S2 Minerals Inc.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED FEBRUARY 28, 2021

(Expressed in Canadian Dollars)

Notice to Reader

The accompanying unaudited interim financial statements of S2 Minerals Inc. have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

S2 MINERALS INC.

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION

As at February 28, 2021

(expressed in Canadian dollars)

ASSETS		
Current Assets		
Cash		**1**
Total assets	**$**	**1**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities		**135,416**
Total liabilities	**$**	**135,416**
Equity		
Share capital – unlimited shares authorized, 1 issued and outstanding (note 4)		**1**
Deficit		**(135,416)**
Deficit less capital stock		**(135,415)**
Total shareholders' equity and liabilities	**$**	**1**

The accompanying notes to the unaudited interim financial statements are an integral part of these statements.

"Daniel Noone" (signed)
Director

"Bruce Rosenberg" (signed)
Director

S2 MINERALS INC.

UNAUDITED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the three months ended February 28, 2021

(expressed in Canadian dollars)

	Three Months to February 28, 2021	Date of Incorporation November 30, 2020
Revenue	**-**	-
Costs		
Legal	**121,416**	-
Audit and accounting services	**11,000**	-
Loss and comprehensive loss for the period	**$ (135,416)**	$ -
Basic and diluted net loss per common share (note 4)	**$ (135,416)**	$ -
Weighted average number of common shares outstanding - basic and diluted (note 4)	**1**	1

S2 MINERALS INC.
UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three months ended February 28, 2021
(expressed in Canadian dollars)

	Share Capital	Deficit	Total
Balance at incorporation, November 30, 2020	**$ 1**	**$ -**	**$ 1**
Net loss for the period	-	(135,416)	-
Balance, February 28, 2021	**$ 1**	**$ (135,416)**	**$ (135,415)**

The accompanying notes are an integral part of the unaudited interim financial statements.

S2 MINERALS INC.
UNAUDITED INTERIM STATEMENT OF CASH FLOWS
For the three months ended February 28, 2021
(expressed in Canadian dollars)

	Three Months to February 28, 2021	Date of Incorporation November 30, 2020
Operating activities		
Net loss	135,416	-
Change in accounts payable	(135,416)	-
Net cash used in operating activities	**$ -**	**-**
Financing activities		
Incorporation shares issued (note 4)	-	1
Net cash provided by financing activities	$ -	$ 1
Net change in cash,	-	1
Cash, beginning of period	$ 1	-
Cash, end of period	$ 1	$ 1

The accompanying notes are an integral part of the unaudited interim financial statements.

1. NATURE OF OPERATIONS

S2 Minerals Inc. ("S2" or the "Company") was incorporated on November 30, 2020 under the laws of the Province of Ontario, Canada, and its head office is located at 141 Adelaide Street West, Suite 1101, Toronto, Ontario, M5H 3L5.

S2 was incorporated to facilitate a Plan of Arrangement (the "Arrangement") whereby G2 Goldfields Inc.'s ("G2") Canadian Sandy Lake Properties would be placed in a separate public vehicle held pro rata by all G2 shareholders. This plan received final approval from Ontario Superior Court of Justice on March 31, 2021 (see Subsequent Events). Accordingly, there were no transactions entered into by S2 prior to that date other than professional fees to facilitate the transaction.

As G2 has agreed to pay all fees associated with the spin out these fees will appear as Contributed Surplus in S2's accounts when paid.

The COVID-19 outbreak has been declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. Currently all communication with the First Nations community is remote and strict quarantine protocols make physical work at the site impossible. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital. The Company continues to operate under these conditions.

These unaudited interim financial statements were authorized for issue by the Board of Directors on April 23, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee ("IFRC").

Basis of presentation

These unaudited interim financial statements have been prepared on a historical cost basis, with the exception of certain financial instruments, which are measured at fair value.

The Company's functional and presentation currency is Canadian dollars.

Cash

Cash consists of cash on hand.

Exploration and evaluation assets

Exploration and evaluation assets relate to rights acquired and exploration and evaluation expenditures incurred in respect to resource projects that are in the exploration and evaluation stage.

Exploration and evaluation expenditures include costs which are directly attributable to acquisition, surveying, geological, geochemical, geophysical, exploratory drilling, land maintenance, sampling, and assessing technical feasibility and commercial viability. These expenditures are capitalized until the technical feasibility and commercial viability of extracting the mineral resource of a project are demonstrable. During the exploration period, exploration and evaluation assets are not amortized.

Exploration and evaluation assets are allocated to cash generating units ("CGUs") for the purpose of assessing such assets for impairment and each project is identified as a separate CGU. At the end of each reporting period, each project is reviewed for impairment indicators in accordance with IFRS 6. If such indicators exist, the project is tested for impairment and the recoverable amount of the project is estimated. If the recoverable amount of the project is estimated to be less than its carrying amount, the carrying amount of the project is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Once the technical feasibility and commercial viability of extracting a mineral resource of a project are demonstrable, the relevant exploration and evaluation asset is assessed for impairment, and any impairment loss recognized, prior to the balance being reclassified as a mine development asset in property, plant and equipment.

The determination of the demonstration of technical feasibility and commercial viability is subject to a significant degree of judgment and assessment of all relevant factors. In general, technical feasibility may be demonstrable once a positive feasibility study is completed. When determining the commercial viability of a project, in addition to the receipt of a feasibility study, the Company also considers factors such as the availability of project financing, the existence of markets and/or long term contracts for the product, and the ability of obtaining the relevant operating permits.

All subsequent expenditures to ready the property for production are capitalized within mine development assets, other than those costs related to the construction of property, plant and equipment.

Once production has commenced, all costs included in mine development assets are reclassified to mining properties.

Exploration and evaluation expenditures incurred prior to the Company obtaining mineral rights related to the property being explored are recorded as expense in the period in which they are incurred.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as financial liabilities at amortized cost and are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i. those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
ii. those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:
i. amortized cost;
ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii. FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial asset consists of cash, which is classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in net loss.

The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Financial instrument risk

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant credit, liquidity, or market risks arising from these financial instruments.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:
i. To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future opportunities, and pursuit of acquisitions of exploration and evaluation assets; and

(expressed in Canadian dollars)

ii. To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital and deficit, which at February 28, 2021 totaled a deficiency of $135,415. G2 has committed to pay the costs of the Arrangement and this will be reflected as Contributed Surplus when paid.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on activities related to its exploration and evaluation assets. Selected information is frequently provided to the Board of Directors of the Company. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

4. SHARE CAPITAL

Authorized share capital
An unlimited number of common shares without par value, voting and participating

Issued

	Number of Shares	Share Capital
Balance, February 28, 2021 and November 30, 2020	1	$ 1

The Company was incorporated on November 30, 2020 issuing a single share for $1 per share.

5. AGREEMENT TO ACQUIRE SANDY LAKE PROPERTIES

On February 2, 2021 G2 and S2 entered into an Arrangement, subject to shareholder approval to transfer its entire interest in G2's Sandy Lake properties to S2, which was at February 28, 2021 a wholly owned subsidiary of G2.

Under the terms of the agreement, G2 has undertaken to take back S2 common shares and distribute them pro-rata to its shareholders. As part of the Arrangement S2 will issue rights to the holders of its common shares post Arrangement, allowing them to purchase additional shares of S2 to raise proceeds of $1.2 million. Mr. Sheridan, together with Mr. Noone have agreed to subscribe for any unexercised rights sufficient to raise the $1.2 million.

6. SUBSEQUENT EVENT

On March 29, 2021 at its special meeting of shareholders the previously announced spin-out of G2's Sandy Lake Properties was approved. Following the shareholder vote the Ontario Superior Court of Justice approved the spin-out on March 31, 2021. The spin-out was completed on April 9, 2021.