AMERICAN HELIUM INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of American Helium Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of American Helium Inc. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2020 and 2019 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Consolidated 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 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 consolidated financial statements, which indicates that the Company has had difficulties in raising sufficient capital to continue planned acquisition, exploration and development of its mineral resource interests. The Company reassessed its continued involvement in the helium energy sector and determined to exit the industry. These matters, 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 the information included in "Management's Discussion and Analysis" but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

De Visser Gray LLP

Chartered Professional Accountants

Vancouver, BC, Canada
October 20, 2020

AMERICAN HELIUM INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	June 30, 2020 $	June 30, 2019 $
ASSETS			
Current assets			
Cash		30,495	97,495
GST receivable		-	3,999
Prepaid expenses		-	19,407
TOTAL ASSETS		30,495	120,901
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		15,260	31,921
Advances	7(iii)	-	18,000
TOTAL LIABILITIES		15,260	49,921
SHAREHOLDERS' EQUITY			
Share capital	6	3,869,451	3,869,451
Contributed surplus	5	26,174	26,174
Share-based payments reserve		453,500	453,500
Deficit		(4,333,890)	(4,278,145)
TOTAL SHAREHOLDERS' EQUITY		15,235	70,980
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		30,495	120,901

Nature of Operations and Going Concern - see Note 1

These consolidated financial statements were approved for issue by the Board of Directors on October 20, 2020 and are signed on its behalf by:

/s/ ***Nick DeMare***	/s/ ***Craig Auringer***
Nick DeMare	Craig Auringer
Director	Director

AMERICAN HELIUM INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended June 30, 2020 $	2019 $
Expenses			
Accounting and administrative	7(ii)	15,450	22,200
Audit		9,048	14,000
Bank charges		222	414
Corporate development		-	2,055
Executive management compensation	7(i)	-	82,125
General exploration		-	44,875
Legal		1,397	18,396
Office		1,069	1,659
Professional fees		-	556
Regulatory fees		20,203	15,464
Rent		-	20,127
Share-based compensation recovery	6(c)	-	(17,994)
Shareholder costs		450	3,105
Transfer agent		8,625	7,095
Travel		-	7,102
		56,464	221,179
Loss before other items		(56,464)	(221,179)
Other items			
Interest income		1,085	3,383
Foreign exchange		(366)	(590)
Impairment of exploration and evaluation assets	4	-	(753,857)
Forgiveness of accounts payable and accrued liabilities		-	18,087
		719	(732,977)
Loss and comprehensive loss for the year		(55,745)	(954,156)
Loss per share - basic and diluted		$(0.01)	$(0.25)
Weighted average number of common shares outstanding - basic and diluted		3,852,498	3,852,498

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

AMERICAN HELIUM INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Year Ended June 30, 2020					
	Share Capital					
	Number of Shares	Amount $	Contributed Surplus $	Share-Based Payment Reserve $	Deficit $	Total Equity $
Balance at June 30, 2019	3,852,498	3,869,451	26,174	453,500	(4,278,145)	70,980
Net loss for the year	-	-	-	-	(55,745)	(55,745)
Balance at June 30, 2020	3,852,498	3,869,451	26,174	453,500	(4,333,890)	15,235

	Year Ended June 30, 2019					
	Share Capital					
	Number of Shares[1]	Amount $	Contributed Surplus $	Share-Based Payment Reserve $	Deficit $	Total Equity $
Balance at June 30, 2018	3,852,498	3,869,451	-	471,494	(3,323,989)	1,016,956
Share-based compensation recovery	-	-	-	(17,994)	-	(17,994)
Capital contribution	-	-	26,174	-	-	26,174
Net loss for the year	-	-	-	-	(954,156)	(954,156)
Balance at June 30, 2019	3,852,498	3,869,451	26,174	453,500	(4,278,145)	70,980

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

AMERICAN HELIUM INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended June 30, 2020 $	Year Ended June 30, 2019 $
Operating activities		
Net loss for the year	(55,745)	(954,156)
Adjustments for:		
Share-based compensation recovery	-	(17,994)
Impairment of exploration and evaluation assets	-	753,857
Foreign exchange	-	(162)
Forgiveness of accounts payable and accrued liabilities	-	(18,087)
Changes in non-cash working capital items:		
GST receivable	3,999	22,528
Prepaid expenses	19,407	5,648
Accounts payable and accrued liabilities	(16,661)	(44,651)
Net cash used in operating activities	(49,000)	(253,017)
Investing activity		
Expenditures on exploration and evaluation assets	-	(70,439)
Net cash used in investing activity	-	(70,439)
Financing activities		
Advances received	-	24,000
Repayment of advances	(18,000)	(6,000)
Net cash (used in) provided by financing activities	(18,000)	18,000
Net change in cash	(67,000)	(305,456)
Cash at beginning of year	97,495	402,951
Cash at end of year	30,495	97,495

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

1. Nature of Operations and Going Concern

The Company is a corporation continued under the laws of British Columbia. The Company's common shares trade on the NEX board of the TSX Venture Exchange ("TSXV") under the symbol "AHE.H". The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan. The Company's principal office is located at Suite 1305, 1090 West Georgia Street, Vancouver, BC V6E 3V7.

During fiscal 2018 the Company's principal activity was the acquisition, exploration and development of helium property interests in North America. However, in light of the Company's difficulties in raising sufficient capital to continue planned acquisition, exploration and development of its mineral resource interests, during fiscal 2019 the Company reassessed its continued involvement in the helium energy sector and determined to exit the industry.

On July 10, 2019 the Company entered into a non-binding letter agreement to complete a business combination by way of a reverse takeover of the Company by the shareholders of African Cannabis Corp. ("African Cannabis"), with the combined entity continuing to carry on the business of African Cannabis. On December 2, 2019 the Company announced the expiry of the letter agreement.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned any revenues. During fiscal 2020 the Company incurred a loss of $55,745 and, as at June 30, 2020, the Company had working capital of $15,235 and an accumulated deficit of $4,333,890. Although the Company has curtailed its levels of corporate and administrative activities management anticipates that the Company will require additional financing to maintain essential levels of administration and corporate expenses required for a publicly traded company and provide working capital to conduct due diligence on any business opportunities or acquisitions as they arise. There can be no assurance that the Company will be successful in identifying a business opportunity or securing financing.

On March 11, 2020 the World Health Organization ("WHO") declared the outbreak of a novel coronavirus, identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures, including working from home where possible and ceased all travel. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments which could be material to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern. In addition, these consolidated financial statements do not reflect any adjustments related to conditions that occurred subsequent to June 30, 2020.

2. Basis of Preparation

Statement of Compliance

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

2. Basis of Preparation (continued)

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

The wholly-owned subsidiaries of the Company are as follows:

Company	Incorporation	Principal Activity
Bruin Point Energy Limited	Canada	Holding company (inactive)
Bruin Point Energy Corp.	United States	Exploration company (inactive)

3. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expense during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) The decision to transfer exploration and evaluation assets to property, plant and equipment is based on management's determination of an area's technical feasibility and commercial viability based partially on proved and probable reserves.

(iii) The Company's long-lived assets are aggregated into cash-generating units ("CGUs") for the purposes of assessing and calculating impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of the Company's CGUs is subject to management's judgment. Management has determined that there was one CGU during fiscal 2020 and 2019.

3. Summary of Significant Accounting Policies (continued)

(iv) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax assets is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. See Note 8 for details.

(v) The determination that the Company will continue as a going concern for the next year.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) The assessment of any impairment of exploration and evaluation assets, is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. An impairment charge of $753,857 was made in fiscal 2019 for costs associated with surrendered exploration and evaluation interests. See also Note 1.

(ii) The calculation of decommissioning liabilities includes estimates of the future costs to settle the liability, the timing of the cash flows to settle the liability, the risk-free rate and the future inflation rates. The impact of differences between actual and estimated costs, timing and inflation on the consolidated financial statements of future periods may be material.

(iii) The estimated fair value of the Company's financial assets and liabilities, are by their nature, subject to measurement uncertainty.

(iv) The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the realizability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

(v) The calculation of share-based compensation requires estimates of volatility, forfeiture rates and market prices surrounding the issuance of share options. These estimates impact share-based compensation expense and share-based compensation reserve.

(vi) The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

Cash and Cash Equivalents

Cash includes cash on hand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at June 30, 2020 and 2019 the Company did not have any cash equivalents.

3. Summary of Significant Accounting Policies (continued)

Amounts Receivable

Receivables are recognized initially at fair value and classified as amortized cost. Receivables are subsequently measured at amortized cost using the effective interest method, less expected credit losses. At each reporting date, the Company records credit losses at an amount equal to the lifetime expected credit losses using a present value and probability-weighted model.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as amortized cost initially at fair value and are subsequently measured at amortized cost using the effective interest method

Exploration and Evaluation Expenditures

Pre-license costs are recognized as expenses as incurred. Exploration and evaluation expenditures directly attributable to the exploration for petroleum and natural gas reserves are capitalized as exploration and evaluation assets on a field-by-field basis. These costs include, but are not limited to: lease acquisition either directly or by business combination, lease rentals on undeveloped properties, acquisition of rights to explore, geological, and geophysical costs, exploratory drilling of both productive and unproductive wells and overhead charges. No depletion or amortization is charged during the exploration and evaluation phase.

Exploration and evaluation expenditures are capitalized until reserves are evaluated and determined to be commercially viable and technically feasible. If reserves are not identified, these costs are expensed. The balance of exploration and evaluation expenditures is carried forward as an exploration and evaluation asset in the Consolidated Statements of Financial Position where the exploration rights are current and it is considered probable that costs will be recovered through the future development or sale of the property.

If it is determined that a commercial discovery of reserves will not be achieved, the capitalized exploration and evaluation assets are written down to their recoverable amounts. Where commercial discovery of reserves has been made, the exploration and evaluation assets are tested for impairment and transferred to property, plant and equipment as helium properties.

Impairment of Long-lived Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. 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. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

3. Summary of Significant Accounting Policies (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Liabilities

Liabilities for decommissioning costs are recognized when the Company has an obligation to dismantle or remove a facility and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Cost is estimated based upon current regulations and technologies. Normally an obligation arises for a new facility or well during the construction or installation phase. Obligations may also be created through a change in legislation. The amount recognized is the fair value of the estimated future cost determined in accordance with local conditions and requirements.

Fair value is determined using the present value of the estimated future cash outflows to abandon the asset and restore the site, discounted using a credit adjusted pre-tax risk-free rate. Costs and the discount rate are updated at each reporting date to reflect current market assessments of the time value of money and the risks specific to the obligation. The provision is reviewed regularly by the Company's management based on current regulations, costs, technologies and industry standards.

The corresponding amount is capitalized to petroleum and natural gas assets included in property, plant and equipment and is depleted on a unit-of-production basis. Any adjustments arising from the reassessment of estimated costs or the current estimate of the discount rate used are reflected as an adjustment to the cost of petroleum and natural gas assets. The unwinding of the discount is recognized as a finance cost in income. Actual restoration expenditures are charged as reductions to the accumulated provision when incurred. As at June 30, 2020 and 2019 the Company does not have any decommissioning obligations.

Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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 the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

3. Summary of Significant Accounting Policies (continued)

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3. **Summary of Significant Accounting Policies** (continued)

Loss Per Share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by the treasury stock method.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of the Company's subsidiary are prepared in the local currency of its home jurisdiction. Consolidation of the subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. The subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

Adoption of New Accounting Standards

IFRS 16 - *Leases* ("IFRS 16")

The Company adopted all of the requirements of IFRS 16, effective July 1, 2019.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

There was no impact on the Company's consolidated financial statements upon the adoption of this new standard.

Accounting Standards and Interpretations Issued but Not Yet Effective

(i) *Definition of a Business* (Amendments to IFRS 3)

The IASB has issued *Definition of a Business* (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- narrow the definition of a business and the definition of outputs; and

3. Summary of Significant Accounting Policies (continued)

- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

This amendment is effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. The Company does not expect the adoption of this new amendment to have a significant impact.

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

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; and
- 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. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined. There is currently a proposal outstanding that would defer the effective date until January 1, 2023.

4. Exploration and Evaluation Assets

Carbon County Project

On December 16, 2014 Bruin Point USA entered into a lease purchase agreement and acquired 12 United States Federal leases (the "Carbon County Project") located in the Uinta Basin, Carbon County, Utah. During fiscal 2019 the Company determined to impair all capitalized expenditures on the Carbon County Project and, accordingly, recorded an impairment of $704,267.

North Cheyenne Project

On May 17, 2018 the Company entered into a letter agreement to develop and acquire properties located in Kit Carson County, Colorado (the "North Cheyenne Project"). The Company had an active lease acquisition program in place but was unable to obtain the necessary capital to fully implement the program. The Company subsequently negotiated the settlement of accounts payable and accrued liabilities previously recorded and assigned the North Cheyenne Project leases to the creditor. As a result, the Company recorded an impairment of $49,590 in fiscal 2019 for all costs which had been capitalized.

5. Loans Payable

During fiscal 2018 the Company's wholly-owned subsidiary, Bruin Point USA, received US $20,000 from shareholders of the Company. The loans were non-interest bearing and were only repayable in the event the Company recovered any proceeds in a disposition of its investment in Bruin Point USA. With the surrender of the exploration and evaluation assets in fiscal 2019 the amounts were no longer payable and were attributed to contributed surplus.

(Expressed in Canadian Dollars)

6. Share Capital

(a) ***Authorized Share Capital***

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) ***Reconciliation of Changes in Share Capital***

There were no equity financings conducted by the Company during fiscal 2020 or fiscal 2019.

(c) ***Share Option Plan***

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

No share options were granted during fiscal 2020 and 2019.

During fiscal 2019 the Company recorded a share-based compensation recovery of $17,994, comprised of $106,007 on the vesting of share options previously granted and a $124,001 credit due to the revaluation of vesting of previously recorded share-based compensation.

A summary of the Company's share options at June 30, 2020 and 2019 the changes for the years ended on those dates, is as follows:

	2020		2019	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	90,000	2.50	275,000	2.50
Expired	-	-	(185,000)	2.50
Balance, end of year	90,000	2.50	90,000	2.50

As at June 30, 2020, there were 90,000 share options outstanding and exercisable at an exercise price of $2.50 per share, expiring December 8, 2022.

(d) *Escrow Shares*

As at June 30, 2020, 100,175 (2019 - 300,525) common shares were held in escrow.

7. Related Party Disclosures

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 members of the Company's Board of Directors and its executive officers.

(Expressed in Canadian Dollars)

7. Related Party Disclosures (continued)

(i) During fiscal 2020 and 2019 the following amounts were incurred with respect key management personnel:

	2020 $	2019 $
Executive management compensation	-	82,125
Share-based compensation	-	43,120
	-	125,245

(ii) During fiscal 2020 the Company incurred $15,450 (2019 - $22,200) with Chase Management Ltd. ("Chase"), a private corporation owned by a director of the Company, for accounting and administrative services provided by Chase personnel. As at June 30, 2020 $1,500 (2019 - $4,205) remained unpaid and has been included in accounts payable and accrued liabilities.

During fiscal 2019 the Company also recorded $3,080 for share-based compensation for share options vested to Chase.

(iii) During fiscal 2019 the Company received advances totalling $24,000 from current and former directors of the Company and repaid $6,000 and, as at June 30, 2019, $18,000 was outstanding. During fiscal 2020 the Company repaid the remaining $18,000.

8. Income Taxes

Deferred income tax assets of the Company as at June 30, 2020 and 2019 are as follows:

	2020 $	2019 $
Losses carried forward	1,389,000	1,350,900
Other	744,700	755,800
Valuation allowance	(2,133,700)	(2,106,700)
Net deferred income tax asset	-	-

The recovery of income taxes shown in the Consolidated Statements of Comprehensive Loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2020 $	2019 $
Income tax rate reconciliation		
Combined federal and provincial income tax rate	27.0%	27.0%
Expected income tax recovery	15,000	257,600
Permanent differences	11,200	15,800
Foreign income tax rate difference	-	(8,000)
Unrecognized benefit of income tax losses	(26,200)	(265,400)
Deferred income tax recovery	-	-

As at June 30, 2020 the Company has accumulated non-capital losses of approximately $4,008,300 (2019 - $3,912,200) and tax pools of approximately $2,758,000 (2019 - $2,799,300) carried forward for Canadian income tax purposes and are available to reduce Canadian taxable income of future years. The non-capital losses expire commencing 2026 through 2040. The Company's subsidiary in the US has losses for US income tax purposes of approximately US $865,700 (2019 - US $865,700) which expire commencing in 2035 through 2039.

(Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized cost; and fair value through other comprehensive income. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	June 30, 2020 $	June 30, 2019 $
Cash	FVTPL	30,495	97,495
Accounts payable and accrued liabilities	Amortized cost	(15,260)	(31,921)
Advances	Amortized cost	-	(18,000)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for accounts payable and accrued liabilities and advances approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy is measured using Level 1 inputs.

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

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at June 30, 2020				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	30,495	-	-	-	30,495
Accounts payable and accrued liabilities	(15,260)	-	-	-	(15,260)

9. Financial Instruments and Risk Management (continued)

Market Risk

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

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars and US Dollars. The Company maintains a US Dollar bank account with its Canadian bank to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At June 30, 2020, 1 Canadian Dollar was equal to 0.73 US Dollar.

Balances are as follows:

	US Dollars	CDN $ Equivalent
Cash	2,726	3,715
Accounts payable and accrued liabilities	(9,537)	(12,998)
	(6,811)	(9,283)

Based on the net exposures as of June 30, 2020 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's comprehensive loss being approximately $900 higher (or lower).

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.