JDF EXPLORATIONS INC

FINANCIAL STATEMENTS

For the years ended April 30, 2020 and 2019

(Expressed in Canadian Dollars)

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditors' Report

To the Shareholders of:
JDF EXPLORATIONS INC.

Opinion

We have audited the financial statements of JDF Explorations Inc. ("the Company"), which comprise the statements of financial position as at April 30, 2020 and 2019 and the statements of comprehensive loss, cash flows, and changes in shareholders' equity 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 April 30, 2020 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 1 in the financial statements, which indicates that the Company incurred a net loss of $527,557 during the year ended April 30, 2020, and as of that date, had accumulated losses since inception of $1,183,708. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and will 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 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.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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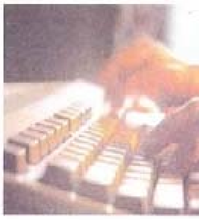

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C.
August 25, 2020

JDF Explorations Inc.

Statements of Financial Position

(Expressed in Canadian dollars)

	Notes	As at April 30, 2020 $	As at April 30, 2019 $
ASSETS			
Current assets			
Cash		**4,712**	38,809
Share subscription receivable	6	**21,688**	
Other receivables	5	**18,961**	-
Prepaid expense		**4,877**	4,210
		50,238	43,019
Exploration and evaluation assets	5	**-**	-
Total assets		**50,238**	43,019
LIABILITIES and SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables and accrued liabilities		**26,823**	13,120
Due to related parties	7	**150,073**	-
Total liabilities		**176,896**	13,120
Shareholders' (deficiency) equity			
Common shares	6	**792,736**	421,736
Contributed surplus		**264,314**	264,314
Deficit		**(1,183,708)**	(656,151)
Total shareholders' (deficiency) equity		**(126,658)**	29,899
Total liabilities and shareholders' equity		**50,238**	43,019

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the board:

"Tony Louie"
Director

"Gregory Thomas"
Director

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

JDF Explorations Inc.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	Year ended April 30, 2020	Year ended April 30, 2019
		$	$
Expenses			
Consulting	7	**278,067**	1,325
Insurance		**8,146**	7,490
Office and miscellaneous		**962**	35
Professional fees	7	**83,125**	32,460
Promotion		**54,289**	-
Property expenses		**77,186**	1,331
Transfer agent fees		**15,654**	15,509
Travel and promotion		**2,561**	9,116
Website		**7,567**	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		**(527,557)**	(67,266)
Weighted average number of shares – basic and diluted		**44,440,230**	42,813,049
Loss and comprehensive loss per share			
Basic and diluted		**(0.012)**	**(0.002)**

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

JDF Explorations Inc.

Statements of Cash Flows

(Expressed in Canadian dollars)

	Year ended	
	April 30, 2020	April 30, 2019
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	**(527,557)**	(67,266)
Adjustments for non-cash items:		
Share issued for mineral proeprty assets	**85,500**	-
Changes in operating assets and liabilities:		
Due to related parties	**150,073**	-
Other receivables	**(40,648)**	7,493
Prepaid expense	**(667)**	(10)
Trade and other payables	**13,702**	2,120
Cash used in operating activities	**(319,597)**	(57,663)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	**285,500**	50,000
Cash from financing activities	**285,500**	50,000
DECREASE IN CASH	**(34,097)**	(7,663)
Cash, beginning of year	**38,809**	46,472
CASH, END OF YEAR	**4,712**	38,809

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

JDF Explorations Inc.

Statements of Changes in Equity
For the Years ended April 30, 2020 and 2019
(Expressed in Canadian dollars)

	Notes	Number of Common shares	Share Capital $	Contributed surplus $	Deficit $
Balances, April 30, 2018		40,313,049	371,736	264,314	(588,885)
Shares issued for cash	6	2,500,000	50,000	-	-
Net loss for the period		-	-	-	(67,266)
Balances, April 30, 2019		**42,813,049**	**421,736**	**264,314**	**(656,151)**
Shares issued for cash	6	2,501,666	300,500	-	-
Shares issue costs	6	-	(15,000)	-	-
Shares issued for property	5	300,000	85,500	-	-
Net loss for the period		-	-	-	(527,557)
Balances, April 30, 2020		**45,614,715**	**792,736**	**264,314**	**(1,183,708)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

JDF Explorations Inc. ("JDF" or the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold, precious metals and base metal properties. JDF was incorporated on May 9, 2014.

The head office, principal address and registered and records office of the Company is located at 1100-1111 Melville Street, Vancouver, BC, Canada, V6E 3V6.

Going concern

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions as set out below cast uncertainties on the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon the financial support from its shareholders and other related parties, its ability to obtain financing for the continuing exploration and development of its mineral properties, the existence of economically recoverable reserves, and the attainment of profitable operations or proceeds from disposition of these properties.

The Company has not yet achieved profitable operations and has accumulated losses of $1,183,708 as at April 30, 2020; accordingly, the Company will need to raise additional funds through future issuance of securities or debt financing. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as the come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations.

The current cash resources are not adequate to meet its minimum commitments at the date of these financial statements, including planned corporate and administrative expenses, and other project implementation costs, accordingly, there is significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Basis of presentation

The Company's financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value and are presented in Canadian dollars except where otherwise indicated.

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 IFRS Interpretations Committee ("IFRIC") in effect for the year ended April 30, 2020.

The financial statements of the Company as at April 30, 2020 were approved and authorized for issue by the Board of Directors on August 25 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Exploration and Evaluation Assets

All expenditures related to acquisition, exploration, and development of exploration and evaluation assets are expensed and charged to earnings in the period in which they are incurred. Any option payments received by the Company from third parties or tax credits refunded to the Company are charged against exploration expenses in the statement of loss and comprehensive loss. Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Non-Current Assets

The carrying amounts of non-current assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indications of impairment, then the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. An impairment loss exists if the asset's or cash generating unit's carrying amount exceeds the recoverable amount and is recorded as an expense immediately. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

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

Provisions for Site Restoration

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

As at April 30, 2020, the Company has no site restoration obligations.

Share Capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. Under the residual value method, cash consideration received from the issuance of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against share capital. Proceeds received for shares that have not yet been issued as at the reporting date are recorded as share subscriptions.

Shares issued for other than cash consideration are valued at the quoted price on the TSX Venture Exchange based on the earliest of: (i) the date the shares are issued, and (ii) the date the agreement to issue the shares is reached.

Stock-Based Compensation

The fair value method of accounting is used for share-based compensation transactions. Under this method, the cost of stock options and finders' warrants is recorded based on the estimated fair value using the Black-Scholes option-pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

Upon the exercise of stock options and finders' warrants, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon the expiry or cancellation of stock options and finders' warrants, their fair value previously recorded in reserve is transferred to deficit.

Loss per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i. Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii. Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

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

Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on May 1, 2019. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model. The following is the Company’s new accounting policy for financial instruments under IFRS 9:

i. Classification

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.

ii. Measurement

<u>Financial assets and liabilities at amortized cost</u>

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on the derecognition of the financial asset is recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

ii. Measurement

Financial assets and liabilities at FVOCI

A debt investment is measured at FVTOCI if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On the initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

Debt investments measured at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in profit or loss. Other net gains and losses are measured in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVTOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets and liabilities at FVTPL

All financial assets not classified as measured at amortized cost or measured at FVTOCI, as described above, are measured at FVTPL; this includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or measured at FVTOCI as FVTPL if doing so eliminates, or significantly reduces, an accounting mismatch that would otherwise arise.

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

iii. Impairment of financial assets

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 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 comprehensive 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

New Accounting Standards

IFRS 16, Leases

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 18 and the distinction between operating and finance leases is retained. The new standard was adopted on May 01, 2019. The Company does not have lease commitments and accordingly there is no impact on the opening balances upon adoption of IFRS 16.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies which are described in Note 3, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described as follows.

Stock-based Compensation

The fair value of stock-based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Exploration and Evaluation Asset and Impairment

The application of the Company's accounting policy for exploration and evaluation asset and impairment of the capitalized expenditures 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 through profit or loss in the year the new information becomes available.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. 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.

Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

5. EXPLORATION AND EVALUATION PROPERTY

Blue Hawk Property, British Columbia

The Company earned a 100% interest in the Blue Hawk property, which consists of the Blue Hawk claims located near Kelowna, British Columbia in 2015 and it continues to be the Company's primary exploration property. While evaluating the future economic benefits on its Blue Hawk property, the Company chose to make a payment to the Minister of Finance, in lieu of completing exploration and development work on the property. The Blue Hawk property claims remain in good standing.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION PROPERTY (Continued)

East Cortez Gold Project

On January 14, 2020 ("the Closing Date"), the Company signed an asset purchase agreement (the "APA") with an arm's length party (the "Vendor") to acquire 32 lode mining claims comprising the East Cortez Gold project, in Eureka County, Nevada. The APA required total cash payment of $435,000 and total issuance of 500,000 common shares as follows:

	Cash $	Number of Common Shares #
On Closing Date – Issued, Fair Valued at $85,500	-	300,000
Within 15 working days after Closing Date – Not paid	25,000	-
On or before 12 months after Closing Date	35,000	200,000
On or before 24 months after Closing Date	50,000	-
On or before 36 months after Closing Date	75,000	-
On or before 48 months after Closing Date	100,000	-
On or before 60 months after Closing Date	150,000	-
	435,000	500,000

The Vendor retained a 2% Net Smelter Return royalty, one-half of which can be purchased for an aggregate price of $4,000,000.

Subsequent to the signing of the APA, due to limitations caused by the COVID-19 pandemic, the Company was unable to send personnel to the property to conduct the work program, and as a result on April 30, 2020, the Company and the Vendor decided to terminate the APA agreement. Pursuant to the termination agreement, the Vendor agreed to forgive the payment of the $25,000 cash and to return 150,000 common shares to the Company (fair valued at $11,250). Subsequent to year end, the Company received the 150,000 common shares back and cancelled them from Treasury.

6. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares and without par value.

Issued and outstanding

As at April 30, 2020, the Company had 45,614,715 (2019 - 42,813,049) common shares outstanding.

Shares issuances

On August 28, 2019, the Company issued 1,666,666 common shares through a non-brokered private placement at $0.03 per share for proceeds of $50,000.

On October 25, 2019, the Company closed a non-brokered private placement of 835,000 units at $0.30 per unit for total cash proceeds of $250,500. One unit consists of one common share and one share purchase warrant. One warrant entitles the holder to acquire one common share at a price of $0.40 for a period of five years from the date of issuance. As of the Auditor's Report date, $21,688 remains outstanding. The Company paid $15,000 in finder's fees in regards to this private placement.

On January 24, 2020, the Company issued 300,000 common shares (fair valued at $85,000) pursuant to the asset purchase agreement for the East Cortez Gold project (Note 5).

Share purchase warrants

At April 30, 2020 the Company has 835,000 (2019 – NIL) share purchase warrants outstanding at an exercise price of $0.40 until October 25, 2024.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (Continued)

Stock options

In December 2019, the Company approved a stock option plan which authorizes the Directors to grant options to directors, officers, key employees and others who are in a position to contribute to the future success and growth of the Company. Stock options granted under the Plan may have a maximum term of ten years and may be subject to vesting terms at the discretion of the directors.

No stock options have been issued under the plan as of April 30, 2020.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the Directors and Officers of the Company. A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

The Company transacted the consulting fees with the following related parties during the years ended April 30, 2020 and 2019:

	Years ended	
	April 30, 2020	April 30, 2019
	$	$
Chief Executive Officer and Director	**64,000**	-
A company controlled by the Chief Financial Officer and Director	**57,000**	18,000
Director	**54,000**	-
	175,000	18,000

The Company owed the amounts shown to related parties for the year ended April 30, 2020 and 2019:

Chief Executive Officer and Director	**64,200**	-
A company controlled by the Chief Financial Officer and Director	**33,975**	-
Director	**51,898**	-
	150,073	-

8. INCOME TAXES

Provision for income taxes

The income tax expense of the Company is reconciled to the net loss for the year as reported in the statements of comprehensive loss as follows:

Loss before tax	**(527,557)**	**(67,266)**
Statutory tax rate	**27%**	27%
Expected tax recovery	**(142,000)**	(18,000)
Non-deductible items	**-**	1,000
Change in prior year provision to actual	**-**	1,000
Change in enacted tax rates	**-**	-
Change in valuation allowance	**142,000**	16,000
Tax recovery for the year	**-**	-

(Expressed in Canadian dollars)

8. INCOME TAXES (Continued)

Deferred tax balances

As at April 30, 2020 and 2019, the Company has temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company's deferred tax assets not recognized consist of the following amounts:

	Years ended	
	April 30, 2020	April 30, 2019
	$	$
Tax loss carry-forwards	**254,000**	132,000
Exploration and evaluation properties	**53,000**	32,000
Share issuance costs	**3,000**	-
Net deferred tax assets	**310,000**	164,000

As at April 30, 2020, the Company also has cumulative resource pools of $196,081which can be carried forward indefinitely to offset future taxable income in Canada

As at April 30, 2020, the Company has non-capital losses of approximately $983,000 that may be applied against future income for Canadian income tax purposes. The non-capital losses expire as follows:

	$
2033	**6,000**
2035	**138,000**
2036	**98,000**
2037	**63,000**
2038	**122,000**
2039	**61,000**
2040	**452,000**
	940,000

9. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration, and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages its share capital as capital, which as at April 30, 2020 was $792,736 (2019 – $421,736). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended April 30, 2020.

10. FINANCIAL RISK MANAGEMENT

The fair value of the Company's accounts payable and accrued liabilities and amounts due to related parties approximate their carrying value, which is the amount recorded on the statements of financial position. The Company's cash under the fair value hierarchy is recorded at fair value based on level one quoted prices in active markets for identical assets or liabilities. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

i. Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. Management believes that its credit risk is not significant.

10. FINANCIAL RISK MANAGEMENT (Continued)

ii. Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2020, the Company had a cash balance of $4,712 to settle current liabilities

of $176,698. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management expects to fund those liabilities through equity financing and loans from related parties over the coming year.

iii. Commodity Price Risk

The Company is subject to price risk from fluctuations in the market prices of commodities as it relates to the possible underlying values of its commodity based mineral properties and the corresponding ability to raise funds for future operations. Management closely monitors commodity prices to determine the appropriate course of actions to be taken in its investing and financing activities. As the Company has not yet developed commercial mineral interests, it is not exposed to significant commodity price risk.

11. SUBSEQUENT EVENTS

i. Black Dog Lake Gold Property

In August 2020, the Company signed an option agreement to purchase Black Dog Lake Gold property, which comprises 19 contiguous mineral claims covering 1,003 hectares, located in the James Bay region of Quebec. Under the terms of the option agreement, the Company agrees over three years, to pay a total of $195,000 cash, to issue a total of 2.75 million common shares, and to spend a total of $750,000 in exploration expenditures on the property.

As of the Auditor's report date, the Company has not made any cash payment nor issued any common shares.

ii. Coronavirus (COVID-19) Pandemic

Outbreak of the corona virus and the worldwide COVID-19 pandemic may result in impacts to the Company's on-going exploration plans and activities in 2020. The Company is focused on the health and well-being of its workers and the communities in which we work and has implemented preventative measures accordingly. The Company will continue to monitor advice and regulations from the World Health Organization, governments and local communities, and adjust measures as appropriate.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resulting travel restrictions, social distancing recommendations, government response actions, business disruptions and business closures may have an impact on the Company's exploration operations and access to capital.

There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic's impact on global industrial and financial markets which may reduce metal prices, share prices and financial liquidity, thereby limiting access to additional capital.