

HAWKMOON RESOURCES CORP.

FINANCIAL STATEMENTS

For the year ended March 31, 2021 and for the period from April 26, 2019 (incorporation date) to March 31, 2020

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Hawkmoon Resources Corp.

Opinion

We have audited the financial statements of Hawkmoon Resources Corp. ("the Company"), which comprise the statements of financial position as at March 31, 2021 and March 31, 2020 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the periods 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 March 31, 2021 and March 31, 2020, and its financial performance and its cash flows for the periods 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 the material uncertainty 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 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 the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact 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 Diana Huang.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
July 29, 2021**

HAWKMOON RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
As at March 31, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
ASSETS		
Current		
Cash and cash equivalents	\$ 764,429	\$ 140,455
Amounts receivable	28,518	13,762
Prepaid expenses and deposits (Note 8)	64,765	35,990
Marketable securities (Note 6)	29,500	-
	<u>887,212</u>	<u>190,207</u>
Exploration and evaluation assets (Note 5)	16,000	16,000
	<u>\$ 903,212</u>	<u>\$ 206,207</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 38,692	\$ 14,278
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	1,676,330	136,000
Share subscriptions received (Note 13)	19,210	438,300
Contributed surplus (Note 7)	3,080	-
Accumulated deficit	(834,100)	(382,371)
	<u>864,520</u>	<u>191,929</u>
	<u>\$ 903,212</u>	<u>\$ 206,207</u>

Going concern (Note 2)
Commitments (Note 5)
Subsequent events (Notes 5 and 13)

APPROVED ON BEHALF OF THE BOARD:

"Branden Hanes" Director
Branden Hanes

"Geoff Balderson" Director
Geoff Balderson

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

HAWKMOON RESOURCES CORP.**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the year ended March 31, 2021 and for the period from April 26, 2019 (incorporation date) to March 31, 2020

(Expressed in Canadian Dollars)

	2021	2020
Administrative expenses		
Advertising and promotions	\$ 5,197	\$ 15,406
Consulting fees (Note 8)	203,472	204,261
Filing fees	35,106	2,500
General exploration costs (Notes 5 and 8)	102,665	95,865
Office and general	16,660	7,070
Rent (Note 8)	15,669	7,860
Share-based payment (Notes 7 and 8)	-	20,000
Professional fees	74,080	13,335
Travel and conferences	5,190	10,394
Website	10,690	5,680
	<u>468,729</u>	<u>382,371</u>
Loss before other income	(468,729)	(382,371)
Other income		
Unrealized gain on marketable securities	17,000	-
	<u>Net loss and comprehensive loss for the period</u>	<u>\$ (382,371)</u>
	<u>\$ (451,729)</u>	<u>\$ (382,371)</u>
Basic and diluted loss per share	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>
Weighted average number of common shares outstanding	<u>21,495,775</u>	<u>6,500,589</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

HAWKMOON RESOURCES CORP.**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the year ended March 31, 2021 and for the period from April 26, 2019 (incorporation date) to March 31, 2020

(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Share subscriptions Received	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 26, 2019	1	\$ -	\$ -	\$ -	\$ -	\$ -
Share subscriptions received	-	-	438,300	-	-	438,300
Share issuances						
Debt settlement (Note 7)	2,000,000	40,000	-	-	-	40,000
Debt settlement (Note 7)	4,000,000	80,000	-	-	-	80,000
Private placement (Note 7)	500,000	10,000	-	-	-	10,000
Pursuant to option agreement (Note 7)	300,000	6,000	-	-	-	6,000
Net loss for the period	-	-	-	-	(382,371)	(382,371)
Balance, March 31, 2020	6,800,001	136,000	438,300	-	(382,371)	191,929
Share issuances						
Private placement (Note 7)	22,418,600	1,590,060	(438,300)	-	-	1,151,760
Share issue cost (Note 7)	-	(46,650)	-	-	-	(46,650)
Agent's warrants issued (Note 7)	-	(3,080)	-	3,080	-	-
Share subscriptions received (Note 13)	-	-	19,210	-	-	19,210
Net loss for the year	-	-	-	-	(451,729)	(451,729)
Balance, March 31, 2021	29,218,601	1,676,330	19,210	3,080	(834,100)	864,520

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

HAWKMOON RESOURCES CORP.

STATEMENTS OF CASH FLOWS

For the year ended March 31, 2021 and for the period from April 26, 2019 (incorporation date) to March 31, 2020

(Expressed in Canadian Dollars)

	2021	2020
Operating Activities		
Net loss for the period	\$ (451,729)	\$ (382,371)
Items not affecting cash:		
Share-based payment	-	20,000
Unrealized gain on marketable securities	(17,000)	-
Changes in non-cash working capital items related to operations:		
Amounts receivable	(14,756)	(13,762)
Prepaid expenses and deposits	(28,775)	(35,990)
Accounts payable and accrued liabilities	24,414	114,278
Cash used in operating activities	(487,846)	(297,845)
Investing Activities		
Marketable securities	(12,500)	-
Mineral property acquisition	-	(10,000)
Cash used in investing activities	(12,500)	(10,000)
Financing Activities		
Shares issued for cash	1,151,760	10,000
Share issue cost	(46,650)	-
Share subscriptions received	19,210	438,300
Cash provided by financing activities	1,124,320	448,300
Change in cash and cash equivalents during the period	623,974	140,455
Cash and cash equivalents, beginning of period	140,455	-
Cash and cash equivalents, end of the period	\$ 764,429	\$ 140,455
Cash and cash equivalents consist of:		
Cash	\$ 763,930	\$ 135,455
Cash held in trust	499	5,000
	\$ 764,429	\$ 140,455
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

Non-cash transactions – (Note 12)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

HAWKMOON RESOURCES CORP.

Notes to the Financial Statements

As at March 31, 2021 and 2020

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION

The Company is a mineral property exploration company whose common shares trade on the Canadian Securities Exchange (“CSE”). On April 15, 2021, the Company was listed and commenced trading on the CSE on April 19, 2021 under the trading symbol “HM”. On May 11, 2021, the Company also listed and commenced trading on the Börse Frankfurt in Germany under the symbol “966”.

The Company was incorporated on April 26, 2019 in British Columbia. The head office and registered and records office of the Company is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia, Canada, V6C 1T2.

The Company has an option agreement to earn an interest in the Romeo property located in Quebec, Canada (Note 5) and has not yet determined whether this property contains reserves that are economically recoverable. The recoverability of the carrying amount from the property is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying property, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property option agreement and to complete the development of the property and upon future profitable production or proceeds for the sale thereof.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

These financial statements were approved and authorized for issue by the Board of Directors on July 29, 2021.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At March 31, 2021, the Company has not achieved profitable operations, has accumulated losses of \$834,100 (March 31, 2020 - \$382,371) since inception and expects to incur further losses in the development of its business.

HAWKMOON RESOURCES CORP.

Notes to the Financial Statements

As at March 31, 2021 and 2020

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION – (cont'd)

(c) Going Concern – (cont'd)

There was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the financial statements, unless otherwise indicated.

Cash and Cash Equivalents

Cash include cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Exploration and Evaluation Assets

Exploration and evaluation rights to explore

Costs incurred before the Company has obtained the legal rights to explore on area are expensed in the year in which they are incurred.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and development costs are capitalized to "property, plant and equipment" on the statement of financial position. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

HAWKMOON RESOURCES CORP.

Notes to the Financial Statements

As at March 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Exploration and Evaluation Assets – (cont'd)

Exploration and evaluation expenditures

Exploration and evaluation (“E & E”) expenditures are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

Impairment of Assets

The Company’s assets are reviewed for an indication of impairment at each statement of financial position date and whenever events suggest that the carrying amounts may not be recoverable. If indication of impairment exists, the asset’s recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the profit or loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset’s fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial Instruments

Financial Assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss (“FVTPL”) are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

HAWKMOON RESOURCES CORP.

Notes to the Financial Statements

As at March 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Instruments – (cont'd)

Subsequent measurement of financial assets depends on their classification. The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. These are the measurement categories under which the Company classifies its financial assets:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through OCI ("FVOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as other income in the Statements of Loss and Comprehensive Loss in the period which it arises.

The Company's cash and cash equivalents are measured at amortized cost. Marketable securities are recorded at FVTPL.

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 of 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.

HAWKMOON RESOURCES CORP.

Notes to the Financial Statements

As at March 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities as financial liabilities held at amortized cost.

Provisions

Rehabilitation Provision

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 year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

HAWKMOON RESOURCES CORP.

Notes to the Financial Statements

As at March 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Potentially dilutive common shares relate to warrants outstanding totaling 9,470,100 (2020 – Nil) were not included in the calculation of loss per share because their effect is anti-dilutive. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for other than business combination which does not have an impact. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Share Capital

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements is determined to be the more easily measurable component and is valued at their fair value, as determined by the closing quoted bid price on the date of issuance once the shares are listed on a stock exchange. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

HAWKMOON RESOURCES CORP.

Notes to the Financial Statements

As at March 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Recent accounting pronouncements

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023 and are expected to have no impact on the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments, estimates and assumptions in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and Evaluation Assets and Impairment

The application of the Company's accounting policy for exploration and evaluation assets 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 in profit or loss in the year the new information becomes available.

Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgement. See Note 2(c).

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title or interest therein. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

HAWKMOON RESOURCES CORP.

Notes to the Financial Statements

As at March 31, 2021 and 2020

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – (cont'd)

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Fair value of private company investments

Where the fair values of investments in private companies recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgement is required to establish fair value and this value may not be indicative of recoverable value.

5. EXPLORATION AND EVALUATION ASSETS

The following tables summarize the Company's exploration and evaluation assets as at March 31, 2021 and 2020.

As at March 31, 2021 and 2020	Romeo	
	Property	Total
Balance, March 31, 2019	\$ -	\$ -
Cash – payment	10,000	10,000
Shares issued	6,000	6,000
Balance, March 31, 2020 and 2021	\$ 16,000	\$ 16,000

The following tables summarize the Company's exploration expenditures for the year ended March 31, 2021 and for the period ended March 31, 2020.

For the year ended March 31, 2021	Romeo		
	General	Property	Total
Exploration expenditures			
Geological	\$ 28,800	\$ 12,250	\$ 41,050
Field expenses and miscellaneous	-	48,615	48,615
Reports and data gathering	-	13,000	13,000
	\$ 28,800	\$ 73,865	\$ 102,665

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5. EXPLORATION AND EVALUATION ASSETS – (cont'd)

For the period ended March 31, 2020	General	Romeo Property	Total
Exploration expenditures			
Geological	\$ -	\$ 36,513	\$ 36,513
Field expenses and miscellaneous	-	27,330	27,330
Maintenance fee	-	7,023	7,023
Reports and data gathering	-	11,190	11,190
Survey	-	13,809	13,809
	\$ -	\$ 95,865	\$ 95,865

Romeo Property

By a mineral property option agreement dated May 17, 2019, the Company may acquire up to a 100% interest in the Romeo Property. This property consists of 53 mineral claims located in the Quebec, Canada. As consideration, the Company will pay cash of \$150,000, issue 1,500,000 common shares of the Company and incur \$1,000,000 in exploration expenditures as follows:

- a) Cash payment of \$10,000 and issuance of 300,000 common shares within 60 days of acceptance of the Agreement (paid and issued);
- b) Incur a minimum of \$60,000 in exploration expenditures within the six months from the agreement date (incurred);
- c) Cash payment of \$20,000 and issuance of 300,000 common shares of the Company within 30 days on the listing of the Company on the CSE (issued and paid subsequent to year end);
- d) Cash payment of \$30,000 and issuance of 300,000 common shares of the Company and incur \$200,000 in exploration expenditures within one year after listing on the CSE (April 15, 2022);
- e) Cash payment of \$40,000 and issuance of 300,000 common shares of the Company and incur \$340,000 in exploration expenditures within two years after listing on the CSE (April 15, 2023); and
- f) Cash payment of \$50,000, issuance of 300,000 common shares of the Company and incur \$400,000 exploration expenditures within three years after listing on the CSE (April 15, 2024).

Should the Company acquire 100% of the property, the optionor will retain a 2% net smelter returns royalty, 1% of which may be purchased by the Company for \$1,000,000.

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6. MARKETABLE SECURITIES

Marketable securities are fair valued at the end of each reporting period. The fair values of the common shares of the publicly traded companies have been directly referenced to published price quotations in an active market. The fair value of investments in private companies is referenced to the most recent equity financing completed by each private company. A continuity of the Company's marketable securities is as follows:

Investment in marketable securities	Number of shares/Units Held	Investment Cost	Fair Value at March 31, 2021	Fair Value at March 31, 2020
	#	\$	\$	\$
Public Company				
Klondike Silver Corp.	200,000	10,000	20,000	-
Private Companies				
Mayne Minerals Inc.	25,000	2,500	2,500	-
Investment in warrants	100,000	-	7,000	-
Total		12,500	29,500	-

7. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

During the year ended March 31, 2021:

On September 11, 2020, the Company completed a non-brokered private placement of 1,787,600 units at \$0.10 for total proceeds of \$178,760. Each unit consists of one common share and one share purchase warrant, entitling the holder the right to purchase one common share at a price of \$0.15 per share expiring two years from the date of listing on the CSE. In connection with the private placement, the Company paid a cash finder's fee of \$700 and issued 7,000 finders' warrants exercisable at \$0.15 for a period of two years from the date of issuance. These finder's warrants were fair valued at \$280 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.25%; dividend yield of 0%; volatility of 100% and expected life of two years and a stock price of \$0.10.

On September 2, 2020, the Company completed a non-brokered private placement of 1,100,000 units at \$0.10 for total proceeds of \$110,000. Each unit consists of one common share and one share purchase warrant, entitling the holder the right to purchase one common share at a price of \$0.15 per share expiring three years from the date of listing on the CSE.

On July 31, 2020, the Company completed a non-brokered private placement of 4,950,000 units at \$0.10 for

HAWKMOON RESOURCES CORP.

Notes to the Financial Statements

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7. SHARE CAPITAL – (cont'd)

(b) Issued – (cont'd)

total proceeds of \$495,000. Each unit consists of one common share and one share purchase warrant, entitling the holder the right to purchase one common share at a price of \$0.15 per share expiring three years from the date of listing on the CSE. In connection with the private placement, the Company paid a cash finder's fee of \$3,850 and issued 38,500 finders' warrants exercisable at \$0.15 for a period of two years from the date of issuance. These finder's warrants were fair valued at \$1,540 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.26%; dividend yield of 0%; volatility of 100% and expected life of two years and a stock price of \$0.10.

On July 30, 2020, the Company completed a non-brokered private placement of 1,545,000 units at \$0.10 for total proceeds of \$154,500. Each unit consists of one common share and one share purchase warrant, entitling the holder the right to purchase one common share at a price \$0.15 per share expiring two years from the date of listing on the CSE.

On July 29, 2020, the Company completed a non-brokered private placement of 13,036,000 shares at \$0.05 for total proceeds of \$651,800. In connection with the private placement, the Company paid a cash finder's fee of \$42,100 and issued 42,000 finders' warrants exercisable at \$0.05 for a period of two years from the date of issuance. These finders' warrants were fair valued at \$1,260 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.26%; dividend yield of 0%; volatility of 100% and expected life of two years and a stock price of \$0.05.

During the period ended March 31, 2020:

On April 26, 2019, the Company issued 1 common share for total proceeds of \$0.10.

On May 1, 2019, the Company issued 2,000,000 common shares at \$0.01 per share to settle outstanding debt of \$20,000 and recognized a share-based payment of \$0.01 per share for a total of \$20,000. The 2,000,000 common shares will be held in escrow upon the completion of the IPO which occurred subsequent to the year end (Note 7(f)).

On May 15, 2019, the Company issued 500,000 common shares at \$0.02 per share for total proceeds of \$10,000.

On May 15, 2019, the Company issued 4,000,000 common shares at \$0.02 per share to settle outstanding debt of \$80,000.

On May 17, 2019, the Company issued 300,000 common shares pursuant to the terms of the Romeo property option agreement. The shares were valued at \$6,000 based on \$0.02 per share.

(c) Stock Options

The Company adopted a stock option plan whereby the Board of Directors may, from time to time, grant incentive stock options to directors, officers, employees and consultants. Under the plan, stock options issued may not exceed 10% of the issued common shares of the Company. The term of the options shall be ten years from the grant date unless otherwise determined by the Board. The exercise price shall be determined by the Board but shall not be less than the fair market value of the common shares on the grant date. As of March 31, 2021, there were no stock options outstanding.

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7. SHARE CAPITAL – (cont'd)**(d) Share Purchase Warrants**

The changes in share purchase warrants were as follows:

	March 31, 2021	Weighted Average Exercise Price	March 31, 2020	Weighted Average Exercise Price
Balance, beginning of period	-	\$ -	-	\$ -
Issued	9,382,600	0.15	-	-
Exercised	-	-	-	-
Balance, end of period	9,382,600	\$0.15	-	\$ -

As at March 31, 2021, the Company had 9,382,600 share purchase warrants outstanding as follows:

Number of Warrants	Exercise Price	Expiry Date	Weighted average remaining life
3,332,600	\$0.15	April 19, 2023	2.05 yrs.
6,050,000	\$0.15	April 19, 2024	3.05 yrs.
9,382,600	\$0.15		2.70 yrs.

(e) Finders' Warrants

The changes in finders' warrants were as follows:

	March 31, 2021	Weighted Average Exercise Price	March 31, 2020	Weighted Average Exercise Price
Balance, beginning of period	-	\$ -	-	\$ -
Issued	87,500	0.10	-	-
Exercised	-	-	-	-
Balance, end of period	87,500	\$ 0.10	-	\$ -

As at March 31, 2021, the Company had 87,500 finders' warrants outstanding as follows:

Number of Warrants	Exercise Price	Expiry Date	Weighted average remaining life
42,000	\$0.05	April 19, 2023	2.05 yrs.
45,500	\$0.15	April 19, 2023	2.05 yrs.
87,500	\$0.10		2.05 yrs.

(f) Escrow Shares

Pursuant to an escrow agreement dated March 5, 2021, an aggregate of 6,000,000 common shares will be placed into escrow to be released as to 10% upon receipt of notice from the CSE confirming the listing of the Company's common shares on the CSE with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following receipt of such notice. On April 15, 2021, 600,000 common shares were released from escrow.

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8. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

		2021	2020
Consulting fees	Branden Haynes, Director and CEO	\$ 75,000	\$ 55,000
	Hugh Oswald, Director	6,500	30,000
	Thomas Clarke, Director, VP explorations	-	40,000
		81,500	125,000
General exploration	Company controlled by Director and VP explorations	55,800	-
Rent	Company controlled by Director and VP explorations	6,960	-
Share-based payment	Branden Haynes, Director and CEO	-	20,000
		\$ 144,260	\$ 145,000

Included in prepaid expenses at March 31, 2021 is \$4,179 (2020 - \$Nil) in advances on expenses to the CEO.

Included in accounts payable and accrued liabilities at March 31, 2021 is \$7,445 (2020 - \$6,890) in unpaid consulting fees and other balances owing to directors and officers of the Company. These amounts owing are unsecured, due on demand, and non-interest bearing.

During the period ended March 31, 2020, the Company issued 5,000,000 common shares to settle debts of \$80,000 with directors and officers of the Company for unpaid consulting fees.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and cash equivalents and 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 the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the period.

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10. FINANCIAL INSTRUMENTS AND RISKS

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at March 31, 2021, the Company had a working capital of \$848,520 (2020 - \$175,929).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's considers its exposure to interest rate risk to be not significant.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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10. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)

Credit Risk

Financial instruments that potentially expose the Company to credit risk is cash and cash equivalents. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Fair Values

The Company's financial instruments at amortized costs include cash and cash equivalents and accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of secondary market and the significant cost of obtaining external appraisals. The fair value of these financial instruments approximates their carrying value under the effective interest method.

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

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

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Marketable securities are classified as fair value through profit or loss. The investment in public company is measured at fair value using level 1 inputs. The investment in private company is measured at fair value using level 2 inputs. The investment in warrants are measured at fair value using level 3 inputs.

11. INCOME TAXES

The difference between tax expense for the period and the expected income taxes based on the statutory tax rates arises as follows:

	2021	2020
Loss before tax	\$ 451,729	\$ 382,371
Income tax recovery at local statutory rates – 27%	(122,000)	\$ (103,300)
Permanent differences	(1,900)	5,800
Change in unrecognized tax benefits not recognized	123,900	97,500
	\$ -	\$ -

HAWKMOON RESOURCES CORP.

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11. INCOME TAXES – (cont'd)

The nature and tax effect of the taxable temporary differences giving rise to deferred tax assets are summarized as follows:

	2021	2020
Non-capital losses	\$ 172,900	\$ 71,600
Share issue cost	10,100	-
Resource properties	53,600	25,900
Marketable securities	(2,300)	-
Unrecognized deferred tax assets	(234,300)	(97,500)
	\$ -	\$ -

As at March 31, 2021, the Company has Canadian exploration and development expenses of approximately \$214,500 (2020 - \$111,900) and estimated non-capital losses of \$640,000 (2020 - 265,000) for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years, and if not utilized the non-capital loss will expire between 2040 - 2041.

12. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows:

During the period ended March 31, 2020:

The Company issued an aggregate of 6,000,000 common shares with a fair value of \$120,000 to settle outstanding debt of \$100,000.

The Company issued 300,000 common shares at \$0.02 per share with a fair value of \$6,000 pursuant to the terms of the property purchase agreement.

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13. SUBSEQUENT EVENTS

Subsequent to March 31, 2021:

On October 9, 2020, the Company filed a preliminary prospectus (the "Prospectus") to qualify an offering (the "Offering") to the public of units (the "Units") and the common shares and warrants of the Company underlying such Units at a price of \$0.10 per Unit (the "Offering Price"). The minimum size of the Offering is 3,500,000 Units for gross proceeds of \$350,000, and the maximum size of the Offering is 7,500,000 Units for gross proceeds of \$750,000. Each Unit is comprised of one common share in the capital of the Company ("Common Share") and one Common Share purchase warrant (a "Warrant") entitling the holder to acquire one Common Share at a price of \$0.15 per share until the date that is 24 months following the closing of the Offering, subject to the option of the Company to accelerate the expiry date of the Warrants if the weighted average trading price of the Common Shares during the 10 consecutive trading days immediately prior to the date on which such calculation is made is equal to or greater than \$0.25. The Offering is being made pursuant to the terms of an agency agreement dated February 28, 2020 (the "Agency Agreement"), between the Company and PI Financial Corp. (the "Agent"). The Agent will receive a commission (the "Agent's Commission") of 8.0% of the gross amount raised in the Offering, payable in cash from the proceeds of the sale of the Units. In addition, the Agent will receive a non-transferable option (the "Agent's Option") to purchase that number of Common Shares as is equal to 8.0% of the number of Units sold pursuant to the Offering. The Agent's Option will be exercisable for a period of two years from the date of listing of the Units on the CSE at a price of \$0.15 per Common Share. The Company shall pay the Agent a corporate finance fee of \$25,000 plus GST and a non-refundable deposit of 50% of the corporate finance fee in the amount of \$12,500 plus GST plus a \$10,000 legal retainer upon signing of the letter. On April 16, 2021, the Company completed the prospectus and issued the 7,500,000 units and 600,000 Agent's Options.

On April 16, 2021, the Company issued 650,000 common shares for total proceeds of \$37,500 and 100,000 share purchase warrants exercisable at \$0.15 for a period of two years from the date of issuance.

On April 22, 2021, the Company entered into an option agreement with Cartier Resources Inc. to acquire 100% interest in the Wilson gold property located in Verneuil township east of the town of Lebel-sur-Quevillon Quebec. The property comprises of 42 mineral claims totalling approximately 1,660 hectares. As consideration, the Company is required to pay cash of \$1,000,000, issue an aggregate of 5,000,000 common shares, incur not less than \$6,000,000 in exploration expenditures and drill a minimum of 24,000 metres over a period of five years. Upon exercise of the option, the Cartier Resources Inc. will retain a 2% net smelter return royalty ("NSR") of which 1% NSR may be purchased by the Company for \$4,000,000. In accordance with the agreement, the Company has issued 700,000 common shares and paid \$200,000 in cash upon execution.

On May 3, 2021, the Company granted 2,090,000 stock options to directors, officers and consultants. These stock options vested at the date of grant and are exercisable at \$0.13 per share until May 3, 2025. On May 3, 2021, 380,000 stock options were exercised for total proceeds of \$39,000.

The Company also granted these individuals 1,710,000 RSU which vest at 25% every three months with the first vesting on August 3, 2021, exercisable at \$0.13 per share and until May 3, 2025.

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13. SUBSEQUENT EVENTS – (cont'd)

On May 18, 2021, the Company entered into an option agreement with two arms length individuals (the “Vendors”) to acquire 100% interest in the Lava gold property located in Latulipe-et-Gaboury township of western Quebec. The property comprises of 42 mineral claims totalling approximately 2,115 hectares. As consideration, the Company will pay cash of \$115,500, issue 1,320,000 common shares and complete \$500,000 of work expenditures over three a year period. Upon exercise of the option, the Vendors will retain a 3% net smelter return royalty (“NSR”) of which 1% NSR may be purchased by the Company for \$1,000,000. In accordance with the agreement, the Company has issued 330,000 shares subsequent to the year end.