

AURWEST RESOURCES CORPORATION

Condensed Interim Financial Statements

For the three months ended August 31, 2020

(Expressed in Canadian Dollars)

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**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the three months ended August 31, 2020 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

AURWEST RESOURCES CORPORATION
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at August 31, 2020 and May 31, 2020
(Unaudited – Prepared by Management)
(expressed in Canadian dollars)

	Notes	August 31 2020 \$	May 31 2020 \$
ASSETS			
Current assets			
Cash		63,294	153,057
Goods and services tax receivable		7,404	11,796
		70,698	164,853
Long term asset			
Exploration and evaluation asset	4, 7	256,719	249,719
TOTAL ASSETS		327,417	414,572
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		14,500	84,931
Loans payable	5	37,377	70,180
Due to related parties	7	248,320	230,263
		300,197	385,374
SHAREHOLDERS' EQUITY			
Share capital	6	3,752,071	3,752,071
Contributed surplus	6	487,074	454,074
Accumulated deficit		(4,284,192)	(4,176,947)
		27,220	29,198
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		327,417	414,572

Nature and continuance of operations (Note 1)

Commitments (Notes 4, 5 and 6)

Subsequent events (Note 12)

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 condensed interim financial statements

AURWEST RESOURCES CORPORATION
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three months ended August 31, 2020 and 2019
(Unaudited – Prepared by Management)
(expressed in Canadian dollars)

	Notes	For the three months ended August 31,	
		2020	2019
		\$	\$
EXPENSES			
Marketing and promotion		1,404	2,083
Loan interest	5	805	1,606
Office and general		1,297	633
Professional fees	7	50,459	43,250
Regulatory and filing		1,693	4,303
Share-based compensation	6	105,266	-
OPERATING LOSS		(160,924)	(51,875)
Other income	5, 7, 11	45,470	-
Gain on settlement of debt	5, 7, 11	8,210	30,000
Write-off of exploration and evaluation assets	4	-	(22,081)
NET LOSS AND COMPREHENSIVE LOSS		(107,244)	(43,956)
Basic and diluted loss per common share		(\$0.00)	(\$0.00)
Weighted average number of shares outstanding		29,865,087	11,901,643

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

AURWEST RESOURCES CORPORATION**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

For the three months ended August 31, 2020 and 2019

(Unaudited – Prepared by Management)

(expressed in Canadian dollars)

	Share Capital		Contributed Surplus		Accumulated deficit	Total
	Number of	Amount	Equity settled	Warrants		
	Shares		benefits			
	#	\$	\$	\$	\$	\$
Balance, May 31, 2019	11,341,181	3,271,225	333,540	96,784	(3,926,155)	(224,606)
Private placements	1,187,500	71,250	-	23,750	-	95,000
Debt settlement	375,000	22,500	-	-	-	22,500
Loss for the period	-	-	-	-	(43,956)	(43,956)
Balance, August 31, 2019	12,903,681	3,364,975	333,540	120,534	(3,970,111)	(151,062)
Balance May 31, 2020	29,865,087	3,752,071	333,540	120,534	(4,176,947)	29,198
Share-based compensation	-	-	105,266	-	-	105,266
Loss for the period	-	-	-	-	(107,244)	(107,244)
Balance, August 31, 2020	29,865,087	3,752,071	438,806	120,534	(4,284,192)	27,220

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

AURWEST RESOURCES CORPORATION
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the three months ended August 31, 2020 and 2019
(Unaudited – Prepared by Management)
(expressed in Canadian dollars)

		For the three months ended August 31,	
	Notes	2020	2019
		\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net loss for the period		(107,244)	(43,956)
Items not involving cash:			
Loan interest	5	805	1,606
Share-based compensation	6	105,266	-
Gain on settlement of debt	5, 11	(8,210)	(30,000)
Other income	5, 7, 11	(45,470)	
Write-off of exploration and evaluation asset	4	-	22,081
Changes in non-cash working capital items:			
Prepaid expenses		-	(47,917)
Goods and services tax receivable		4,392	(1,327)
Accounts payable and accrued liabilities		(24,961)	24,463
Due to related parties	7	18,056	(2,505)
Net cash used in operating activities		(57,366)	(77,555)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of mineral properties		(7,000)	-
Exploration and evaluation expenditures		-	(24,678)
Net cash used in investing activities		(7,000)	(24,678)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repayments		(25,397)	-
Private placement proceeds		-	95,000
Net cash (used in) provided by financing activities		(25,397)	95,000
Change in cash		(89,763)	(7,233)
Cash, beginning of the period		153,057	16,276
Cash, end of the period		63,294	9,043

Supplemental disclosure with respect to cash flows – Note 11

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

AURWEST RESOURCES CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended August 31, 2020
(Unaudited – Prepared by Management)
(expressed in Canadian dollars)

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 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 August 31, 2020, it had acquired additional 100% interest in the Stellar Project, as described in Note 4. The Company is in the process of exploring those mineral properties and has not yet determined whether the properties contain 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 condensed interim 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”) and in accordance with International Accounting Standard Section 34 – Interim Financial Reporting (“IAS 34”).

The condensed interim financial statements were authorized for issue by the Board of Directors on October 30, 2020.

Basis of measurement

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

Going concern

These condensed interim 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. On August 31, 2020, the Company has not yet achieved profitable operations, has a working capital deficiency of \$229,499 and an accumulated deficit of \$4,284,192 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

AURWEST RESOURCES CORPORATION
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2. BASIS OF PRESENTATION (continued)

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.

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 loss 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 condensed interim 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 used for estimating fair value share-based payment transactions are disclosed in Note 6.

AURWEST RESOURCES CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended August 31, 2020
(Unaudited – Prepared by Management)
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3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies used in the preparation of these condensed interim financial statements are the same as those applied in the Company's most recent annual financial statements for the year ended May 31, 2020. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended May 31, 2020.

4. EXPLORATION AND EVALUATION ASSETS

For the three months ended August 31, 2020

	Stellar	Buckley	Milly	Total
Balance, beginning of period	\$ 249,719	\$ -	\$ -	\$ 249,719
Shares issued	-	-	-	-
Cash - payment	7,000	-	-	7,000
	256,719	-	-	256,719
Exploration expenditures	-	-	-	-
	256,719	-	-	256,719
Impairment	-	-	-	-
Balance, end of period	\$ 256,719	\$ -	\$ -	\$ 256,719

For the year ended May 31, 2020

	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

¹ Due to the Buckley Project being contiguous with the Company's Stellar claims, management decided to combine the properties. 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.

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, the Company has the right to purchase 50% of the Net Smelter Royalties for a purchase price of \$CDN1.0 million each.

During the year ended May 31, 2020, the Company incurred \$2,609 in exploration and evaluation costs, which were capitalized. Those costs were from a company controlled by a former director.

In August, the Company acquired 100% interest in an additional 75 hectares located within the Stellar Property for \$7,000.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

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”) exists 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 in exploration and evaluation costs, which were capitalized. Those costs were from a company controlled by a former 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 August 31, 2019.

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 the Company’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 CDN\$1 million.

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.

AURWEST RESOURCES CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended August 31, 2020
(Unaudited – Prepared by Management)
(expressed in Canadian dollars)

5. LOANS PAYABLE

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

1. From a non-related party, a series of unsecured loans totaling \$17,200 (May 31, 2020 - \$17,200), with interest accruing at 12% per annum from the date of issue and no specific terms of repayment. During the three months ended August 31, 2020, the Company recorded \$520 (2019 - \$384) in interest on the loan amounts. Total accrued interest at August 31, 2020 was \$8,458 (2019 - \$8,039).
2. From a former director's spouse of the Company, \$9,400 (May 31, 2020 - \$9,400), with interest accruing at 12% per annum from the date of issue and no specific terms of repayment. During the three months ended August 31, 2020, the Company recorded \$284 (2019 - \$284) in interest on the loan amounts. Total accrued interest at August 31, 2020 was \$2,218 (2019 - \$1,934).

At the year ended May 31, 2020 the Company had an unsecured loan from a non-related party, the estate of a former director, with a principal amount of \$21,000 and accrued interest of \$12,607 with no specific repayment terms that had been outstanding since June 1, 2015. On June 24, 2020 the loan was settled through a debt settlement agreement that also included settling all accrued liabilities owed to the former director. The debt settlement agreement was executed with the executors of the estate of the director to clear the entire amount of the loan, accrued interest, and all accrued liabilities owed for \$25,397. This amounted to a \$8,210 gain on the settlement of debt and a gain of \$43,970 on the entire write off of the accrued liabilities.

6. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of commons shares without par value. At August 31, 2020, 29,865,087 (May 31, 2020 – 29,865,087) common shares were issued and outstanding.

No shares were held in escrow at August 31, 2020 and May 31, 2020.

Issued

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

	Number of Shares	Amount (\$)
Balance, May 31, 2020	29,865,087	3,752,071
Balance August 31, 2020	29,865,087	3,752,071

For the three months ended August 31, 2020

No shares were issued during the three months ended August 31, 2020.

For the year ended May 31, 2020

On July 29 2019, the Company issued 375,000 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 non-flow-through units at \$0.08 per unit for total gross proceeds of \$95,000. Each unit consisted of common share and one share

AURWEST RESOURCES CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended August 31, 2020
(Unaudited – Prepared by Management)
(expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

Issued (continued)

purchase warrant. One share purchase warrant is exercisable to acquire one common share at \$0.16 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).

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 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.

All options are recorded at fair value using the Black-Scholes option pricing model. During the period ended August 31, 2020, the Company issued 2,200,000 stock options to management and board. There were no stock options granted during the year ended May 31, 2020. Pursuant to the vesting schedule of options granted during the period ended August 31, 2020 share-based compensation of \$105,266 (August 31, 2019 - \$Nil) was recognized in the interim statement of loss and comprehensive loss.

The following assumptions were used for the valuation of share-based compensation:

	For the three months ended August 31,	
	2020	2019
Risk free rate	0.28%	N/A
Expected life - years	2.0	N/A
Estimated forfeiture rate	0%	N/A
Annualised volatility	264%	N/A
Weighted average fair value per option	\$0.05	N/A

AURWEST RESOURCES CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the three months ended August 31, 2020
(Unaudited – Prepared by Management)
(expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

Commitments (continued)

Options (continued)

Summary of stock option activity:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
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
Granted	2,200,000	\$0.025	
Balance August 31, 2020	2,275,000	\$0.24	1.78

*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 August 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	2.46	Feb 16, 2023	75,000	
\$0.025	2,200,000	1.75	June 10, 2022	2,200,000	
	2,275,000	1.78		2,275,000	\$0.02

Agents Warrants

Summary of agent's warrant activity:

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
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
Balance August 31, 2020	34,000	\$0.20	0.38

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For the three months ended August 31, 2020
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6. SHARE CAPITAL (continued)

Commitments (continued)

Agents Warrants (continued)

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, 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
Expired	(123,625)	\$(0.20)	
Balance August 31, 2020	1,582,014	\$0.17	0.78

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

Warrants	Exercise Price	Expiry Date
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
1,582,014		

On August 17, 2020, 123,625 share purchase warrants with exercise prices of \$0.28 and \$0.36 expired unexercised.

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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:

	For the three months ended August 31,	
	2020	2019
Consulting fees paid or accrued to a company controlled by former officers and directors	\$ -	69,650
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
Consulting fees paid or accrued to current corporate officers or a company controlled by a current corporate officer	65,599	47,945
Stock-based compensation – former directors and officers	-	-
Total fees and other short-term benefits	\$ 65,599	136,411

Included in due to related parties at August 31, 2020, \$63,000 (May 31, 2020 - \$230,263) 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.

At May 31, 2020, the Company had a loan of \$21,000 plus accrued interest of \$12,607 due to the estate of a former director. On June 24, 2020, the loan along with agreed upon interest charges was settled through a debt settlement agreement for the amount of \$25,397 (note 5). At May 31, 2020, the Company had an accrued liability of \$3,000 due to the estate of a former officer of the Company. On July 21, 2020, the accrued liability was settled through a debt settlement agreement for the amount of \$1,500.

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

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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
	\$	\$	\$
August 31, 2020			
Cash	63,294	-	63,294
Accounts payable and accrued liabilities		14,500	14,500
Loans payable	-	37,377	37,377
Due to related parties	-	248,320	248,320
	63,294	300,197	363,491
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

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.

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 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 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 period ended August 31, 2020. The Company is not subject to externally imposed capital requirements.

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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. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the period ended August 31, 2020

The Company signed a debt settlement agreement with the estate of a former director to settle an unsecured loan and all accrued liabilities owed to the former director. The unsecured loan had principal amount of \$21,000 and accrued interest of \$33,607 and the accrued liabilities had a balance of \$43,970. All amounts were settled in exchange for a payment of \$25,397 which amounted to a debt settlement gain of \$8,210 and a gain of \$43,970 for the write off of all accrued liabilities owed to the form director.

At May 31, 2020, the Company had an accrued liability of \$3,000 due to the estate of a former officer of the Company. On July 21, 2020, the accrued liability was settled through a debt settlement agreement for the amount of \$1,500 which amounted to a gain of \$1,500.

The Company incurred \$Nil in cash interest paid.

For the period ended August 31, 2019

Included in accounts payable and accrued liabilities is \$4,945 in exploration and evaluation assets expenditures.

Included in due to related parties is \$5,583 in exploration and evaluation assets expenditures.

12. SUBSEQUENT EVENTS

Subsequent to the period ended August 31, 2020, the Company closed a private placement in two tranches by issuing a combined 27,106,000 non-flow through units at \$0.05 per unit, for total gross proceeds of \$1,355,300. 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 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 \$53,653 and issued 2,144,100 agent's units.