MONTEGO RESOURCES INC.

FINANCIAL STATEMENTS

AS AT

JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Montego Resources Inc.

Opinion

We have audited the accompanying financial statements of Montego Resources Inc. (the "Company") which comprise the statements of financial position as at June 30, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 *Auditors' 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 audits 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.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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, which comprises the information included in the Company's Management's Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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 audits of the financial statements, our responsibility is to read the other information identified above 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 on this other information, 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 International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Ted McLellan.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
October 28, 2020

EXPRESSED IN CANADIAN DOLLARS

	Note	**2020**	**2019**
		$	$
ASSETS			
CURRENT			
Cash		145,890	186,350
Restricted cash	7	-	1,115,991
Tax recoverable		23,556	204,396
Prepaid expenses		14,551	17,274
Investment	5	30,000	150,000
		213,997	1,674,011
NON-CURRENT			
Equipment		3,254	3,997
Exploration and evaluation assets	4	-	1
		3,254	3,998
		217,251	1,678,009
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	9	499,940	723,442
Loans payable	6	386,157	-
Convertible debentures	7	100,092	1,129,973
		986,189	1,853,415
SHAREHOLDERS' DEFICIENCY			
Share capital	8	8,738,995	8,730,328
Subscription receivable		(50,000)	(50,000)
Contributed surplus		907,885	907,885
Equity component of convertible debentures	7	60,870	60,870
Deficit		(10,426,688)	(9,824,489)
		(768,938)	(175,406)
		217,251	1,678,009

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENT (Note 13)

Approved and authorized for issue on behalf of the Board on October 28, 2020.

/s/ David Greenway Director * /s/ Dave Jenkins* Director
David Greenway **Dave Jenkins**

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

MONTEGO RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLARS

	Note	**2020**	**2019**
		$	$
ADMINISTRATION EXPENSES			
Automobile		-	2,255
Consulting fees	9	20,750	305,131
Depreciation		743	910
Interest expense	6,7	66,412	105,285
Insurance		7,625	8,013
Management fees	9	67,706	70,294
Office and miscellaneous		21,177	35,109
Professional fees		167,504	276,948
Rent		60,000	60,000
Transfer agent and filing fees		21,025	16,563
Travel and promotion		1,226	360,118
		434,168	1,240,626
LOSS BEFORE OTHER ITEMS		(434,168)	(1,240,626)
OTHER ITEMS			
Loss on sale of property		-	(5,305)
Foreign exchange loss		(192)	(3,815)
Impairment on exploration and evaluation assets	4	(47,839)	(2,277,170)
Unrealized gain (loss) on investment	5	(120,000)	15,000
NET LOSS AND COMPREHENSIVE LOSS		(602,199)	(3,511,916)
LOSS PER SHARE - basic and diluted	$	(0.02) $	(0.08)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		45,153,232	45,151,570

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

MONTEGO RESOURCES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLARS

	Common Shares						
	Number of Shares	Amount	Contributed Surplus	Subscription Receivable	Equity Component of Convertible Debentures	Deficit	Total
		$	$	$	$	$	$
Balance, June 30, 2018	**45,151,570**	**8,730,328**	**907,885**	**(50,000)**	**60,870**	**(6,312,573)**	**3,336,510**
Net loss for the year	-	-	-	-	-	(3,511,916)	(3,511,916)
Balance, June 30, 2019	**45,151,570**	**8,730,328**	**907,885**	**(50,000)**	**60,870**	**(9,824,489)**	**(175,406)**
Shares issued for exploration and evaluation assets (Note 4)	173,333	8,667	-	-	-	-	8,667
Net loss for the year	-	-	-	-	-	(602,199)	(602,199)
Balance, June 30, 2020	**45,324,903**	**8,738,995**	**907,885**	**(50,000)**	**60,870**	**(10,426,688)**	**(768,938)**

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

MONTEGO RESOURCES INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
EXPRESSED IN CANADIAN DOLLARS

	2020	2019
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(602,199)	(3,511,916)
Items not involving cash:		
Accrued interest and accretion	66,412	105,267
Depreciation	743	911
Impairment on exploration and evaluation assets	47,839	2,277,170
Foreign exchange loss	192	-
Unrealized (gain) loss on investment	120,000	(15,000)
	(367,013)	(1,143,568)
Changes in non-cash working capital balances:		
Tax recoverable	180,840	(28,105)
Prepaid expenses	2,723	209,837
Accounts payable and accrued liabilities	(223,694)	498,443
Cash used in operating activities	(407,144)	(463,393)
INVESTING ACTIVITY		
Acquisition of exploration and evaluation assets	(39,171)	(176,343)
Cash used in investing activity	(39,171)	(176,343)
FINANCING ACTIVITIES		
Proceeds from loans payable	360,000	-
Repayment of convertible debentures	(1,070,136)	-
Change in restricted cash balance	1,115,991	(1,115,991)
Cash provided by (used in) financing activities	405,855	(1,115,991)
DECREASE IN CASH	(40,460)	(1,755,727)
CASH, BEGINNING OF YEAR	186,350	1,942,077
CASH, END OF YEAR	145,890	186,350
NON-CASH TRANSACTIONS		
Shares issued for exploration and evaluation assets	8,667	-

The Company did not pay any interest or income taxes in cash during the years ended June 30, 2020 and 2019.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Montego Resources Inc. ("the Company") was incorporated on July 20, 2012 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 400-837 West Hastings, Vancouver, British Columbia, Canada, V6C 3N6. Subsequent to the year ended June 30, 2020, the Company's symbol changed from MY to MY.X. The .X extension was added to listed securities of issuers that the Canadian Securities Exchange has deemed to be inactive.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at June 30, 2020, the Company had not yet determined whether the Company's mineral property assets contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time, which indicates the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a net loss of $602,199 for the year ended June 30, 2020 and, as of that date, the Company had an accumulated deficit of $10,426,688 which has been funded mainly by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipates this outbreak might increase the difficulty in capital raising which may negatively impact the Company's business and financial condition. These factors indicate a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) 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").

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on October 28, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

c) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of net loss and comprehensive loss.

f) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to Nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable. The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j) Convertible debentures

Convertible debentures, where applicable, are separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue is determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value and the fair value of the liability component.

k) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) 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 FVTOCI. 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 if the Company has opted to measure them at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

(i) Classification (continued)

The following table shows the classification under IFRS 9:

Financial assets/liabilities	**IFRS 9 Classification**
Cash	FVTPL
Investment	FVTPL
Restricted cash	FVTPL
Accounts payable	Amortized cost
Loans payable	Amortized cost
Convertible debentures	Amortized cost

(ii) Measurement

Financial assets at FVTPL

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

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss. The Company has not designated any financial assets at FVTOCI.

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.

(iii) 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 if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk 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 net 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

(iv) Derecognition

Financial assets

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 the statements of net loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net loss.

l) Share-based payments

Management uses the Black-Scholes pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates, and the dividend yield of the Company's common shares.

m) Leases

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the original term of the lease, the quality of the underlying leased asset, and the economic environment where the leased asset is located. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option.

Lease payments for short-term leases with a term of 12 months or less and leases of low-value assets are treated as operating leases, with rent expense recognized in general and administrative expenses on a straight-line or other systematic basis.

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rates, and include the fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Lease liabilities are remeasured when there are changes to the lease payments, a change in lease term, a change in the assessment of an option to purchase the underlying asset, a change in expected residual value guarantee, or a change in future lease payments due to a change in index or rate tied to the payment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Leases (continued)

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease. Subsequent to initial measurement, the Company applies the cost model to the right-of-use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, *Impairment of Assets* and any remeasurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

During the year ended June 30, 2020, all of the Company's leases are short-term leases with a term of 12 months or less and are recorded as operating lease.

l) Changes in accounting policies

(i) Adoption of New or Amended Accounting Standards

Leases

The Company adopted all of the requirements of IFRS 16 *Leases* ("IFRS 16") as of July 1, 2019. This standard sets out a new model for lease accounting. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated, and the lease liability is accreted using the effective interest method.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As at the date of transition, management has assessed that it does not have any leases to which IFRS 16 applies. The adoption of the new IFRS pronouncement has therefore not resulted to adjustments in previously reported figures and there have been no changes to the opening deficit balance as at July 1, 2019.

(ii) New Accounting Standards Issued but Not Yet Effective

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;

ii. decommissioning liabilities relating to the Company's mineral property;

iii. the measurement of deferred income tax assets and liabilities;

iv. the inputs used in accounting for share-based payments in profit or loss; and

v. discount rate used to determine the fair value of the liability component of convertible debentures.

Significant accounting judgments

i. the determination of categories of financial assets and financial liabilities; and

ii. the evaluation of the Company's ability to continue as a going concern.

4. EXPLORATION AND EVALUATION ASSETS

	Acquisition Costs	**Exploration Costs**	**Total**
	$	$	$
Balance, June 30, 2018	1,943,116	157,712	2,100,828
Acquisition costs	64,875	-	64,875
Property acquisition and expenditures	-	111,468	111,468
Impairment of exploration and evaluation assets	(2,007,990)	(269,180)	(2,277,170)
Balance, June 30, 2019	1	-	1
Acquisition costs	8,667	-	8,667
Property acquisition and expenditures	-	39,171	39,171
Impairment of exploration and evaluation assets	(8,668)	(39,171)	(47,839)
Balance, June 30, 2020	-	-	-

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Black Dog Gold Project

On March 9, 2017, the Company entered into an option agreement with Caprock Ventures Ltd. (“Caprock”) to acquire a 100% interest in the Black Dog Gold Project (“Black Dog”), located in Northern Quebec approximately 60 kilometers north of Nemiscau, Quebec. The 1,400-hectare Black Dog Project consists of a block of 27 mineral claims.

To earn the 100% interest in Black Dog, the Company is required to make cash payments of $1,900,000, issue 2,000,000 common shares of the Company and incur an aggregate exploration expenditure of $1,400,000 as follows:

	Number of Common Shares	Cash	Exploration Expenditures
		$	$
Upon closing of the agreement (issued and paid)	2,000,000	50,000	-
Within 60 days of the closing of the agreement (paid)	-	50,000	-
On or before the 1st anniversary date of the agreement (paid and incurred)	-	100,000	100,000
On or before the 2nd anniversary date of the agreement (paid)	-	200,000	200,000
On or before the 3rd anniversary date of the agreement	-	500,000	500,000
On or before the 4th anniversary date of the agreement	-	1,000,000	600,000
Total	2,000,000	1,900,000	1,400,000

The property is subject to a 2% net smelter return royalty to Caprock.

As at June 30, 2020 and 2019, the Company has paid $441,481 and issued 2,000,000 common shares with a fair value of $510,000 to Caprock.

As at June 30, 2019, the Company determined there was objective evidence of impairment and recognized an impairment loss of $951,481.

Taylor Silver Property

On March 28, 2017, the Company entered into an option agreement with Silver Predator Corp. (“Silver”) to acquire 100% interest in the mining claims of the Taylor Silver Property (“Taylor”), located in White Pine County in the state of Nevada, USA.

To earn the 100% interest in Taylor, the Company is required to make cash payments of US$1,200,000, issue 2,500,000 common shares of the Company and incur an aggregate exploration expenditure of US$700,000 as follows:

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Taylor Silver Property (continued)

	Number of Common Shares	Cash	Exploration Expenditures
		US$	US$
Upon closing of the agreement (issued and paid)	500,000	200,000	-
On or before 6 months from closing of the agreement (issued and paid)	300,000	100,000	-
On or before 12 months from closing of the agreement (issued, paid and incurred)	400,000	200,000	100,000
On or before 24 months from closing of the agreement	500,000	300,000	250,000
On or before 36 months from closing of the agreement	800,000	400,000	350,000
Total	2,500,000	1,200,000	700,000

The property is subject to a 2% net smelter return royalty and 1% net profit royalty to Silver.

As of June 30, 2020 and 2019, the Company has paid $650,135 (US$500,000) and issued 1,200,000 common shares with a fair value of $341,500 to Silver.

During the year ended June 30, 2020, the Company incurred $39,171 (2019 -$122,961) mineral property expenses.

As at June 30, 2019, the Company determined there was objective evidence of impairment and recognized an impairment loss of $1,260,814. During the year ended June 30, 2020, the Company received notice from Silver that it has terminated its option agreement with the Company and recognized an additional impairment loss of $39,172.

Orogrande Gold Project

The Company signed a mineral property acquisition agreement dated September 13, 2018 with Altiplano Metals Inc. (“Altiplano”) to acquire a series of mining claims located in Idaho County in the state of Idaho and commonly referred as the Orogrande Gold Project. The claims are subject to 1.5% NSR on commercial production pursuant to a royal agreement with the previous owner dated November 24, 2016. The consideration is the sum of US$150,000 which shall be satisfied by one-time cash payment of US$50,000 and the issuance of 520,000 common shares.

The Company paid the one-time cash payment of $64,875 (US$50,000) during the year ended June 30, 2019 and issued 173,333 common shares with a fair value of $8,667 during the year ended June 30, 2020 (Note 8).

As at June 30, 2019, the Company determined there was objective evidence of impairment and recognized an impairment loss of $64,875. During the year ended June 30, 2020, the Company recorded an additional impairment loss of $8,667.

(Expressed in Canadian dollars)

5. INVESTMENT

Continuity for the years ended June 30, 2020 and 2019 is as follows:

Common shares of Cache Exploration Inc.	Number of Shares	Cost	Fair value
		$	$
Balance, June 30, 2018	428,571	210,000	135,000
Unrealized gain on changes in fair value	-	-	15,000
Balance, June 30, 2019	428,571	210,000	150,000
Unrealized loss on changes in fair value	-	-	(120,000)
Balance, May 31, 2020	428,571	210,000	30,000

On February 28, 2017, the Company entered into an option agreement with Cache Exploration Inc. (“Cache”) whereby Cache can earn a 100% interest in the Kiyuk Lake Property. To earn the 100% interest, Cache would pay the Company an aggregate amount of $500,000, of which $200,000 was paid in cash. Cache made the remaining payments of $300,000 by issuing 428,571 common shares with a fair value of $210,000 to the Company during the year ended June 30, 2018.

During the year ended June 30, 2020, the market value of the investment decreased and an unrealized loss of $120,000 (2019 - gain of $15,000) was recognized in profit and loss.

6. LOANS PAYABLE

On November 21, 2019, the Company entered into two separate loan agreements with arm’s length parties for $180,000 each, resulting in an aggregate amount of $360,000. Both loans bear interest at 12% per annum. The principal amount and any accrued interest are due on the demand of the lenders. The loans are unsecured. During the year ended June 30, 2020, the Company recorded interest expense of $26,157 (2019 - $Nil) on these loans. As of June 30, 2020, the balance outstanding including accrued interest was $386,157 (2019 - $Nil).

7. CONVERTIBLE DEBENTURES

On November 14, 2017, the Company closed a non-brokered private placement of secured convertible debentures. The convertible debentures are secured by a general security agreement over the assets of the Company and will be subordinated to all senior indebtedness of the Company. The Company received proceeds of $1,000,000, and the debentures mature twelve months from the date of issue, accrue interest at a rate of 8% per year and are convertible into units of the Company at $0.13 per unit. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price $0.25 expiring twelve months from the date of close of the private placement.

For accounting purposes, the convertible debentures are separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 15% for convertible debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the convertible debentures and the fair value of the liability component.

(Expressed in Canadian dollars)

7. CONVERTIBLE DEBENTURES (continued)

On May 13, 2019, the Company was sued for default of the convertible debentures of $1,000,000 plus 8% interest. As a result, total cash of $1,115,991 was garnished by the Supreme Court of British Columbia and is designated as restricted cash as at June 30, 2019. During the year ended June 30, 2020, the restricted cash was released to repay the convertible debentures.

The following table summarizes the outstanding balance and changes in the components of the convertible debentures during the years ended June 30, 2020 and 2019:

	Liability Component		Equity Component	
Balance, June 30, 2018	$	1,024,706	$	60,870
Accretion and interest		105,267		-
Balance, June 30, 2019		1,129,973		60,870
Repayment		(1,070,136)		-
Interest		40,255		-
Balance, June 30, 2020	$	100,092	$	60,870

8. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

On October 11, 2019, the Company issued 173,333 common shares with a fair value of $8,667 pursuant to the option agreement for the Orogrande Gold Project (Note 4).

There were no shares issued during the year ended June 30, 2019.

b) Share options

There were no stock options outstanding as at June 30, 2020 and 2019.

c) Share purchase warrants

The changes in share purchase warrants are as follows:

	Warrants	Weighted Average Exercise Price
		$
Balance, June 30, 2018	39,868,313	0.33
Expired	(39,868,313)	0.33
Balance, June 30, 2019 and 2020	-	-

During the year ended June 30, 2019, 39,863,313 share purchase warrants expired unexercised.

There were no share purchase warrants outstanding as at June 30, 2020 and 2019.

(Expressed in Canadian dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management compensation

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include current and former officers and the directors of the Company. The remuneration of key management is as follows:

Years ended June 30,	**2020**	**2019**
	$	$
Management fees	67,706	70,294
Consulting fees	20,750	21,000
	88,456	91,294

Management and consulting services were provided by companies owned by current and former officers and directors of the Company

Other transactions and balances

a) The Company had the following related party transactions:

Years ended June 30,	**2020**	**2019**
	$	$
Exploration fees	-	35,102

Property expenditures were paid to a former director of the Company.

b) On March 20, 2019, a former officer of the Company brought a claim on behalf of the Company against another officer of the Company in the Supreme Court of British Columbia. On September 3, 2019, the Company and the officer agreed to a settlement of $1 and reimbursement of legal expenses incurred by the officer for a total of $248,271.

c) On June 11, 2019, the Company was served with a notice of civil claim in the Supreme Court of British Columbia by a former officer of the Company. In the claim, the former officer alleged that the Company was responsible for the $250,000 he advanced to a law firm retained on behalf of the Company for the claim above, any additional amounts advanced for legal work undertaken, as well as his compensation at a rate of $10,000 per month for every month for which he was an officer of the Company. The Company believes the claim is meritless and will vigorously defend it. At this time, however, it is premature to make any conclusion regarding the probability of incurring material losses in this litigation.

(Expressed in Canadian dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

d) On January 22, 2020, the Company proceeded with legal action against two former directors for breaches of fiduciary duty, and failure to exercise reasonable care, skill and diligence that jeopardized the Company's interest in the Black Dog Gold Project in Northern Quebec and its interest in the Taylor Silver Property in Nevada, which has affected shareholder value of the Company. On January 29, 2020, the court granted default judgement on one of the former directors against whom the Company will be seeking damages for the losses suffered. The Company is currently in settlement discussions with the other former director.

e) The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	2020	**2019**
	$	$
Accounts payable and accrued liabilities	68,946	427,480

The amounts are due to current and former directors and companies controlled by current and former directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

10. INCOME TAXES

The Company has losses carried forward of approximately $7,582,000 available to reduce income taxes in the future years which expire between 2034 and 2040.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forwards periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2020	**2019**
Canadian statutory income tax rate	27%	27%
	$	$
Income tax recovery at statutory rate	163,000	948,000
Effect of income taxes of:		
Permanent differences and others	(17,400)	(77,300)
Change in tax rate	-	-
Change in deferred tax assets not recognized	(145,600)	(870,700)
Deferred income tax recoverable	-	-

(Expressed in Canadian dollars)

10. INCOME TAXES (continued)

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	2020	**2019**
	$	$
Non-capital loss carry-forwards	2,047,000	1,875,000
Capital assets and other	25,000	8,600
Mineral properties	732,000	718,800
Share issuance costs	54,000	110,000
Deferred tax assets not recognized	(2,858,000)	(2,712,400)
	-	-

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

a) Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	**2020**	**2019**
		$	$
Cash	FVTPL	145,890	186,350
Investment	FVTPL	30,000	150,000
Restricted cash	FVTPL	-	1,115,991
Accounts payable	Amortized cost	490,940	723,442
Loans payable	Amortized cost	386,157	-
Convertible debentures	Amortized cost	100,092	1,129,973

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

b) Fair value of financial instruments

IFRS 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash, investment and restricted cash are carried at fair value on a recurring basis using Level 1 inputs. The fair value of the Company's accounts payable, loans payable and convertible debentures approximates their carrying value as of June 30, 2020 because of the demand nature or short - term maturity of these instruments.

c) Financial risk management objectives and policies

The Company's financial instruments include cash, restricted cash, investment, accounts payable, loans payable and convertible debentures. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is limited to one mineral property which is located in Nevada.The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high-quality financial institution.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

c) Financial risk management objectives and policies (continued)

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. All of the Company's liabilities are due within 12 months of the date on the statements of financial position.

13. SUBSEQUENT EVENT

On July 8, 2020, the Canadian Securities Exchange ("CSE") determined that the Company has not met the continued listing requirements as set out in CSE Policy 2, Appendix A, Section 2.9. As a result, the Company's symbol changed from 'MY' to 'MY.X'. In accordance with the CSE policy, the .X extension is added to the listed securities of issuers that the CSE has deemed to be inactive.