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**SENTINEL RESOURCES CORP.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020 AND THE PERIOD FROM INCEPTION ON AUGUST 3, 2018 TO  
APRIL 30, 2019

(Expressed in Canadian Dollars)

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## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Sentinel Resources Corp.:

### ***Opinion***

We have audited the financial statements of Sentinel Resources Corp. (the "Company"), which comprise the statements of financial position as at April 30, 2020 and 2019, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the year ended April 30, 2020 and the period from inception on August 3, 2018 to April 30, 2019, 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 2019, and its financial performance and its cash flows for the year ended April 30, 2020 and the period from inception on August 3, 2018 to April 30, 2019, in accordance with International Financial Reporting Standards.

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

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 in the financial statements, which describes events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
August 24, 2020

**SENTINEL RESOURCES CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

	Note	April 30, 2020 \$	April 30, 2019 \$
<b>ASSETS</b>			
Current assets			
Cash		324,860	78,099
Prepaid expenses		-	28,125
		324,860	106,224
Exploration and evaluation assets	4	310,000	200,000
<b>Total assets</b>		<b>634,860</b>	<b>306,224</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	9	19,663	31,636
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	735,591	310,010
Contributed surplus	5	26,833	-
Deficit		(147,227)	(35,422)
		615,197	274,588
<b>Total liabilities and shareholders' equity</b>		<b>634,860</b>	<b>306,224</b>

Nature of operations and going concern (Note 1)  
Subsequent event (Note 10)

**Approved and authorized on behalf of the Board of Directors on August 24, 2020**

\_\_\_\_\_  
"Robin Gamley" Director

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"Robert McMorran" Director

**SENTINEL RESOURCES CORP.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the year ended April 30, 2020 and  
the period from inception on August 3, 2018 to April 30, 2019  
(Expressed in Canadian Dollars)

	Note	Year ended April 30, 2020 \$	From inception to April 30, 2019 \$
Expenses			
Filing fees		30,321	-
Office expenses		2,721	385
Professional fees		76,000	35,037
Share based compensation	5	2,763	-
Net and comprehensive loss for the period		(111,805)	(35,422)
Basic and diluted loss per share		(0.01)	(0.00)
Weighted average number of shares outstanding		15,728,329	10,492,693

**SENTINEL RESOURCES CORP.**  
**STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars)

	Number of Shares #	Share Capital \$	Share Issue Costs \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, Inception on August 3, 2018	-	-	-	-	-	-
Shares issued for cash	15,000,100	210,010	-	-	-	210,010
Shares issued for acquisition of exploration and evaluation assets	5,000,000	100,000	-	-	-	100,000
Net and comprehensive loss for the period	-	-	-	-	(35,422)	(35,422)
<b>Balance, April 30, 2019</b>	<b>20,000,100</b>	<b>310,010</b>	<b>-</b>	<b>-</b>	<b>(35,422)</b>	<b>274,588</b>
Shares cancelled	(3,000,100)	(10)	-	-	-	(10)
Cancellation of shares issued for acquisition of exploration and evaluation assets	(5,000,000)	(100,000)	-	-	-	(100,000)
Share based compensation	-	-	-	2,763	-	2,763
Shares issued for acquisition of exploration and evaluation assets	50,000	5,000	-	-	-	5,000
Initial public offering share issuance	6,500,000	650,000	(129,409)	24,070	-	544,661
Net and comprehensive loss for the year	-	-	-	-	(111,805)	(111,805)
<b>Balance, April 30, 2020</b>	<b>18,550,000</b>	<b>865,000</b>	<b>(129,409)</b>	<b>26,833</b>	<b>(147,227)</b>	<b>615,197</b>

**SENTINEL RESOURCES CORP.****STATEMENTS OF CASH FLOWS**

For the year ended April 30, 2020 and  
the period from inception on August 3, 2018 to April 30, 2019  
(Expressed in Canadian Dollars)

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Operating activities:		
Net loss for the period	(111,805)	(35,422)
Items not affecting cash		
Share based compensation	2,763	-
Changes in non-cash working capital related to operations:		
Accounts payable and accrued liabilities	(11,973)	31,636
Net cash used in operating activities	(121,015)	(3,786)
Investing activity:		
Acquisition costs on exploration and evaluation assets	(205,000)	(100,000)
Net cash used in investing activity	(205,000)	(100,000)
Financing activities:		
Issuance of common shares, net of share issue costs	572,786	210,010
Prepaid expenses for initial public offering	-	(28,125)
Shares cancelled	(10)	-
Net cash provided by financing activities	572,776	181,885
Increase in cash during the period	246,761	78,099
Cash – beginning of the period	78,099	-
Cash – end of the period	324,860	78,099
Supplemental cash flow information		
Income taxes paid	-	-
Interest paid	-	-
Shares issued for acquisition of exploration and evaluation assets	5,000	100,000
Shares cancelled for acquisition of exploration and evaluation assets	(100,000)	-
Non-cash share issue costs	24,070	-



**SENTINEL RESOURCES CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended April 30, 2020 and  
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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Sentinel Resources Corp. (“the Company” or “Sentinel”) was incorporated under the Business Corporations Act of British Columbia on August 3, 2018. The Company is engaged in the exploration and development of mineral properties in Canada. The Company’s head office is located at 810-609 Granville Street, Vancouver, BC V7Y 1G5.

On February 28, 2020, the Company successfully completed its initial public offering (the “IPO”) and issued 6,500,000 shares of the Company at a price of \$0.10 per share for proceeds of \$650,000. The Company’s common shares were listed on the Canadian Securities Exchange (“CSE”) effective February 28, 2020, with its common shares commencing trading on the CSE on March 2, 2020 under the trading symbol “SNL”.

These financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. At April 30, 2020, the Company had accumulated losses of \$147,227 since its inception and expects to incur further losses in the development of its business. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of exploration and corporate overhead. In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business and continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These events and conditions indicate a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern.

Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

**a) Statement of compliance**

These financial statements have been presented in accordance with International Financial Reporting Standards (“IFRS”) and related interpretations of the IFRS Interpretations Committee (“IFRIC’s”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved by the board of directors for issue on August 24, 2020.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**b) Basis of presentation**

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

**c) Foreign currencies**

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

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

**d) Financial instruments**

*Recognition and classification*

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial asset 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.

*Measurement*

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

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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 income (loss).

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 using the effective interest method, less any impairment. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

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 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 profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*Derecognition*

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 profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (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, is recognized in profit or loss.

**e) Exploration and evaluation assets**

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. These direct

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expenditures include such costs as materials used, surveying, drilling, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mine under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

**f) Impairment of long-lived assets**

At each reporting date the carrying amounts of the Company’s long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. Impairment is normally assessed at the level of cash-generating units, which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**g) Provision for decommissioning and restoration**

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the

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underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at April 30, 2020, the Company has no known material restoration, rehabilitation or environmental liabilities related to its exploration and evaluation assets.

**h) Share capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares and warrants are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the quoted market price and the balance, if any, is allocated to the attached warrants.

**i) Loss per share**

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted loss per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive. Contingently releasable escrow common shares are excluded from the calculation of weighted average number of common shares outstanding.

**j) Share-based payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares or the acquisition of exploration and evaluation assets. Amounts related to the issuance of shares are recorded as a reduction of share capital, and amounts related to the acquisition of exploration and evaluation assets are capitalized. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

**k) Income tax**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax

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rates enacted or substantively enacted at the statement of financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**I) Critical judgments and estimates**

*Shares issued for exploration and evaluation assets*

Management makes judgments in determining the share price attributed to issuances of shares for exploration and evaluation assets. Management considers market conditions, recent or pending private placements of the Company, and or contracted terms of the issuance. Should management's judgment as to an appropriate share price be incorrect, the value could be materially different.

*Share-based payments*

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and compensation warrants granted, modified or settled. Under this method, compensation cost attributable to options granted is measured at fair value, using the Black-Scholes option pricing model, at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options, and an estimated risk-free interest rate.

**3. RECENT ACCOUNTING PRONOUNCEMENTS**

*New and amended standards adopted by the Company*

IFRS 16, Leases ("IFRS 16") specifies how an entity recognizes, measures, presents and discloses leases and became effective for the Company on May 1, 2019. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting is substantially unchanged from its predecessor, IAS 17. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

**4. EXPLORATION AND EVALUATION ASSETS**

On September 30, 2018, the Company entered into an assignment agreement (the "Assignment Agreement") with Madjak Management Ltd. ("Madjak"), which was amended and restated on August 28, 2019 (the "Amended and Restated Assignment Agreement"), to acquire a 100% interest in the North Pass and Anjuli

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Rose Claims as well as an option (the "Option Agreement") to acquire a 100% interest in the Pass Claim (collectively the "Pass Property"). The Pass Property is located in the Nelson Mining Division in the Province of British Columbia.

Under the terms of the Assignment Agreement, the Company paid \$100,000 and issued 5,000,000 units (at fair value of \$100,000) of the Company. Each unit consisted of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional share of the Company at a price of \$0.10 per share for a period of three years from the date of issue. On August 28, 2019, the Company cancelled the 5,000,000 previously issued units issued under the Assignment Agreement.

In addition, under the Assignment Agreement the Company was required to:

(a) pay \$100,000 within five days of listing on the Canadian Securities Exchange (the "Exchange") (paid during the year ended April 30, 2020);

(b) pay \$50,000 sixty days after listing on the Exchange (paid during the year ended April 30, 2020); and

(c) pay \$50,000 one hundred and twenty days after listing on the Exchange (paid during the year ended April 30, 2020).

As a result of closing the Amended and Restated Assignment Agreement, the Company has assumed all of Madjak's rights and obligations under the Option Agreement. In order to exercise the option, the Company is required to:

(a) pay the Optionor \$5,000 and issue 50,000 common shares upon acceptance by the Exchange of the Pass Claim being acquired or optioned, in full or in part, by the Company (paid and issued shares during the year ended April 30, 2020);

(b) pay the Optionor \$15,000 and issue 50,000 common shares, no later than three months after the date of the Exchange acceptance of the Pass Claim being acquired or optioned, in full or in part by the Company (paid and issued subsequent to April 30, 2020);

(c) pay the Optionor \$15,000, no later than one year after the date of the Exchange acceptance of the Pass Claim being acquired or optioned, in full or in part by the Company; and

(d) pay the Optionor \$35,000, no later than two years after the date of the Exchange acceptance of the Pass Claim being acquired or optioned, in full or in part by the Company.

The Optionor will also retain a 2% net smelter return royalty (the "Royalty"). The Company may purchase 1% of the Royalty by paying the Optionor a total of \$500,000.



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Below is a summary of the changes in the exploration and evaluation assets during the period from inception on August 3, 2018 to April 30, 2019 and the year ended April 30, 2020:

<b>Pass Property</b>	<b>\$</b>
<b>Balance, August 3, 2018</b>	-
Acquisition costs – cash	100,000
Acquisition costs – shares issued	100,000
<b>Balance, April 30, 2019</b>	<b>200,000</b>
Shares cancelled	(100,000)
Acquisition costs – cash	205,000
Acquisition costs – shares issued	5,000
<b>Balance, April 30, 2020</b>	<b>310,000</b>

**5. SHARE CAPITAL**

- a) **Authorized** – Unlimited common shares without par value.
- b) **Issued and outstanding** – 18,550,000 common shares
- c) **Financings**

During the year ended April 30, 2020, the Company issued the following common shares:

On February 28, 2020, the Company successfully completed its IPO and issued 6,500,000 shares of the Company at a price of \$0.10 per share for proceeds of \$650,000. Pursuant to the agency agreement dated February 5, 2020, Leede Jones Gable Inc. acted as agent (the “Agent”) for the IPO. The Company paid to the Agent a cash commission of \$45,500 and granted the Agent non-transferable options entitling the Agent to purchase a total of 455,000 common shares at a price of \$0.10 per common share until February 28, 2022. In connection with the IPO, the Agent also received a corporate finance fee of \$26,250 and reimbursements of \$22,941 for its legal and consulting expenses.

The fair value of the Agent’s options issued was determined to be \$24,070 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of \$nil, risk free interest rate of 1.78%, expected life of 2 years and expected volatility of 100%.

Legal fees of \$10,648 were paid in connection with the IPO.

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During the period ended April 30, 2019, the Company issued the following common shares:

On August 3, 2018, the Company issued 100 common shares at \$0.10 per share for gross proceeds of \$10. On November 1, 2019, the Company cancelled these 100 previously issued common shares and paid \$10.

On September 30, 2018, the Company issued a total of 6,000,000 units at a price of \$0.005 per unit for gross proceeds of \$30,000. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to purchase an additional common share of the Company at a price of \$0.10 per share for a period of three years from the date of issue. The Company assigned \$nil to the warrants. On August 28, 2019, the shareholders agreed to surrender to the Company one half of their units originally issued to them; as a result, 3,000,000 of these units have been cancelled during the year ended April 30, 2020 for consideration of \$nil.

On October 31, 2018, the Company issued 5,000,000 units at a fair value of \$100,000 for the acquisition of the Pass Property. Each unit consisted of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional share of the Company at a price of \$0.10 per share for a period of three years from the date of issue. The Company assigned \$nil to the warrants. On August 28, 2019, the Company cancelled these 5,000,000 previously issued units issued under the Assignment Agreement. Refer to Note 4.

On December 31, 2018, the Company issued 9,000,000 units at a price of \$0.02 per unit for gross proceeds of \$180,000. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to purchase an additional common share of the Company at a price of \$0.10 per share for a period of three years from the date of issue. The Company assigned \$nil to the warrants.

**d) Escrowed shares**

As at April 30, 2020, 900,000 common shares are held in escrow (2019: 2,000,000) to be released pro-rata to the shareholders as to 10% on the listing date with the remaining escrow shares being released in six equal tranches of 15% every six months for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities. During the year ended April 30, 2020, 1,000,000 common shares held in escrow were cancelled.

**e) Stock Options**

On March 15, 2019, the Company adopted a stock option plan (the "Stock Option Plan"), which provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's common shares issued and outstanding at the time such options are granted. Options may be granted under the Stock Option Plan to the directors, officers, employees, management or consultants of the Company and its affiliates, if any, as the Board

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of Directors may from time to time designate. The Stock Option Plan provides that the number of common shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director, officer, employee or consultant, or 1% of the issued common shares, if the individual is engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability.

During the year ended April 30, 2020, the Company granted 275,000 options to officers and directors of the Company. The stock options have an exercise price of \$0.10 per share and expire on January 14, 2025. The options vested immediately upon grant. The weighted average fair value of the options granted during the year ended April 30, 2020 was \$0.01. The fair value of these options on the date of grant was determined using the Black-Scholes option pricing model and the following assumptions:

	<b>2020</b>	<b>2019</b>
Risk free interest rate	1.55%	Nil
Expected life	5 years	Nil
Expected volatility	100%	Nil
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

The expected volatility assumption was based on the estimated volatility of comparable companies trading on the CSE.

During the year ended April 30, 2020, the Company recorded share-based compensation expense of \$2,763 (2019 - \$nil). The changes in the stock options for the year ended April 30, 2020 and the period from inception on August 3, 2018 to April 30, 2019 are as follows:

	<b>Number of options</b>	<b>Weighted average exercise price (per share)</b>	<b>Weighted average remaining life (years)</b>
Balance, August 3, 2018 and April 30, 2019	-	-	-
Granted	275,000	\$0.10	4.71
Balance and exercisable, April 30, 2020	275,000	\$0.10	4.71

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The balance of options outstanding as at April 30, 2020 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
January 14, 2025	\$0.10	4.71	275,000	-	275,000

**f) Warrants**

Details of warrants activity for the period from inception on August 3, 2018 to April 30, 2019 and the year ended April 30, 2020 are as follows:

	Number of Warrants #	Weighted Average Exercise Price \$
Balance, August 3, 2018	-	-
Issued	20,000,000	0.10
Balance, April 30, 2019	20,000,000	0.10
Warrants cancelled <sup>(1)(2)</sup>	(8,000,000)	0.10
Balance, April 30, 2020	12,000,000	0.10

<sup>(1)</sup>The shareholders agreed to surrender to the Company one half of their units originally issued to them; as a result, 3,000,000 warrants were cancelled.

<sup>(2)</sup>The Company cancelled the 5,000,000 previously issued units issued under the Assignment Agreement. Refer to Note 4.

The balance of warrants outstanding as at April 30, 2020 is as follows:

Expiry Date	Exercise Price \$	Remaining Life (Years)	Warrants Outstanding #
September 30, 2021	0.10	1.42	3,000,000
December 31, 2021	0.10	1.67	9,000,000
		1.61	12,000,000

**g) Agent's Options**

During the year ended April 30, 2020, the Company granted 455,000 options to brokers in connection with the IPO offering. The Agent's options have an exercise price of \$0.10 per share and expire on February 28, 2022.

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The changes in the Agent's options for the year ended April 30, 2020 and the period from inception on August 3, 2018 to April 30, 2019 are as follows:

	Number of Agent's options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, August 3, 2018 and April 30, 2019	-	-	-
Granted	455,000	\$0.10	1.83
Balance, April 30, 2020	455,000	\$0.10	1.83

The balance of Agent's options outstanding as at April 30, 2020 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
February 28, 2022	\$0.10	1.83	455,000	-	455,000

**6. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

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 its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements imposed by an external party.

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**7. FINANCIAL INSTRUMENTS**

For financial instruments held by the Company, management classifies cash as FVTPL, and accounts payable and accrued liabilities as amortized cost.

**a) Fair value of financial instruments**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at April 30, 2020, the Company believes that the carrying values of accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

**b) Management of risks arising from financial instruments**

Discussions of risks associated with financial assets and liabilities are detailed below:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with a reputable Canadian bank. The credit risk related to cash is considered minimal.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Management does not believe the Company is exposed to significant currency, interest or other price risk.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

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**8. INCOME TAXES**

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

	<b>2020</b>	<b>2019</b>
Statutory tax rate	<b>27%</b>	<b>27%</b>
	<b>\$</b>	<b>\$</b>
Loss before income taxes	(111,805)	(35,422)
Expected income tax recovery at statutory rate	(30,187)	(9,564)
Non-deductible items	745	-
Share issuance costs	(34,940)	-
Change in deferred tax asset not recognized	64,382	9,564
Income tax recovery	-	-

The significant components of the Company's deferred income tax assets as at April 30, 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Non-capital loss carry forwards	45,994	9,564
Share issuance costs	27,952	-
Unrecognized deferred income tax assets	(73,946)	(9,564)
Net deferred tax asset	-	-

As at April 30, 2020, the Company has non-capital losses carried forward for income tax purposes of \$170,346 which can be applied against future years' taxable income. Their expiry dates range from 2039 - 2040. Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements.

	<b>\$</b>
2039	35,422
2040	134,924
	<b>170,346</b>

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**9. RELATED PARTY TRANSACTIONS**

The Company incurred charges from directors and officers, or to companies associated with these individuals during the year ended April 30, 2020 and the period from inception on August 3, 2018 to April 30, 2019 as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Accounting fees	15,357	4,197
Share-based payment	2,763	-
	<b>18,120</b>	<b>4,197</b>

Accounts payable and accrued liabilities at April 30, 2020 includes \$399 (2019 – \$4,197) due to a company in which the CFO is an owner. Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Key management of the Company includes the CEO, the CFO and the Directors. During the year ended April 30, 2020, compensation paid to key management consisted of accounting fees of \$15,357 (2019 – \$4,197) paid to a company in which the CFO is an owner, and share-based payments of \$2,763 (2019 – \$nil) to directors and officers.

**10. SUBSEQUENT EVENT**

Subsequent to April 30, 2020, the Company entered into an option agreement (the “Option Agreement”) to acquire an additional mineral exploration project in British Columbia. Pursuant to the Option Agreement, the Company can earn a 100% interest in two mineral claims, known as the Little Bear 1 and Little Bear 2 claims, located on Vancouver Island, B.C., by making a one-time cash payment of \$25,000 (paid in May 2020) and completing a \$50,000 work program.