



GALILEO EXPLORATION LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2020

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Galileo Exploration Ltd. ("Galileo", or the "Company") and has been prepared based on information known to management as of October 28, 2020. This MD&A is intended to help the reader understand the consolidated financial statements of Galileo.

The following information should be read in conjunction with the audited consolidated financial statements as at June 30, 2020 and 2019 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A provides a review of the performance of the Company for the year ended June 30, 2020. Additional information relating to the Company can be found on SEDAR www.sedar.com.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review consolidated financial statement results, including the MD&A and to discuss other financial, operating and internal control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future financial results. Consequently, certain statements contained in this MD&A constitute express or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

Forward looking statements included or incorporated by reference in this document include statements with respect to:

- Impairment of long-lived assets;
- The Company's plan to settle the amounts owing to various creditors; and
- Expectations regarding the ability to raise capital to continue its project search.



ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com, and/or on the Company's website at www.galileoexplorationltd.com.

SUMMARY AND OUTLOOK

During the year ended June 30, 2020, the Company had been actively settling the various amounts owing to the creditors while looking for a project for the Company.

TABLE OF CONTENTS

1. Background	4
2. Overview	4
2(a) Company Mission and Focus	4
2(b) Description of Metal Markets	4
2(c) Use of the terms “Mineral Resources” and “Mineral Reserves”	4
2(d) Historical estimates are not NI 43-101 compliant	4
3. Mineral Properties	5
3(a) Lost Creek Property	5
3(b) Majuba Hill Property	6
4. Petroleum and Natural Gas Joint Ventures	6
5. Risks and Uncertainties	6
6. Material Financial and Operations Information	8
6(a) Selected Annual Financial Information	8
6(b) Summary of Quarterly Results	8
6(c) Review of Operations and Financial Results	8
6(d) Liquidity and Capital Resources	9
6(e) Disclosure of Outstanding Share Data	10
6(f) Off-Balance Sheet Arrangements	10
6(g) Transactions with Related parties	10
6(h) Financial Instruments	11
6(i) Management of Capital Risk	13
7. Subsequent Events	13
8. Policies and Controls	13
8(a) Significant Accounting Policies and Estimates	13
9. Internal Control Over Financial Reporting	13
10. Information on the Board of Directors and Management	14



1. Background

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia.

The Company is listed on the TSX Venture Exchange under the trading symbol "GXL".

2. Overview

2(a) Company Mission and Focus

Galileo is an exploration company and is focused on acquiring and developing projects in North America.

2(b) Description of Metal Markets

Market interest for all metals such as gold and copper is volatile and the Company will monitor its resources relative to its opportunities during the coming fiscal year.

2(c) Use of the terms "Mineral Resources" and "Mineral Reserves"

Any reference in this MD&A to Mineral Resources does not mean Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

2(d) Historical estimates are not NI 43-101 compliant

The historical estimates contained in this MD&A have not been calculated in accordance with the mineral resources or mineral reserves classifications contained in the CIM Definition Standards on Mineral Resources and Mineral Reserves, as required by National Instrument 43-101 ("NI 43-101"). Accordingly, the Company is not treating these historical estimates as current mineral resources or mineral reserves as defined in NI 43-101, and such historical estimates should not be relied upon. A qualified person has not done sufficient work to date to classify the historical estimates as current mineral resources or mineral reserves.

3. Mineral Properties

3(a) Lost Creek Property

On September 30, 2020, the Company announced that it has, through its wholly owned subsidiary Lost Creek Corporation, entered into a mining lease assignment agreement relating to properties in the Overland Mining District and Lewiston Mining District within Fremont County, Wyoming (the "Leases"). The Company has also staked an additional 2,391 acres around the Leases and on other target areas of interest resulting in a land package of approximately 10.25 square kilometers (2,534 acres).

Within the Leases are historical mines, the Wolf (Ruby Claims) and Helen G (Mill, Helen G and Star Lode Claims). Due diligence sampling consisting of selective grab samples of the historic dump of the Wolf Mine returned values ranging from detection limit to 19.873 grams per tonne ("g/t") gold. Rock chip sampling from exposed outcrop near the Wolf Shaft returned values from detection limit up to 2.634 g/t gold. The Wolf Mine, at the northeast end of the Lewiston trend, is a historic past producer of high-grade gold values in quartz veins and stockworks within sheared metagreywacke of the Miners Delight formation. It should be noted that the potential quantity and grade of these exploration targets is conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource as per the NI 43-101 reporting standards.

The South Pass Greenstone belt is broken into two main areas, the Atlantic City-South Pass trend on the northwest and the Lewiston trend in the southeast. Prospectors first discovered gold in 1842 on the Lewiston trend and later in 1867 on the Atlantic City-South Pass trend. Mining of high-grade ore occurred throughout the late 1800's and early 1900's and focused mainly on the northwest side of the basin and yielded estimated production in excess of 300,000 ounces between the 1880's-1940's. Since the 1940's, only limited exploration work has occurred throughout the Belt with selective claim consolidation and exploration by Anaconda Minerals in the late 1970s and in the late 1990s by Newmont. However there is no indication of systematic exploration programs being undertaken and only limited known drilling has taken place on the Atlantic City-South Pass trend and no known drilling has taken place on the Lewiston trend.

The target Miners Delight Formation is a broad poly-deformed regional syncline hosting metagreywacke and related sediments, underlain by mafic to ultramafic volcanic units as exposed on the basin margins all bracketed by Archean aged granitoids. The basin is known for its abundance of coarse placer gold and historically productive underground lode gold mines. Mineralisation is interpreted to be saddle reef style controlled by faulting and shearing within the folded metasedimentary units both in sheared limbs and along fold hinges. This style of gold deposit is well known in Canada and globally across different geologic ages in the past producing Discovery Mine in the Yellowknife Belt, the more recent developments in the Meguma Terrane, Nova Scotia and the Bendigo-Ballarat area of Australia.

Particulars of the Assignment Agreement

Pursuant to the Assignment Agreement, the Company has assumed the rights and obligations of the original lessee (the "Assignor") with respect to the following properties:

- Mill, Helen G. (a/k/a Allen G.) and Star Lode-mining claims, designated by the Surveyor General as Lot 68, embracing a portion of Section 5, Township 28 North, Range 98 West, 6th Principal Meridian, Overland Mining District; Mineral Certificate #26, containing 43.30 acres; and
- Ruby, Ruby #1, Ruby #2, Ruby #3, Ruby #4, Lode-mining claims designated by the Surveyor General as Survey #505, embracing a portion of Sections 22 and 27, Township 29 North, Range 98 West, of the 6th Principal Meridian, in the Lewiston Mining District, U.S. Patent Lander 08160, consisting of 103.009 acres,

(collectively, the "Claims").

Pursuant to the terms of the Assignment Agreement, the Company has obtained the right to, among other things, sample, drill and evaluate the Claims for a period of five years.

As consideration for the entering into of the Assignment Agreement, the Company paid US\$30,000 (the "Initial Payment") to the Assignor upon execution of the Assignment Agreement and has agreed to pay the Assignor US\$40,000 annually (collectively with the Initial Payment, the "Annual Payments") until the termination, expiration or reassignment of the underlying leases with respect to the Claims. In addition, the Company has granted the Assignor a 2% net smelter returns production royalty from the production and sale of minerals from the Claims (the "Royalty"), with the Annual Payments being credited against any payments owing pursuant to the Royalty. The Company has the right to purchase the Royalty from the Assignor, at any time during the initial five-year term of the Assignment Agreement, for US\$2,000,000 less any prior Annual Payments. The Company and the Assignor may mutually agree to extend the term of the Assignment for an additional five-year term upon expiry of the initial term.

The Company has also obtained a right of first offer from the original lessor of the Claims should the lessor wish to sell, grant, assign, convey, encumber, sublease, license, pledge or otherwise commit or otherwise dispose of or transfer all or any portion of its interest in the Claims, the subject property thereof, the original lease agreement, or the production royalty payments under such original lease agreement.

3(b) Majuba Hill Property

On March 31, 2018, the Company terminated the Lease and ceased activities in the Majuba Hill Property and wrote off \$604,015. On September 20, 2020, the Company signed a Debt Settlement Agreement (the "DSA"). Pursuant to the DSA, the Company has agreed to pay US\$50,000 as full and final settlement within 60 days of receiving a signed copy of the DSA. As at June 30, 2020, \$65,435 (2019 - \$65,435) is included in accounts payable and accrued liabilities in respect of this amount.

As a result of ceasing activities on Majuba Hill Property, the Company is required to restore the camp site. The Company has recorded a provision for disposal costs of \$15,359. As of June 30, 2020, the Company had a reclamation bond of \$17,526 (US\$12,861) with the Bureau of Land Management. Subsequent to June 30, 2020, the Company started the reclamation work and expected the work to be completed in October 2020.

4. Petroleum and Natural Gas Joint Ventures

The Company's decommissioning liabilities are estimated to be \$86,013 as of June 30, 2020 based on the undiscounted cash flows of the Company's net ownership in all wells and facilities, the estimated cost to restore and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods.

On June 1, 2020, in relation to proceedings under the Companies' Creditors Arrangement Act (the "Act"), an Order (the "CCAA Initial Order") was granted by the Court of the Queen's Bench of Alberta (the "Court") pursuant to the Act granting operator 2 various relief including but not limited to, the imposition of an initial Stay of Proceedings against operator 2 and its assets through to June 11, 2020, subsequently extended until October 30, 2020. Pursuant to the CCAA Initial Order, (i) operator 2 is to continue to carry on business in a manner consistent with the commercially reasonable preservation of its business while it considers and pursues restructuring alternatives; and (ii) any claims against operator 2 in relation to obligations arising prior to June 1, 2020 are suspended and creditors are prohibited from continuing or taking any actions or exercising any rights in relation thereto. On July 24, 2020, the court approved a sales and investment solicitation process with the deadline for submission of bids being August 24, 2020. As of June 30, 2020, \$2,691 receivable from operator 2 was included in prepaid expenses and deposits.

5. Risks and Uncertainties

The Company is engaged in the exploration for mineral deposits. These activities involve significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the mining industry, metal price fluctuations and operating in foreign countries and currencies.

Inherent risks within the mining industry

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral deposit.

Mining activities also involve risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the Company's current mineral properties will be economically viable for development and production.

Prices for metals

Metals prices are subject to volatile price fluctuations and have a direct impact on the commercial viability of the Company's exploration properties. Price volatility results from a variety of factors, including global consumption and demand for metals, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation. The Company has not hedged any of its potential future metal sales. The Company closely monitors metal prices to determine the appropriate course of action to be taken by the Company.

Foreign currency risks

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while foreign operations are predominately conducted in US dollars. Fluctuations in the exchange rates between the Canadian dollar and US dollar may impact the Company's financial condition.

Competition

The Company competes with larger and better-financed companies for exploration personnel, contractors and equipment. Increased exploration activity has increased demand for equipment and services. There can be no assurance that the Company can obtain required equipment and services in a timely or cost-effective manner.

Financing

All of the Company's short- to medium-term operating and exploration cash flow have been derived from external financing. Should changes in equity-market conditions prevent the Company from obtaining additional external financing in the future, the Company will review its exploration-property holdings and programs to prioritize project expenditures based on funding availability.

6. Material Financial and Operations Information

6(a) Selected Annual Financial Information

The following selected annual financial information has been derived from the last three audited financial statements of the Company, which have been prepared in accordance with IFRS. All dollar amounts are expressed in Canadian dollars.

	2020	2019	2018
Total revenues	\$ 24,121	\$ 29,385	\$ 24,134
Expenses	\$ 164,090	\$ 327,358	\$ 320,499
Loss for the year	\$ 131,342	\$ 326,746	\$ 915,735
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.04)
Total assets	\$ 43,759	\$ 59,248	\$ 59,338
Total long-term financial liabilities	\$ 101,372	\$ 119,629	\$ 67,035
Cash dividend declared - per share	N/A	N/A	N/A

6(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Three months ended			
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Total revenues	\$ 978	\$ 5,540	\$ 10,371	\$ 7,232
Loss before other items	\$ (42,376)	\$ (10,241)	\$ (72,944)	\$ (14,408)
Net income (loss)	\$ (13,063)	\$ (32,112)	\$ (69,354)	\$ (16,813)
Earnings (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
	Three months ended			
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Total revenues	\$ 9,360	\$ 5,443	\$ 3,413	\$ 11,169
Loss before other items	\$ (249,803)	\$ (12,142)	\$ (25,525)	\$ (10,503)
Net income (loss)	\$ (302,636)	\$ (8,854)	\$ (31,060)	\$ 15,804
Earnings (loss) per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ 0.00

6(c) Review of Operations and Financial Results

For the three months ended June 30, 2020 compared with the three months ended June 30, 2019:

The Company recorded a net loss for the three months ended June 30, 2020 of \$13,063 (loss per share - \$0.00) compared to a net loss of \$302,636 (loss per share - \$0.01) for the three months ended June 30, 2019.

During the three months ended June 30, 2020, the Company recorded \$978 (2019 - \$9,360) in oil and gas revenues.

The expenses decreased to \$43,354 (2019 - \$259,163), of which \$2,747 (2019 - \$4,198) relates to resource operating expenses. The decrease was primarily due to geological consulting and data fees of \$15,618 (2019 - \$108,776), option payment of \$nil (2019 - \$65,435) and the management fees of \$nil (2019 - \$60,000) paid to the Chief Executive Officer and Chief Financial Officer for their services as the Company has been conserving its cash.

The other major item for the three months ended June 30, 2020, compared with June 30, 2019 were:

- Change in estimated decommissioning obligation expense of a negative amount of \$17,193 (2019 - \$57,173); and

- Foreign exchange gain of \$12,120 (2019 - \$1,855).

For the year ended June 30, 2020 compared with the year ended June 30, 2019:

The Company incurred a net loss for the year ended June 30, 2020 of \$131,342 (loss per share - \$0.01) compared to a net loss of \$326,746 (loss per share - \$0.01) for the same period in 2019.

During the year ended June 30, 2020, the Company recorded \$24,121 (2019 - \$29,385) in oil and gas revenues.

The expenses decreased to \$164,090 (2019 - \$327,358), of which \$19,903 (2019 - \$22,050) relates to resource operating expenses. The decrease was primarily due to geological consulting and data fees of \$15,618 (2019 - \$108,776) and option payment of \$nil (2019 - \$65,435) as the Company has been conserving its cash.

The other major items for the year ended June 30, 2020, compared with June 30, 2019 were:

- Gain on settlement of debt of \$nil (2019 - \$24,634); and
- Change in estimated decommissioning obligation expense of a negative amount of \$17,193 (2019 - \$57,173).

6(d) Liquidity and Capital Resources

As at June 30, 2020, the Company had working capital deficit of \$609,372 (June 30, 2019 - \$458,773). As at June 30, 2020, cash totaled \$18,536, a decrease of \$11,187 from \$29,723 as at June 30, 2019. The decrease is mainly due to (a) operating expenses of \$71,580 while being offset by (b) cash received from shareholders' loan of \$60,464.

In August 2020, the Company entered into shares for debt agreements to satisfy an aggregate of \$524,665 of the Company's outstanding accounts payable and shareholders' loans. The creditors include certain related parties of the Company, including John Kanderka, Chief Executive Officer and a Director, Wes Adams, Chief Financial Officer and a Director, Marc Blythe, a Director and John Adams, a holder of greater than 10% of the issued and outstanding shares (collectively, the "Related Parties"). Approval for this transaction was received from the TSX Venture Exchange on September 24, 2020. The shares issued pursuant to the shares for debt agreements will be subject to a four month plus one day hold period pursuant to applicable securities legislation.

On October 5, 2020, 10,493,306 common shares at a deemed price of \$0.05 per share were issued to the creditors which includes an aggregate of 9,288,493 shares issued to the Related Parties. An aggregate of 2,015,535 shares were issued to John Kanderka, representing \$100,777 in full satisfaction of the amount owing for services rendered in his capacity as the Chief Executive Officer and for expenses paid on behalf of the Company. An aggregate of 3,927,473 shares were issued to Wes Adams, representing \$196,374 in partial satisfaction of the amount owing for services rendered in his capacity as Chief Financial Officer, for loans extended to the Company and for expenses paid on behalf of the Company. An aggregate of 797,540 shares were issued to Marc Blythe, representing \$39,877 in full satisfaction for expenses paid on behalf of the Company. An aggregate of 2,547,945 shares were issued to John Adams, representing \$127,397 in full satisfaction of loans extended to the Company.

Issuance of the Shares is subject to approval by the TSX Venture Exchange (the "Exchange"). The Shares issued pursuant to the shares for debt agreements will be subject to a four month plus one day hold period pursuant to applicable securities legislation.

On September 15, 2020, the Company completed a non-brokered private placement for the issuance of 17,000,000 common shares at \$0.05 per common share for a total of \$850,000. The proceeds of the private placement will be used to secure options on certain mining properties located in Wyoming, related Bureau of Land Management fees and staking fees, to repay indebtedness and for general corporate purpose.

The Company relies on equity financings to fund its exploration activities, corporate overhead expenses and acquisitions. There is no guarantee that the Company will be able to secure additional financing in the future at terms that are favorable. To date, the Company has not used debt or other means of financing to further its exploration programs.

The Company is aware of the current conditions in the financial markets and is working to settle the amounts owing to its creditors while securing financing for the Company. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

6(e) Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at June 30, 2020, the Company's share capital was \$4,983,391 (June 30, 2019 - \$4,983,391) representing 24,151,681 common shares (June 30, 2019 – 24,151,681 common shares).

A continuity of options for the year ended June 30, 2020 is as follows:

Expiry date	Exercise price (\$)	June 30, 2019	Issued	Expired	June 30, 2020			
June 12, 2020	0.15	200,000	-	(200,000)	-			
July 24, 2020 *	0.15	100,000	-	-	100,000			
February 27, 2022	0.12	1,200,000	-	-	1,200,000			
Options outstanding		1,500,000	-	(200,000)	1,300,000			
Options exercisable		1,500,000	-	-	1,300,000			
Weighted average exercise price	\$	0.13	\$	-	\$	0.15	\$	0.12

*Subsequently, 100,000 options expired unexercised.

If the remaining options were exercised, the Company's available cash would increase by \$144,000.

As of the date of this MD&A, there were 51,644,987 common shares issued and outstanding and 52,844,987 common shares outstanding on a diluted basis.

6(f) Off-Balance Sheet Arrangements

None at this time.

6(g) Transactions with Related parties

Key management personnel compensation includes all compensation paid to executive management and members of the board of directors of the Company.

For the years ended June 30,	2020	2019
Management and consulting fees \$	60,000	\$ 60,000
Total	\$ 60,000	\$ 60,000

Related party liabilities

		Years ended		As at	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Amounts due to:					
Director, Interim Chief Executive Officer ^(b)	Management fees and share-based payment	\$30,000	\$60,000	\$100,252	\$69,121
Director, Interim Chief Financial Officer ^(a)	Consulting fees and share-based payment	\$30,000	\$19,631	\$106,934	\$73,880
A private company owned by a director	Consulting fees	\$Nil	\$21,600	\$39,877	\$39,877
TOTAL:		\$60,000	\$101,231	\$247,063	\$182,878
Shareholders' loans due to:					
Director, Interim Chief Financial Officer ^(a)	Shareholder's loan	\$Nil	\$52,348	\$54,512	\$52,348
A shareholder ^(c)	Shareholder's loan	\$52,248	\$69,361	\$126,740	\$69,361
TOTAL:		\$52,248	\$121,709	\$181,252	\$121,709

- (a) Wes Adams was appointed as the Interim Chief Financial Officer effective June 26, 2018. Mr. Adams advanced US\$40,000 to the Company on September 5, 2018 which is non-interest bearing without specific terms of repayment.
- (b) John Kanderka was appointed as the Interim Chief Executive Officer effective June 26, 2018.
- (c) John Adams, a major shareholder, executed a Promissory Note on October 15, 2018 to loan the Company US\$53,000 at an interest rate of 0% per year. The Promissory Note is secured by the assets of the Company and has been amended to extend the maturity date to December 31, 2020. Mr. Adams executed another promissory note on January 14, 2020 to loan the Company a further US\$40,000 at an interest rate of 0% per year. This promissory note is secured by the assets of the Company and will mature on December 31, 2020.

6(h) Financial Instruments

The fair values of the Company's cash, accounts payable and accrued liabilities and shareholders' loan approximate their carrying values due to their current nature.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and commodity risk.

(a) Currency risk

The Company had property interests in the United States which made it subject to foreign currency fluctuations and inflationary pressures that may have adversely affected the Company's financial position, results of operations and cash flows. The Company was affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. As at June 30, 2020, accounts payable and accrued liabilities included accounts totaling approximately US\$115,000 and shareholders' loans totaled US\$133,000.

(b) Credit risk

The Company's cash is held in a Canadian financial institution.

On a monthly basis, the Company receives a joint interest billing from operator 2. To the extent that the Company's cumulative share or petroleum revenue exceeds (is less than) the related operating expenses, the Company has a receivable from (a payable to) operator 2. As at June 30, 2020, prepaid expenses and deposits included \$2,691 (2019 - \$8,634) receivable from operator 2.

Accordingly, the Company believes it is not exposed to significant credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and periodic financial support from management. Accounts payable and accrued liabilities and one of the shareholders' loans are due within the current operating year. As at June 30, 2020, the Company had cash of approximately \$18,500 to meet these obligations.

(d) Interest rate risk

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

(e) Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as oil and gas prices are impacted by world economic events that dictate the levels of supply and demand. A 1% change in price will increase/decrease net income (loss) by an immaterial amount.

The Company did not have any commodity price contracts in place as at or during the year ended June 30, 2020.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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 following table sets forth the Company's financial assets classified as subsequently measured at amortized cost as at June 30, 2020.

As at June 30, 2020		Level 1	Level 2	Level 3	Total
Assets:					
Cash	\$	18,536	\$ -	\$ -	18,536
Reclamation bond		17,526	-	-	17,526
Liabilities:					
Accounts payable and accrued liabilities	\$	454,353	\$ -	\$ -	454,353
Shareholders' loans		181,252	-	-	181,252
Restoration provision		15,359	-	-	15,359

6(i) Management of Capital Risk

The Company manages its cash and cash equivalents, common shares, warrants, finder's options and share purchase options as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry out its exploration and operations in the near term.

7. Subsequent Events

None other than already disclosed in other sections.

8. Policies and Controls

8(a) Significant Accounting Policies and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The 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 estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

- The determination of the fair value of stock options and warrants using estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments;
- The estimation of income taxes; and
- The determination that the Company will continue as a going concern for the next year.

9. Internal Control Over Financial Reporting

Changes in Internal Control Over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim

Filings (“NI 52-109”) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Disclosure Controls and Procedures

The Company’s CEO and CFO are responsible for establishing and maintaining the Company’s disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company’s disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

10. Information on the Board of Directors and Management

Directors:

John Kanderka
Wes Adams
Marc G. Blythe

Audit Committee members:

Marc G. Blythe, Wes Adams and John Kanderka

Management:

John Kanderka – Interim Chief Executive Officer
Wes Adams – Interim Chief Financial Officer