S2 MINERALS INC.

FINANCIAL STATEMENTS

FOR THE PERIOD FROM NOVEMBER 30, 2020 (DATE OF INCORPORATION)

TO MAY 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of S2 Minerals Inc.:

Opinion

We have audited the financial statements of S2 Minerals Inc. (the "Company"), which comprise the statement of financial position as at May 31, 2021, and the statements of loss and comprehensive loss, changes in equity and cash flows for the period from November 30, 2020 (date of incorporation) to May 31, 2021, 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 May 31, 2021, and its financial performance and its cash flows for the period from November 30, 2020 to May 31, 2021 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 1 in the financial statements, which indicates that as at May 31, 2021, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and 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 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 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. 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 Brock Stroud.

MNP LLP

Toronto, Ontario — Chartered Professional Accountants

September 28, 2021 — Licensed Public Accountants

S2 Minerals Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

As at May 31,	2021
ASSETS	
Current	
Cash	$ 1,194,781
Amounts receivable (note 5)	20,939
Total current assets	1,215,720
Total assets	$ 1,215,720
LIABILITIES	
Current	
Accounts payable and accrued liabilities	$ 148,945
Due to related party (note 9)	129,898
Total current liabilities	278,843
Total liabilities	278,843
SHAREHOLDERS' EQUITY	
Share capital (note 7)	2,516,135
Deficit	(1,579,258)
Total shareholders' equity	936,877
Total liabilities and shareholders' equity	$ 1,215,720

Nature of Operations and Going Concern (note 1)

Approved on behalf of the Board:

"Bruce Rosenberg"
Director

"Daniel Noone"
Director

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

S2 Minerals Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the period from November 30, 2020 (date of incorporation) to May 31, 2021
Operating expenses	
Exploration and evaluation (note 10)	**$ 1,301,367**
Reporting issuer costs	**8,250**
Professional fees	**268,640**
Office and administrative	**1,001**
Comprehensive loss for the period	**$ 1,579,258**
Net loss per share	
- basic and diluted	**$ 0.35**
Weighted average number of common shares outstanding	
- basic and diluted	**4,519,882**

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

S2 Minerals Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the period from November 30, 2020 (date of incorporation) to May 31, 2021
Operating activities	
Net loss for the period	$ (1,579,258)
Items not affecting cash:	
Acquisition of properties (note 7(iii))	1,265,567
Changes in non-cash working capital items:	
Amounts receivable	(20,939)
Accounts payable and accrued liabilities	148,945
Due to related party	129,898
Net cash used in operating activities	(55,787)
Financing activities	
Rights Offering (note 7(ii))	1,265,567
Issuance of incorporation shares (note 7(i))	1
Share issue costs	(15,000)
Net cash provided by financing activities	1,250,568
Net change in cash	1,194,781
Cash, end of period	$ 1,194,781

S2 Minerals Inc.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares		Share Capital		Deficit		Total
Issuance of incorporation shares on November 30, 2020 (note 7(i))	**1**	**$**	**1**	**$**	**-**	**$**	**1**
Rights Offering (note 7(ii))	12,655,667		1,265,567		-		1,265,567
Share issue costs	-		(15,000)		-		(15,000)
Acquisition of properties (note 7(iii))	12,655,667		1,265,567		-		1,265,567
Net loss for the period	-		-		(1,579,258)		(1,579,258)
Balance May 31, 2021	**25,311,335**	**$**	**2,516,135**	**$**	**(1,579,258)**	**$**	**936,877**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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.

On February 2, 2021, G2 Goldfields Inc.'s ("G2") entered into an arrangement agreement with S2 pursuant to which G2 agreed to transfer its Sandy Lake properties (the "Sandy Lake Project") to S2 and spin-out all of the shares of S2 through a plan of arrangement under Section 192 of the *Canada Business Corporations Act* (the "Arrangement"). The Arrangement was subject to, among other things, approval of the TSX Venture Exchange and court approval, as well as approval by not less than two-thirds of the votes cast at a special meeting of shareholders of S2. As at February 28, 2021, S2 was a wholly owned subsidiary of G2. See note 7(ii) and (iii).

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.

Going Concern

In order to carry out future exploration activities, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company.

These financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, the Company is exploration-focused and is subject to the risks and challenges of companies in the same sector. These risks include, but are not limited to, the challenges of securing adequate capital given exploration, development and operational risks inherent in the mining industry as well as global economic, precious and base metal price volatility; all of which are uncertain under current market conditions. As a result of these risks, there is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material. The Company has an accumulated deficit of $1,579,258 from inception and a working capital of $936,877. The continuing operations of the Company are dependent on its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal operations as they come due. The material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

The Company's financial statements were authorized for issue by the Board of Directors on September 28, 2021.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Accounting Standards using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PREPARATION (CONTINUED)

(b) Basis of Measurement

The financial statements have been prepared on a historical cost basis except for financial instruments classified at fair value through profit or loss ("FVTPL") which are stated at fair values. The accounting policies have been applied consistently throughout all periods presented in these financial statements.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Areas requiring significant estimates and judgments by management include, but are not limited to:

- Impairment indicators – management is required to use judgment when assessing non-financial assets for indicators of impairment.
- Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.
- Going concern - Significant judgments are used in the Company's assessment of its ability to continue as a going concern as described in note 1.

3. SIGNIFICANT ACCOUNTING POLICIES

Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below. These accounting policies have been used throughout all periods presented in the financial statements.

Areas of judgment that have the most significant effect on amounts recognized in the financial statements are disclosed below.

(a) Cash

Cash comprise cash on hand.

(b) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets, which are recognized at the fair value at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Exploration and evaluation expenditures (continued)

Once a project has been established as commercially viable and technically feasible, related development expenditure is capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

(c) Warrant and share-based compensation

The Company grants stock options to buy common shares of the Company to employees, consultants, directors and officers. The Company may also issue warrants to agents as finders' fees. The Company recognizes share-based compensation expense based on the estimated fair value of the warrants and stock options. A fair value measurement is made for each vesting installment within each warrant and stock option grant and is determined using the Black-Scholes option-pricing model. The fair value of the warrants and stock options is recognized over the vesting period of the warrant and stock option granted as either share-based compensation expense, or as share issuance costs when awarded to agents as finders' fees, with a corresponding amount recognized for each of share-based compensation and share issuance costs, in reserves. This measurement includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the warrants and stock options are exercised and the amount initially recorded is then credited to share capital.

Charges for options or warrants that are cancelled or expire are reclassified from reserves to deficit. In addition, where the terms of a stock option or warrant are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

In situations where equity instruments are issued to non-employees and the fair value of some or all of the goods or services received by the entity as consideration cannot be estimated reliably, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(d) Income Taxes

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

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

Deferred tax is recorded for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income taxes are recorded to recognize tax benefits only to the extent, based on available evidence, that it is probable that they will be realized. The following temporary differences are not provided for: goodwill not deductible for tax purposes; and the initial recognition of assets or liabilities that affect neither accounting nor taxable loss.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates expected to be applied to temporary differences which may reverse, based on tax laws, enacted or substantively enacted at the statement of financial position date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income Taxes (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(e) Basic and Diluted Earnings (Loss) per Share

Basic earnings (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options, restricted share unit's and warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

(f) Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

(g) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(h) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Below is a summary showing the classification and measurement bases of the Company's financial instruments.

Classification	**IFRS 9**
Cash	FVTPL
Accounts payable and other liabilities	Amortized Cost
Due to related party	Amortized Cost

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Instruments (continued)

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

Investments recorded at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows, and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Instruments (continued)

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non- cash assets transferred or liabilities assumed, is recognized in profit or loss.

Financial instruments at fair value through profit and loss

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount reflected above represents the Company’s maximum exposure to credit risk for sales tax recoverable. As at May 31, 2021, the Company did not hold financial instruments recorded at fair value that would require classification within the fair value hierarchy, except for cash (Level 1). The carrying value of the financial instruments noted above approximate their fair value due to the short-term nature of these instruments.

(i) Impairment

The carrying amounts of the Company’s non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (continued)

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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, if no impairment loss had been recognized.

(j) New Accounting policies Adopted

Future accounting policies

IAS 1 Classification of Liabilities as Current or Non-Current (Amendment)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022 and is to be applied retrospectively. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet determined.

(k) Change in accounting policy

During the period ended May 31, 2021, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. It is more relevant and reliable because this policy eliminates the use of estimates and judgments regarding the valuation of exploration and evaluation assets and aligns the analysis to when the mineral property is considered economically and commercially viable. The cost of exploration properties, including the cost of acquiring prospective properties and exploration rights, and exploration and evaluation costs are expensed until it has been established that a mineral property is commercially viable. Previously, the Company had an accounting policy of capitalizing these amounts which was presented in the Company's listing statement filed with the TSX Venture Exchange.

4. FINANCIAL INSTRUMENTS AND OBJECTIVES AND POLICIES

The Company manages its exposure to a number of different financial risks arising from operations as well as from the use of financial instruments, including market risks (foreign currency exchange rate and interest rate), credit risk and liquidity risk, through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility. Financial risks are primarily managed and monitored through operating and financing activities. The Company does not use derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in key economic indicators and to up-to-date market information. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit Risk

Credit risk is the financial risk of non-performance of a contracted counter party. The Company's credit risk is primarily attributable to cash. The Company reduces its credit risk by maintaining its cash with reputable financial institutions.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities as they come due. The Company's investment policy is to invest its excess cash in high grade investment securities with varying terms to maturity, selected with regard to the expected timing of expenditures for continuing operations. The Company monitors its liquidity position and budgets future expenditures, in order to ensure that it will have sufficient capital to satisfy liabilities as they come due.

As at May 31, 2021, the Company had current liabilities of $278,843 and has cash of $1,194,781 to meet its current obligations (see note 1 for going concern). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

(c) Market Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has no significant risk to future cash flows from interest rate risk. The Company does not use derivative instruments to reduce its exposure to interest rate risk.

5. ACCOUNTS RECEIVABLE

As at May 31,		**2021**
Sales tax recoverable	$	20,939
Total	**$**	**20,939**

(Expressed in Canadian Dollars)

6. CAPITAL MANAGEMENT

The Company considers its capital to consist of its shareholders' equity balance, which as at May 31, 2021, totaled equity of $936,877.

The Company's objective when managing capital is to maintain adequate levels of funding to support its exploration activities and to maintain corporate and administrative functions necessary to support operational activities.

The Company manages its capital structure in a manner that provides sufficient funding for operational activities. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, and all are held in major financial institutions.

The Company is not subject to any externally imposed capital requirements.

7. SHARE CAPITAL

Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Common shares issued

	Number of Shares		Share Capital
Issuance of incorporation shares on November 30, 2020 (i)	**1**	**$**	**1**
Rights Offering (ii)	12,655,667		1,265,567
Share issue costs	-		(15,000)
Acquisition of properties (iii)	12,655,667		1,265,567
Balance May 31, 2021	**25,311,335**	**$**	**2,516,135**

(i) On November 30, 2020, the Company issued 1 common share to the incorporator of the Company. This share was transferred to G2 on January 25, 2021.

(ii) Pursuant to the Arrangement, the Company also issued rights ("S2 Rights") to acquire common shares. One S2 Right was issued for every common share held by shareholders as of the effective time of the Arrangement. As a result, each shareholder of G2 as of the effective time of the Arrangement received one S2 Right for every ten common shares of G2 held as of the effective time of the Arrangement. Each S2 Right entitled the holder to subscribe for one common share at a price of $0.10 per share prior to 5:00 p.m. (Toronto time) on May 12, 2021, being the expiry time of the S2 Rights. On May 18, 2021, the Company issued a total of 12,655,667 common shares, which represented 100% of the maximum number of common shares issuable under the rights offering, to raise aggregate gross proceeds of $1,265,567.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (CONTINUED)

Common shares issued (continued)

(iii) S2 acquired all of the claims comprising the Sandy Lake Project as part of a spin-out transaction completed by way of a plan of arrangement with G2.

On February 2, 2021, G2 entered into an agreement with the Company pursuant to which G2 agreed to transfer its interest in all of the mineral claims comprising the Sandy Lake Project and G2's 50.1% interest in the approximately 15,000 acres of the "Weebigee Joint Venture" claims (the "JV Agreement") and a 50% interest in a further 15,000 acres of the Southern Block claims in joint ventures with Goldeye Explorations Limited, now part of Treasury Metals Inc., in exchange for 12,655,667 common shares. The acquisition of mineral properties was measured at a fair value of $1,265,567 which is included in exploration and evaluation on the statement of loss and comprehensive loss.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share for the period ended May 31, 2021 was based on the loss attributable to common shares of $1,579,258 and the weighted average number of common shares outstanding of 4,519,882.

9. RELATED PARTY TRANSACTION

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, excluding the Chief Financial Officer and the Corporate Secretary. For the period from November 30, 2020 (date of incorporation) to May 31, 2021, there were no transactions or balances owed to management.

As at May 31, 2021, the amount of $129,898 is owed to G2, a company with common directors and management with S2, which is unsecured, non-interest bearing, and due on demand. The amount is included in current liabilities. The purpose of the loan was to provide funding to S2 until the Arrangement was completed during the period then ended.

10. EXPLORATION AND EVALUATION

The JV Agreement sets out the party's respective interests in the joint venture and G2 was appointed Manager of the project, which shall be transitioned to S2 in due course. The JV agreement is subject to a 1.5% net smelter returns royalty if the participants interest falls below 10%.

Activity on the specific projects are outlined below for the periods presented.

	Sandy Lake Project	Weebigee Joint Venture	Southern Block	Total
Acquisition of properties (note 7(iii) and [1])	$ 421,856	$ 421,856	$ 421,855	$ 1,265,567
Additions	31,923	-	3,877	35,800
Balance, May 31, 2021	**$ 453,779**	**$ 421,856**	**$ 425,732**	**$ 1,301,367**

[1] The allocation of acquisition of properties was made by dividing by a third.

(Expressed in Canadian Dollars)

11. INCOME TAXES

Rate reconciliation

A reconciliation of actual income tax expense and the accounting loss multiplied by the Company's statutory tax rate of 26.5% is as follows:

For the period from November 30, 2020 (date of incorporation) to May 31, 2021

Loss before income taxes	**$**	**(1,579,258)**
Expected income tax recovery based on statutory rate		(418,500)
Tax rate change and other adjustments		(3,980)
Change in deferred tax asset not recognized		422,480
Tax provision	**$**	**-**

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Deferred tax assets (liabilities)

		May 31, 2021
Share issue costs	$	24,740
Non-capital losses carried forward - Canada		268,160
Resource pools - Mineral Properties		1,301,370
		1,594,270
Less: deferred tax assets not recognized		(1,594,270)
Net deferred income tax assets (liabilities)	**$**	**-**

The Canadian non-capital loss carry forwards expire as noted in the table below.

The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains.

Share issue and financing costs will be fully amortized in 2025.

The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

Period		**Amount**
2041	$	268,160
	$	**268,160**

12. SEGMENTED INFORMATION

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts.