, May 31, 2018	8,000	$0.24	1.61
Issued	34,000	$0.20	-
Balance May 31, 2019	42,000	$0.20	1.44
Expired January 9, 2020	(8,000)		
Balance May 31, 2020	**34,000**	**$0.20**	**0.63**

Summary of agent's warrants outstanding at May 31, 2020:

Warrants	Exercise Price	Expiry Date
23,375	$0.20	December 28, 2020
10,625	$0.20	February 25, 2021
34,000		

*On January 9, 2020, 8,000 agent's warrants expired unexercised.

Share Purchase Warrants

Summary of share purchase warrant activity:

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balance, May 31, 2018	3,501,430	$0.28	0.68
Expired	(1,954,375)	$(0.32)	
Issued	518,140	$0.24	
Balance, May 31, 2019	2,065,195	$0.26	0.59
Expired	(1,547,056)	$(0.27)	
Issued	1,187,500	$0.16	
Balance May 31, 2020	**1,705,639**	**$0.18**	**0.97**

(expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

Commitments (continued)

Summary of share purchase warrants outstanding at May 31, 2020:

Warrants	Exercise Price	Expiry Date
56,250	$0.36	August 17, 2020
67,375	$0.28	August 17, 2020
17,857	$0.36	October 24, 2020
221,250	$0.20	December 28, 2020
155,407	$0.20	February 25, 2021
1,187,500	$0.16	July 29, 2021
1,705,639		

Subsequent to year end, 123,625 share purchase warrants with exercise prices of $0.28 and $0.36 expired unexercised.

7. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate values of transactions relating to key management personnel were as follows:

		2020	2019
Consulting fees paid or accrued to a company controlled by former officers and directors	$	**69,650**	95,000
Consulting fees paid or accrued to the former CFO		**13,500**	-
Exploration expense paid or accrued to a company controlled by a former director		**5,316**	60,810
Consulting fees paid or accrued to current corporate officers or a company controlled by a current corporate officer		**47,945**	-
Stock-based compensation – former directors and officers		**-**	23,555
Total fees and other short-term benefits	$	**136,411**	179,365

Included in due to related parties at May 31, 2020, $230,263 (May 31, 2019 - $174,406) was owing to key management personnel or to a company controlled by a director or by key management personnel. The amounts are non-interest bearing, unsecured, and have no specific terms of repayment.

(expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS (continued)

At May 31, 2020, the Company had a loan of $21,000 (2019- $21,000) due to the estate of a former director. Subsequent to year end, the loan along with agreed upon interest charges was settled through a debt settlement agreement for the amount of $25,397. In addition, the Company had a $9,400 loan (2019 - $9,400) which was due to the spouse of a director of the Company, together with accrued interest total $1,934 (2019- $803). See Note 5.

As of May 31, 2020, there were no management contracts, officer or employee related commitments other than amounts owed for consulting services in accounts payable.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

	Level 1	**Level 2**	**Total**
	$	**$**	**$**
May 31, 2020			
Cash	153,057	-	153,057
Accounts payable and accrued liabilities		84,931	84,931
Loans payable	-	70,180	70,180
Due to related parties	-	230,263	230,263
	153,057	385,374	538,431
May 31, 2019			
Cash	16,276	-	16,276
Accounts payable and accrued liabilities		248,722	248,722
Loans payable	-	71,117	71,117
Due to related parties	-	174,406	174,406
	16,276	494,245	510,521

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair Value Hierarchy (continued)

Cash is measured using level 1 fair value inputs. Accounts payable and accrued liabilities, loans payable and due to related parties approximate their fair values and classified at level 2 because of their nature and relatively short maturity dates or durations. The loans payable bear interest at 12% per annum and is due on demand.

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

General Objectives, Policies

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such as a loss is limited because the convertible debentures bear interest at a fixed rate.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period.

9. CAPITAL MANAGEMENT

The Company's primary source of funds comes from the issuance of share capital. The Company defines its capital as all components of shareholders' equity (deficiency). Capital requirements are driven by the Company's planned exploration and evaluation activities and general and administrative expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no

(expressed in Canadian dollars)

9. CAPITAL MANAGEMENT (continued)

assurance that it will continue to be able to do so in the future. There were no changes in the Company's approach to capital management during the year ended May 31, 2020. The Company is not subject to externally imposed capital requirements.

10. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada.

11. INCOME TAXES

The Company's actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate statutory income tax rates to its income or loss before income taxes. The components of these differences are as follows:

	2020	**2019**
	$	$
Loss for the year	(250,792)	(417,249)
Corporate statutory rate	27%	27%
Expected income tax recovery	(68,000)	(112,657)
Change in statutory, foreign tax, foreign exchange rates and other	3,000	(33,397)
Permanent differences	-	(66,473)
Share issue costs	(2,000)	(1,203)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	-	(35,098)
Change in unrecognized deductible temporary differences	67,000	115,882
Income tax expense (recovery)	-	-

Significant components of the unrecognized deferred income tax assets and liabilities are as follows:

	2020	**2019**
	$	$
Exploration and evaluation assets	349,000	343,126
Share issue costs	3,000	3,141
Non-capital loss carry-forward	699,000	637,932
	1,510,000	984,199
Unrecognized deferred tax assets	(1,510,000)	(948,199)
	-	-

The Company has non-capital loss carry-forwards of approximately $2,590,000 (2019 - $2,362,710) which can be applied to reduce future taxable income. The non-capital loss carry-forwards expire within date ranges from 2030 through 2040.

(expressed in Canadian dollars)

11. INCOME TAXES (continued)

The Company entered into flow-through share subscription agreements during the year ended May 31, 2019 whereby it was committed to incur within a 24-month period a total of $74,000 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada, of which approximately $74,000 was incurred by May 31, 2019.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The following significant non-cash transactions have been excluded from the statements of cash flows:

For the year ended May 31, 2020

Included in share capital and contributed surplus is $23,750 as the residual value of the warrants issued in the July private placement (Note 6).

The Company incurred $Nil in cash interest paid and cash taxes paid.

For the year ended May 31, 2019

The Company issued shares as follows, in connection with acquiring its mineral claim interests (Notes 4 and 6).

Property	Shares issued	Value at issue date
Topley-Richfield	200,000	$11,000
Portland	800,000	$27,000
Milly	240,000	$6,000
Buckley	1,500,000	$45,000
Total	1,000,000	$89,000

In connection with private placements on December 28, 2018 and February 25, 2019, the Company issued, respectively, 93,500 and 42,500 finder's warrants, which were valued at valued at $329 and $508 using the Black-Scholes option pricing model (See Note 6).

In connection with private placement on August 17, 2018, the Company issued 200,000 non-flow-through units at $0.05 per unit, which were valued at $10,000 for the partial conversion of short-term loan into shares.

Included in accounts payable and accrued liabilities are $61,106 in exploration and evaluation assets expenditures.

Included in due to related parties is $6,721 in exploration and evaluation assets expenditures.

13. SUBSEQUENT EVENTS

Subsequent to the year ended May 31, 2020, The Company granted 2,200,000 stock options to the officers and directors of the Company. The stock options have a term of two years and are exercisable at a price of $0.025 per option.

On August 8 and August 24, 2020, the Company paid $7,500 to purchase two mineral tenures (75 hectares) located within the Stellar property.

On September 15, 2020, the Company closed the first tranche of a private placement comprised of 20,396,000 non-flow through units at $0.05 per unit, for total gross proceeds of $1,019,800. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of $0.10 for the first 18 months and $0.15 if exercised any time after 18 months from the initial date of grant but

13. SUBSEQUENT EVENTS (continued)

no later than 36 months from the date of grant. The Company has the right to force conversion of the Warrants, if at any time from and after the date of issuance, the daily volume-weighted average closing price of the Company's Common Shares on the Canadian Securities Exchange, equals or exceeds $0.20 for ten consecutive trading days.

In connection with the financing, the Company paid a finders' fee of $37,378 and issued 1,493,100 agent's units.