
GOLDBLOCK CAPITAL INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Goldblock Capital Inc.

Opinion

We have audited the consolidated financial statements of Goldblock Capital Inc. (the “Company”), which comprise the consolidated statements of financial position as at May 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, shareholder’s equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which describes events and conditions that indicate 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 Management’s Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 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 Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
September 28, 2021



An independent firm
associated with Moore
Global Network Limited

GOLDBLOCK CAPITAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

	As at May 31, 2021	As at May 31, 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 17,111	\$ 424,208
Marketable securities (Note 5)	80,000	-
Receivable	6,583	9,899
Accrued interest	-	5,387
	<u>103,694</u>	439,494
Exploration and evaluation asset (Note 4)	122,201	152,227
Advances (Note 11)	<u>175,000</u>	-
TOTAL ASSETS	\$ 400,895	\$ 591,721
LIABILITIES		
Trade payables (Note 10)	\$ -	\$ 20,475
Accrued liabilities (Note 10)	29,762	12,000
Due to related party (Note 10)	6,000	-
	<u>35,762</u>	32,475
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	700,000	700,000
Deficit	<u>(334,867)</u>	<u>(140,754)</u>
	<u>365,133</u>	559,246
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 400,895	\$ 591,721

Going concern (Note 2)

Proposed transaction (Note 11)

Approved by the Board of Directors:

"Jim Mustard"
Director

"Azim Dhalla"
Director

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

GOLDBLOCK CAPITAL INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

	Year ended	Year ended
	May 31, 2021	May 31, 2020
EXPENSES		
Administration	\$ 139	\$ -
Bank fees	197	121
Filing fees	15,508	19,413
Management fees (Note 10)	72,000	18,000
Professional fees (Note 10)	52,115	80,680
Rent (Note 10)	25,000	-
Transfer agent fees	5,140	-
LOSS BEFORE OTHER ITEMS	(170,099)	(118,214)
OTHER ITEMS		
Unrealized loss on marketable securities (Note 5)	(25,000)	-
Interest income	986	5,387
NET LOSS AND COMPREHENSIVE LOSS	\$ (194,113)	\$ (112,827)
Weighted average number of shares outstanding, basic and diluted	12,000,000	5,936,700
Basic and diluted loss per share	\$ (0.02)	\$ (0.02)

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

GOLDBLOCK CAPITAL INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Share Capital			Subscription	Total
	Shares	Amount	Deficit	Receivable	Shareholders' Equity
BALANCE, May 31, 2019	12,000,000	\$ 700,000	\$ (27,927)	\$ (1,000)	\$ 671,073
Subscription receivable	-	-	-	1,000	1,000
Net loss for the year	-	-	(112,827)	-	(112,827)
BALANCE, MAY 31, 2020	12,000,000	700,000	(140,754)	-	559,246
Net loss for the year	-	-	(194,113)	-	(194,113)
BALANCE, MAY 31, 2021	12,000,000	\$ 700,000	\$ (334,867)	\$ -	\$ 365,133

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

GOLDBLOCK CAPITAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

	Year ended May 31, 2021	Year ended May 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (194,113)	\$ (112,827)
Items not affecting cash:		
Unrealized loss on marketable securities	25,000	-
Change in non-cash working capital items:		
Receivable	3,316	(9,096)
Accrued interest	5,387	(5,387)
Prepaid expenses	-	10,000
Trade payables and accrued liabilities	(2,713)	8,402
	<u>(163,123)</u>	<u>(108,908)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(149,974)	(110,287)
Option payments received	75,000	-
Advances	(175,000)	-
	<u>(249,974)</u>	<u>(110,287)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscription receivable	-	1,000
Related party advances	6,000	-
	<u>6,000</u>	<u>1,000</u>
CHANGE IN CASH	(407,097)	(218,195)
CASH BALANCE, BEGINNING OF THE YEAR	424,208	642,403
CASH BALANCE, AT END OF THE YEAR	\$ 17,111	\$ 424,208

Cash and cash equivalents are comprised of:

Cash	\$ 17,111	\$ 24,208
Guaranteed Investment Certificate	-	400,000
	<u>\$ 17,111</u>	<u>\$ 424,208</u>

Non-cash transactions:

The Company received 500,000 common shares from Bullet Exploration Inc. valued at \$105,000 as part of option payments received in the year (Notes 4 and 5).

There were no non-cash transactions during the year ended May 31, 2020.

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

GOLDBLOCK CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021 and 2020

1. NATURE OF BUSINESS

Goldblock Capital Inc. (the “Company” or “Goldblock”) is a company domiciled in Canada. The Company was incorporated on January 29, 2018 under the laws of the Province of British Columbia. The address of the Company’s registered and head office is Suite 808, 1090 West Pender Street, Vancouver, B.C., V6E 2N7.

The Company’s principal business is the acquisition and exploration of mineral properties in British Columbia, Canada.

On February 20, 2020, the Company filed a non-offering prospectus and listed its common shares on the Canadian Securities Exchange (“CSE”).

On March 12, 2021, the Company incorporated a wholly owned subsidiary, 1294320 B.C. Ltd. in the province of British Columbia, in connection with the Proposed Transaction (Note 11). This entity was inactive from the period of incorporation to May 31, 2021.

2. BASIS OF PREPARATION

Statement of compliance and going concern

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

The Company’s continuing operations as intended are dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company will require additional financing to meet its projected minimum financial obligations for the next fiscal year. The Company is aware, in making its assessment, of material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The total impact on the Company is not currently determinable but management continues to monitor the situation.

These financial statements were approved by the Board of Directors and authorized for issue on September 28, 2021.

GOLDBLOCK CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021 and 2020

2. BASIS OF PREPARATION (continued)

Basis of measurement

These consolidated financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Management has determined that estimates and assumptions where there is significant risk of material adjustments to the Company's assets and liabilities in future accounting periods relate to the recoverability of the carrying value of its exploration and evaluation asset, the provision for restoration and environmental obligations and the fair value measurements for financial instruments.

Significant judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgements apart from those involving estimates, in applying accounting policies. Management has determined that the only significant judgements applying to the financial statements for the year ended May 31, 2021 is the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses.

3. SIGNIFICANT ACCOUNTING POLICIES

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

GOLDBLOCK CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021 and 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income taxes are recognized for the estimated taxes payable for the current period, and deferred taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities, and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the excess. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them 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. The Company has classified cash and cash equivalents and marketable securities at FVTPL and receivable, trade payables and due to related party at amortized cost.

(ii) Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in OCI and are never reclassified to profit or loss.

GOLDBLOCK CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021 and 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, 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.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

GOLDBLOCK CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021 and 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures (continued)

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. These changes are recorded directly to the related asset with a corresponding entry to the provision.

The increase in the restoration provision due to the passage of time is recognized as interest expense.

GOLDBLOCK CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021 and 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration and environmental obligations (continued)

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

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

Leases

Leases are accounted for under IFRS 16. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The Company does not have any leases as at May 31, 2021.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Diluted loss per share is not presented as there are no dilutive securities outstanding.

Recent accounting pronouncements

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after May 31, 2021. These standards have been assessed to not have a significant impact on the Company's financial statements.

4. EXPLORATION AND EVALUATION ASSET

On April 25, 2018, the Company entered into an option agreement to acquire a 100% interest in the Copper Canyon Property, located in the Nicola Mining Division of British Columbia, Canada, for the following consideration:

GOLDBLOCK CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021 and 2020

4. EXPLORATION AND EVALUATION ASSET (continued)

Date	Option payments	Exploration expenditures
April 25, 2018	Payment of \$22,500 (paid)	N/A
April 25, 2020	Payment of an additional \$20,000 (paid)	Incur \$100,000 (incurred)
July 25, 2021	Payment of an additional \$150,000 (paid)	Incur an additional \$100,000 (incurred)
April 25, 2022	N/A	Incur an additional \$250,000

Exploration expenditures in excess of the minimum amount in any period will be applied towards the next period's minimum required amount.

The vendors will retain a 1.5% Net Smelter Royalty ("NSR"). The Company has the option to purchase 0.5% of the NSR for \$1,000,000.

During the year ended May 31, 2021, the Company amended the option agreement providing for an extension of the work commitment of \$100,000 to July 25, 2021 from April 25, 2021 and allowing for the Optionee as defined below to assume the exploration expenditure requirement. With regards to the \$250,000 in exploration expenditures that are to be incurred on the property on or before April 25, 2022, this will be partially funded by the Optionee as defined below by incurring a minimum of \$200,000 on the property on or before April 25, 2022.

The following are details of the Company's exploration and evaluation asset:

	May 31, 2021	May 31, 2020
Acquisition cost		
Beginning of year	\$ 42,500	\$ 22,500
Additions	150,000	20,000
End of year	<u>192,500</u>	<u>42,500</u>
Exploration costs:		
Beginning of year	109,727	19,440
Consulting	4,999	-
Drilling	-	57,986
Sampling	-	15,961
Geophysics	-	1,815
Other	360	14,525
End of year	<u>115,086</u>	<u>109,727</u>
Option payments received – cash	(75,000)	-
Option payments received – shares	(105,000)	-
BC Exploration tax credits	(5,385)	-
	<u>(185,385)</u>	<u>-</u>
	\$ 122,201	\$ 152,227

GOLDBLOCK CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021 and 2020

4. EXPLORATION AND EVALUATION ASSET (Continued)

The Company entered into an option agreement with Bullet Exploration Inc. (previously 2294253 Alberta Ltd.) (“Bullet”) (the “Optionee”), a private company, providing for it to acquire a 75% interest in the Company’s Copper Canyon project. The Optionee is required to pay to Goldblock a total of \$245,000 in cash, issue a total of 1,300,000 common shares, and spend a total of \$575,000 in qualified expenditures on the Copper Canyon property, all over a three-year period.

The following is a summary of the key terms of the option agreement with the Optionee:

- (i) \$15,000 (received) cash payment to Goldblock within 14 days of signing the agreement and an additional \$10,000 cash payment (received) and the issuance of 200,000 common shares of the Optionee (received with a fair value of \$60,000) to Goldblock within 60 days of the execution of the option agreement, subject to regulatory approvals.
- (ii) On or before April 25, 2021, a cash payment of \$50,000 (received) to Goldblock and the issuance of an additional 300,000 common shares of the Optionee (received with a fair value of \$45,000) to Goldblock and a work commitment of \$125,000 (incurred) in qualifying expenditures to be incurred by the Optionee on the property on or before April 25, 2021.
- (iii) On or before April 25, 2022, a cash payment of \$70,000 to Goldblock and the issuance of an additional 300,000 common shares of the Optionee to Goldblock and a further work commitment of \$200,000 in qualifying expenditures to be incurred by the Optionee on the property.
- (iv) On or before April 25, 2023, a cash payment of \$100,000 to Goldblock and the issuance of an additional 500,000 common shares of the Optionee to Goldblock and an additional work commitment of \$250,000 in qualifying expenditures to be incurred by the Optionee on the Property.

5. MARKETABLE SECURITIES

Marketable securities consist of common shares of Bullet that were received pursuant to an option agreement entered into with the Optionee during the year ended May 31, 2021 (Note 4).

	May 31, 2021		May 31, 2020	
	Number of shares	Market Value	Number of shares	Market Value
Bullet	500,000	\$ 80,000	-	\$ -

The 500,000 common shares of Bullet received had an initial fair value of \$105,000 (Note 4). As at May 31, 2021, the market value of these shares was \$80,000 and a \$25,000 unrealized loss was recognized to loss and comprehensive loss.

GOLDBLOCK CAPITAL INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021 and 2020

6. SHARE CAPITAL

Authorized

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

Issued

There were no shares issued during the years ended May 31, 2021 and 2020.

Escrow shares

6,737,000 shares issued to the principals of the Company were subject to escrow conditions required by applicable securities laws and the CSE requirements. As at May 31, 2021 4,042,200 (2020 - 6,063,300) shares were held within escrow and will be released over a period of 24 months. Subsequent to the year ended May 31, 2021 an additional 1,010,550 (2020 - 1,010,550) shares were released from escrow.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at May 31, 2021, the Company's financial instruments are comprised of cash, marketable securities, receivables, trade payables, and due to related party. The fair value of these financial instruments approximate their carrying value due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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 May 31, 2021, the fair value of cash and marketable securities held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at May 31, 2021, the Company had a cash balance of \$17,111 to settle current and future liabilities of \$35,762 and as such, the Company is exposed to liquidity risk.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company has no financial instruments that exposes it to interest rate risk.

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7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(f) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

8. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at May 31, 2021, the Company's shareholders' equity was \$365,133 (2020 - \$559,246). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

There were no changes in the Company's approach to capital management during the year ended May 31, 2021.

9. INCOME TAXES

	May 31, 2021	May 31, 2020
Net loss for the year	\$ (194,113)	\$ (112,827)
Tax rate	27%	27%
Expected income tax recovery	(52,411)	(30,463)
Change in unrecognized benefit of non-capital losses	52,411	30,463
	\$ -	\$ -

The Company has the following potential deferred tax assets for which no deferred tax asset has been recognized.

	May 31, 2021	May 31, 2020
Non-capital loss carry-forwards	\$ 334,867	\$ 140,754

The Company has accumulated non-capital losses of approximately \$335,000, which may be deducted in the calculation of taxable income in future years. The losses commence expiring in 2041.

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10. RELATED PARTY TRANSACTIONS

During the year ended May 31, 2021, the Company paid or accrued \$72,000 (2020 - \$18,000) in management fees to a director of the Company and paid \$25,000 (2020 - \$Nil) in rent to a company controlled by the same director of the Company.

During the year ended May 31, 2021, the Company paid \$6,275 (2020 - \$Nil) in consulting fees which was included in professional fees to directors of the Company.

During the year ended May 31, 2021, the Company \$12,000 (2020 - \$Nil) in accounting fees to a director and officer of the Company, which was included in professional fees.

Included in trade payables and accrued liabilities at May 31, 2021 is \$8,000 (2020 - \$18,900) owing to directors of the Company.

As at May 31, 2021, \$6,000 (May 31, 2020 - \$Nil) is due to a director of the Company. The amount is non-interest bearing and has no specific terms of repayment.

11. PROPOSED TRANSACTION

On April 19, 2021 Goldblock entered into a definitive agreement with Virgin Gold Corp. (“Virgin Gold”), a private mineral exploration company exploring for gold in Guyana, pursuant to which the Company will acquire all of the issued and outstanding shares of Virgin Gold (the “Transaction”). The Transaction will be completed by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia), whereby 1294320 BC Ltd., will amalgamate with Virgin Gold (the “Amalgamation”).

The Transaction will constitute a “Fundamental Change” of the Company, as defined by the policies of the CSE. As a result, the Company will be required to obtain shareholder approval, by simple majority, which it intends to seek by way of written consent. The Amalgamation will also require the approval of the shareholders of Virgin Gold.

Immediately prior to the completion of the Amalgamation, the Company will complete a share consolidation on a 2:1 basis (the “Consolidation”). In connection with the Transaction, the Company will change its name to “Golden Shield Resources Corp.” (the “Name Change”) and reconstitute its board of directors (the “Director Changes”) such that the board of the Company following completion of the Transaction (the “Resulting Issuer”) will consist of five directors, nominated by Virgin Gold.

Currently Goldblock has 12,000,000 shares issued and outstanding. Following the Consolidation, and prior to closing of the Transaction, Goldblock will have 6,000,000 shares outstanding.

In connection with the Transaction, the Company or Virgin Gold will undertake a non-brokered private placement of units for gross proceeds of at least \$5,000,000.

Goldblock advanced to Virgin Gold a non-refundable deposit of \$175,000 in cash on December 23, 2020.