G2 Goldfields Inc.

(Formerly Sandy Lake Gold Inc.)

FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of G2 Goldfields Inc. (formerly Sandy Lake Gold Inc.):

Opinion

We have audited the financial statements of G2 Goldfields Inc. (formerly Sandy Lake Gold Inc.) (the "Company"), which comprise the statements of financial position as at May 31, 2019 and May 31, 2018, and the statements of comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2019 and May 31, 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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 the Company had an accumulated deficit balance of $33,436,645 as at May 31, 2019. 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 audits 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 audits 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.

MNP

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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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
September 30, 2019

Chartered Professional Accountants
Licensed Public Accountants

G2 Goldfields Inc. (Formerly Sandy Lake Gold Inc.)
Statements of Financial Position
(Expressed in Canadian Dollars

		As at May 31, 2019		As at May 31, 2018
ASSETS				
Current Assets				
Cash and cash equivalents	$	**1,091,626**	$	312,977
Marketable securities (note 4)		**10,000**		18,136
Amounts receivable		**122,484**		49,611
Prepaid expenses and deposits		**11,710**		12,326
Total current assets		**1,235,820**		393,050
Non-current assets				
Loan receivable (note 3)		**276,749**		-
Mining interests (note 5)		**10,410,411**		8,533,346
Total non-current assets		**10,687,160**		8,533,346
Total assets	$	**11,922,980**	$	8,926,396
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (note 11)	$	**803,256**	$	495,375
Due to related parties (note 11)		**163,687**		-
Total liabilities		**966,943**		495,375
Shareholders' equity				
Share capital (note 6)		**36,344,181**		33,854,008
Warrants (note 7)		**1,588,715**		891,544
Contributed surplus		**6,459,786**		6,103,975
Deficit		**(33,436,645)**		(32,418,506)
Total shareholders' equity		**10,956,037**		8,431,021
Total liabilities and shareholders' equity	$	**11,922,980**	$	8,926,396

Nature of Operations and Going Concern (note 1)
Subsequent Events (note 14)

Approved on behalf of the Board

(Signed) "Bruce Rosenberg" , Director

(Signed) "Daniel Noone" , Director

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

(Expressed in Canadian Dollars

	Year Ended May 31, 2019	2018
Operating expenses		
Share-based compensation (note 8)	**$ 355,811**	$ 162,643
Professional fees	**245,170**	76,325
Wages and employee benefits (note 11)	**111,193**	110,974
Office rent and utilities	**75,802**	41,486
Consulting fees	**93,912**	51,144
Office and administrative	**57,236**	20,430
Transfer agent and filing fees	**42,367**	49,290
Insurance	**14,691**	12,560
Investor and community relations	**10,424**	24,014
Donation	**-**	5,000
Interest expense	**1,885**	1,139
Operating loss before the following items	**$ (1,008,491)**	$ (555,005)
Unrealized loss on marketable securities (note 4)	**(8,136)**	(42,104)
(loss) gain on foreign exchange	**(1,512)**	(3,106)
Comprehensive loss for the period	**$ (1,018,139)**	$ (600,215)
Basic and diluted net loss per common share(note 9)	**$ (0.02)**	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted (note 9)	**54,615,106**	38,563,306

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

G2 Goldfields Inc. (Formerly Sandy Lake Gold Inc.)
Statements of Cash Flows
(Expressed in Canadian Dollars

		Year Ended May 31,		
		2019		2018
Operating activities				
Net loss for the Year	**$**	**(1,018,139)**	$	(600,215)
Adjustments for:				
Share-based compensation (note 8)		**355,811**		162,643
Unrealized loss on marketable securities (note 3)		**8,136**		42,104
Changes in non-cash working capital items:				
Amounts receivable		**(72,873)**		24,094
Prepaid expenses and deposits		**616**		4,768
Accounts payable and accrued liabilities		**307,881**		222,054
Due to related parties		**163,687**		-
Net cash used in operating activities		**(254,881)**		(144,552)
Investing activities				
Mining interests		**(1,877,065)**		(1,823,274)
Net cash used in investing activities		**(1,877,065)**		(1,823,274)
Financing activities				
Issuance of loan receivable		**(276,749)**		-
Loan advances from related parties		**145,000**		-
Repayment of loan advances to related parties		**(145,000)**		-
Private placements (note 6(b))		**3,032,000**		1,950,000
Share issue costs		**(78,656)**		(34,031)
Proceeds from warrants exercised		**234,000**		-
Net cash provided by financing activities		**2,910,595**		1,915,969
Net change in cash		**778,649**		(51,857)
Cash, beginning of period		**312,977**		364,834
Cash, end of period	**$**	**1,091,626**	$	312,977

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

G2 Goldfields Inc. (Formerly Sandy Lake Gold Inc.)
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars

	Share Capital Number of Common Shares	Amount	Special Warrants	Warrants	Contributed Surplus	Deficit	Total Equity
Balance, May 31, 2017	**30,713,991 $**	**32,829,583 $**	**- $**	**- $**	**5,941,332 $**	**(31,818,291) $**	**6,952,624**
Units issued for							-
private placement(note 6(b))	12,750,000	715,855	-	609,145	-	-	1,325,000
Share issues costs	-	(34,031)	-	-	-	-	(34,031)
Special Warrants issued for private							-
placements (note 6(b))	-	-	625,000	-	-	-	625,000.00
Special Warrants converted into							
units (note 6(b))	6,250,000	342,601	(625,000)	282,399	-	-	-
Share-based compensation (note 8)	-	-	-	-	162,643	-	162,643
Net loss for the period	-	-	-	-	-	(600,215)	(600,215)
Balance, May 31, 2018	**49,713,991 $**	**33,854,008 $**	**- $**	**891,544 $**	**6,103,975 $**	**(32,418,506) $**	**8,431,021**
Balance, May 31, 2018	**49,713,991 $**	**33,854,008 $**	**- $**	**891,544 $**	**6,103,975 $**	**(32,418,506) $**	**8,431,021**
Units issued for private							
placement(note 6(b))	16,100,000	3,032,000	-	-	-	-	3,032,000
Share issues costs	-	(102,574)	-	23,918	-	-	(78,656)
Warrants issued for private							
placements(note 6(b))	-	(725,681)	-	725,681	-	-	-
Warrants converted into shares	1,170,000	286,428	-	(52,428)	-	-	234,000
Share-based compensation	-	-	-	-	355,811	-	355,811
Net loss for the period	-	-	-	-	-	(1,018,139)	(1,018,139)
Balance, May 31, 2019	**66,983,991 $**	**36,344,181 $**	**- $**	**1,588,715 $**	**6,459,786 $**	**(33,436,645) $**	**10,956,037**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

G2 Goldfields Inc. (formerly Sandy Lake Gold Inc.) (the "Company") was incorporated as 7177411 Canada Corporation on May 21, 2009 under the laws of Canada. The Company is primarily engaged in the business of acquiring and exploring mineral properties.

On April 4, 2019, the company filed an articles of amendment to (i) change its name form Sandy Lake Gold Inc. to G2 Goldfields Inc. and (ii) consolidate the company's issued and outstanding common shares for one new share for every two existing common shares. The common shares of the Company reflecting the Name Change and Consolidation commenced trading on the TSX Venture Exchange effective of April 8, 2019 under the new symbol "GTWO".

The head office, principal address and records office of the Company are located at 141 Adelaide Street West, Suite 1101, Toronto, Ontario, Canada, M5H 3L5.

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 for the foreseeable future, which is at least, but not limited to, one year from May 31, 2019. 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 in view of 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 $33,436,645 from inception. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These 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 30, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The 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 International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

These 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 years presented in these financial statements.

Presentation Currency and Functional Currency

These financial statements have been prepared in Canadian dollars ("CAD"), which is the Company's functional and presentation currency.

Recent accounting pronouncements

Adopted accounting pronouncements:

IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company adopted this standard on June 1, 2018 and it did not have a material impact on the financial statements.

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below.

Future accounting pronouncements:

In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. The company's adoption of IFRS 16 will not have a material financial impact upon the audited consolidated financial statements.

Financial Instruments

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

Effective June 1, 2018, the Company adopted IFRS 9 - Financial Instruments ("IFRS 9"). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes lAS 39 - Financial Instruments: recognition and measurement ("lAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance aligns hedge accounting more closely with an entity's risk management objectives and strategies. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it allows more hedging strategies used for risk management to qualify for hedge accounting and introduces more judgement to assess the effectiveness of a hedging relationship, primarily from a qualitative standpoint.

Below is a summary showing the classification and measurement bases of our financial instruments as at June 1, 2018 as a result of adopting IFRS 9 (along with comparison to lAS 39).

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Loan receivable	Loans & receivables	Amortized cost
Marketable securities	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Due to related parties	Other liabilities	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's May 31, 2018 consolidated financial statements has been updated as follows:

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.

i. 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. The Company's cash and cash equivalents and marketable securities are classified as financial assets measured at FVTPL.

ii. 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". The Company's loan receivable is classified as financial assets measured at amortized cost.

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.

i. 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.

The Company's accounts payable and accrued liabilities and Due to shareholders do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. 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.

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.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial instruments at fair value through profit and loss

Financial instruments recorded at fair value on the consolidated 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 date (unobservable inputs).

As at May 31, 2019 and May 31, 2018, the fair value of the financial liabilities approximates the carrying value, due to the short-term nature of the instruments.

As at May 31, 2019, and May 31, 2018, cash and cash equivalents and the marketable securities (note 4) are recorded at fair value and are considered as Level 1 financial instruments.

Impairment

Non-financial assets

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.

Impairment losses recognized in prior years 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.

Income Taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Exploration and Evaluation Assets

Exploration and evaluation assets include mining interests

Exploration and evaluation costs, including the cost of acquiring licenses, are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in net loss immediately.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) fact and circumstances suggest that the carrying amount exceeds the recoverable amount (see Impairment).

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Upon determination of proven reserves, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible assets. Expenditures deemed to be unsuccessful are recognized in net loss immediately. The Company capitalizes all costs to defend title of its mining interests.

Pre-exploration and evaluation expenditures

Exploration and evaluation costs incurred prior to acquiring the right to explore mining interests are expensed as exploration and evaluation assets on a project-by-project basis. If the costs incurred cannot be directly attributed to a project that is going to be pursued beyond the pre-exploration and evaluation stage, they are expensed.

Title

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests.

Provision

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.

The Company had no provisions at May 31, 2019 and 2018.

Decommissioning Liability

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an oil and gas property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises, whether at the start of each project or on an ongoing basis during production. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit of production or the straight-line method as appropriate under IFRS. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation and environmental costs at May 31, 2019 and 2018.

Share Issuance Costs

Costs incurred in connection with the issuance of share capital are recognized as a deduction from the proceeds received.

Loss Per Share

Basic loss per share is calculated based on the weighted average number of shares outstanding. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods if the effects were not anti-dilutive.

Stock-based Compensation

The Company has a share-based payment plan as described in note 8. The Company uses the fair-value based method to account for all share-based payments to employees and non-employees granted after January 1, 2004 by measuring the compensation cost of the share-based payments using the Black-Scholes option pricing model. For employee related payments, the fair value of the stock-based compensation is recorded as a charge to operations over the vesting period with a credit to contributed surplus. 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, including directors of the Company.

For equity-settled share-based payment transactions, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be reliably measured, in which case it is measured based on the fair value of the equity instruments granted. Share-based payments made to employees directly involved in the exploration of mineral properties are capitalized to the mining interests.

Segment Reporting

The Company operated in one operating and reporting segment, being the Canadian exploration operations.

Use of Estimates

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:

- Share-based compensation – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.
- Warrants - management is required to make a number of estimate when determining the value of warrants, including the forfeiture rate and expected life of the instruments.
- 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.
- Mining interests - the Company capitalizes the exploration and evaluation expenditures in the statement of financial position. Where an indicator of impairment exists, management will perform an impairment test and if the recoverable amount is less than the carrying value, record an impairment charge.
- Contingency liability - management believes that the allegations made by Treasury Metals Inc. (formerly Goldeye Explorations Limited) ("Goldeye") are without merit and the Company has defended and intends to continue to defend its position and as such no provision for any potential payment has been expensed. Refer to notes 5 for more details.
- 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.

(Expressed in Canadian Dollars)

3. LOAN RECEIVABLE

On January 1, 2019, the company entered into a loan agreement with Ontario Inc. ("Ontario") to provide a revolving demand loan for proceeds of up to $500,000. Bartica Investments Limited ("Bartica"), through it's wholly-owned subsidiary, Ontario (a corporation incorporated pursuant to the laws of Guyana) holds a 100% registered and beneficial interest in properties located in Guyana known as the "Peters Mine" and "Aremu" properties, a suite of mineral exploration properties totaling approximately 25,888 acres in Guyana, South America. Ontario will use the proceeds from the loan to complete exploration activities in connection with its current holding of mineral property interests.

The above loan constitutes a related party loan as the Chief Executive Officer of the Company, directly and indirectly owns 100% of the shares of Bartica.

The loan bears interest at 2% per annum on the principal amount advanced. As at May 31, 2019, the company loaned $276,749 (May 31, 2018 - $nil).

4. MARKETABLE SECURITIES

Marketable securities have been designated as fair value through profit and loss and are recorded at fair value using the last bid price, with changes recognized in the statement of comprehensive loss. Marketable securities are composed of:

	Cost	Fair market value May 31, 2018	Fair market adjustment	Fair market value May 31, 2019
Crusader Resources Limited - 500,000 common shares	$ 211,604	$ 18,136	$ (8,136)	$ 10,000

	Cost	Fair market value May 31, 2017	Fair market adjustment	Fair market value May 31, 2018
Crusader Resources Limited - 500,000 common shares	$ 211,604	$ 60,240	$ (42,104)	$ 18,136

(Expressed in Canadian Dollars)

5. MINING INTERESTS

		May 31, 2019	May 31, 2018
G2 Goldfields Property			
Balance, beginning of period	$	**8,533,346**	$ 6,710,072
Accommodation/Meal		**113,425**	-
Acquisition costs		**-**	250,000
Assay		**8,197**	-
Consulting		**225,524**	1,970
Donations		**-**	19,650
Drilling		**768,823**	74,867
Geology		**299,105**	330,245
Legal		**210,531**	977,878
Other		**43,426**	33,079
Site Works		**78,822**	-
Transportation		**91,910**	91,032
Travel		**27,775**	33,495
Wages and salaries		**9,527**	11,058
Additions for the period		**1,877,065**	1,823,274
Balance, end of period	$	**10,410,411**	$ 8,533,346

On May 16, 2016, the Company and GPM Metals Inc. ("GPM") entered into a definitive agreement governing a proposed acquisition (the "Acquisition") by the company from GPM of GPM's interests in the Sandy Lake district, Northwestern Ontario. These interests include a 100% interest in 1,421 contiguous claim units known as the "East Block" (the "Additional Interest") as well as GPM's right to earn up to a 70% interest in the Weebigee Project, also known as the "Northwest" claim block (collectively, the "Sandy Lake Property") which are subject to a 1% net smelter returns royalty. In addition, in order to earn up to a 70% interest in the Weebigee Project, the Company is required to complete the following as per the Option Agreement (as defined below):

To exercise the right and option to earn an undivided 50.1% interest ("50.1% Option"):

- make payment of $50,000 (paid by GPM) in cash and issue such number of common shares to Goldeye Explorations Limited (Goldeye) (Goldeye is a wholly owned subsidiary of Treasury Metals Incorporated (TMI)) and shall have an aggregate fair market value of $25,000 (issued by GPM);
- make three additional cash payments of an aggregate total of $500,000 to Goldeye over 3 years ($100,000 paid by GPM, $150,000 paid by the Company in May 2017 and $250,000 paid by the Company in May 2018); and
- complete expenditures on the Weebigee Project of an aggregate total of $5,000,000 over 4 years:
    - i) $500,000 on or prior to the first anniversary;
    - ii) $1,000,000 on or prior to the second anniversary;
    - iii) $1,500,000 on or prior to the third anniversary; and
    - iv) $2,000,000 on or prior to the fourth anniversary.

To exercise the right and option to acquire a further 19.9% interest ("70% Option"):

- deliver feasibility study to Goldeye on or prior to the date which is five years following the date upon which the Company exercises the 50.1% Option; or
- make cash payments to Goldeye and complete exploration expenditures on the Weebigee Project as follows:
  a) three cash payments to Goldeye of an aggregate total of $1,500,000 over 2 years;
  b) complete expenditures on the Weebigee Project of $1,000,000 prior to the 1st anniversary of the 70% Option notice date;
  a) complete additional expenditures on the Weebigee Project of $2,000,000 prior to the 2nd anniversary of the 70% Option notice date.

Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests under the Acquisition.

In the event that the company exercises the 50.1% Option and/or the 70% Option, the company and Goldeye shall be deemed to have formed a new joint venture and shall enter into and deliver a Joint Venture Agreement, which shall govern their relationship in respect of the Weebigee Project. The company will be the operator of the Weebigee Project during the term of the option and the manager of the Weebigee Project following the formation of the joint venture. Under the Joint Venture Agreement, the company and Goldeye will be required to contribute their pro rata share of further expenditures on the Weebigee Project based on their respective percentage interest in the joint venture from time to time on standard industry terms.

During the fiscal year ended 2016, GPM agreed to sell its interests in the Sandy Lake property in consideration of the issuance of 40,000,000 common shares of the company valued at $6,000,000. The Company has accounted for the acquisition as an asset as the asset is not a business

It was a condition to the completion of the Acquisition that GPM shall effect a distribution of the consideration shares to its shareholders following the closing of the Acquisition (the "Share Distribution"). The Shares Distribution was effected on September 16, 2016. Following the closing of the Acquisition, the Board of Directors of the company was reconstituted to and consist of five (5) directors, three (3) of which are nominees of the Company and two (2) of which are nominees of GPM.

On April 23, 2016, the Company announced that Goldeye contended that the Additional Interest had become part of the property comprising the Weebigee Project and had become subject to a 50l50 joint venture between GPM and Goldeye, all pursuant to an option agreement between GPM and Goldeye. As Goldeye did not make timely payment to GPM of its pro rata share of the costs of acquiring the Additional Interest as required, the Company has been advised that GPM disagrees with any such assertion that Goldeye has acquired, or has the right to acquire, any rights or interest in the Additional Interest.

On June 21, 2016, the Acquisition was approved by shareholders of the Company and on July 21, 2016, the Acquisition was completed.

On July 27, 2016, the Company announced that an event of force majeure under the option agreement between GPM and Goldeye dated April 15, 2015 relating to the property known as the Weebigee Project ("Option Agreement") was declared. GPM's rights under the Option Agreement were acquired by the Company pursuant to the Acquisition on July 21, 2016.

The event of force majeure resulted from the positions taken by local First nations and subsequent discussions with the Government of Ontario, which rendered it necessary for the Company to cease all work on the Sandy Lake Project, including the Weebigee Project.

On September 22, 2016, the Company announced that it received a formal notice of arbitration (the "notice") pursuant to the Option Agreement. The notice demands arbitration concerning among other things, the dispute regarding the Additional Interest.

Goldeye alleges that, pursuant to the Option Agreement, 525 of the claim units comprising the Additional Interest have become part of the Weebigee Project, and 896 of the claim units comprising the Additional Interest have become part of a 50l50 joint venture. The company disagreed with these allegations and stated that Goldeye did not complete the exercise of its option to acquire the Additional Interest or make the required payment to GPM of its share of the costs of acquiring the Additional Interest prior to the required date, such that Goldeye has not acquired, and does not have any right to acquire, any rights or interest in the Additional Interest. In addition, the notice sets forth certain ancillary claims made by Goldeye and seeks relief regarding other matters concerning the Weebigee Project including, without limitation (i) a determination that the previously announced event of force majeure does not constitute an event of force majeure under the Option Agreement; and (ii) a determination relating to the validity of certain expenses claimed by GPM in satisfaction of the obligation to incur certain exploration expenditures on the Weebigee Project in accordance with the terms of the Option Agreement.

The company was advised by GPM that it disputes Goldeye's allegations contained in the notice, and the Company has defended Goldeyecs arbitration claims accordingly.

On October 14, 2016, the Company was advised by GPM that it responded to Goldeye’s notice.

On May 8, 2017, the Company received a notice of default pursuant to the Option Agreement. The notice of default alleges that the Company is in default of the Option Agreement as a result of failing to make a cash payment of $150,000 thereunder on or prior to May 5, 2017. As per the notice of default, the Company had 30 days from May 8, 2017 to make the payment. The Company paid the $150,000 on May 24, 2017.

In addition, Goldeye provided notice that it is seeking to elect to have four mineral claims recently staked by the Company included as part of the property governed by the Option Agreement.

On September 22, 2017, the Company announced the Arbitral tribunal's decision with regard to the May 8, 2017 hearing on the event of force majeure found that:

a) a force majeure event under the Option Agreement occurred and was declared on July 27, 2016;
b) the force majeure event existed continuously, without change, until June 7, 2017;
c) the force majeure event was not within the control of the Company; and
d) the failure of the Company to comply with its obligations under the Option Agreement to incur the required exploration work expenditures of $1,000,000 by April 15, 2017 was caused by, or arose out of, the force majeure event.

On or about February 9, 2018, the Arbitration panel made a partial award in the company's favour that: (a) the effective date of the Option Agreement is May 5, 2015; and, (b) that as a result of the force majeure, the date by which the Company is required to incur $1,000,000 in exploration work expenditures in accordance with the Option Agreement is June 28, 2018. The $1,000,000 in exploration work expenditures has been completed.

There were a number of findings in the reasons for the award that will assist the Company as it manages its operations, including that (a) the Company can unilaterally communicate and manage the issues on site with the First nations; and (b) Goldeye has no basis under the Option Agreement to control or direct any of the Company's exploration work.

The Arbitration resumed its hearings in January and February 2018 on the remaining matters.

On April 23, 2018, the Company declared an event of force majeure pursuant to the Option Agreement relating to the Property (as defined in the Option Agreement) at the Weebigee Project due to inability to work on or near, or have any access to the land relating to the Property. Furthermore, the Company has ceased all work that requires access to the land relating to the Property. Continuing efforts will be made to resolve this event of force majeure.

On July 6, 2018, the Company received a partial award in the Arbitration Proceedings with Goldeye. The Arbitral Tribunal has ruled in favour of the Company on all substantive issues.The two main issues were the amount of first year expenditures and whether Goldeye exercised an option to participate as a 50% joint venture with the Company in the ownership of a large group of claims staked around the original Weebigee project in 2015. Goldeye, which initiated the proceedings, had alleged that the Company had failed to incur minimum first year expenditures of $500,000 on the Weebigee property as required by the May 2015 option agreement. The Arbitral Tribunal panel ruled that in fact the Company had incurred expenditures of $1,292,130 in the first year.

Significantly, the Tribunal also ruled that Goldeye failed to fulfill the conditions for participating as a joint venturer in the surrounding mineral claim land package of approximately 80,000 acres (2,210 claim units), and that Goldeye has no ownership or any other rights over or interests in these claims.

On January 21, 2019, the Arbitral Panel ruled in favor of the Company on all substantive issues. The company has been awarded $926,960 in costs in the Arbitration Proceedings with TMI ("Cost Award").

On May 23, 2019, TMI made a payment of $8,016, which represents 50% of the costs of acquisition of 315 newly staked mining claims that was completed in February 2019 by the Company. However, G2 insisted that Goldeye owes the Company the amount of at least $926,960 pursuant to Cost Award dated January 16, 2019 and any amount paid by Goldeye will be applied first to pay its outstanding debt owing pursuant to the Cost Award and thus, cannot constitute any contribution towards the costs of acquisition of 315 mining claims.

On August 6, 2019, a notice of default was sent by Goldeye insisting that the Company has failed to meet its expenditure obligation under the terms of the original option agreement as the Company did not complete expenditures as defined in the agreement, of $1,000,000 and $1,500,000 on or prior to the 2nd and 3rd anniversary of the effective date which was subsequently extended by the arbitration panel's ruling to June 28, 2018 for the 2nd anniversary deadline and March 16, 2019 for the 3rd anniversary deadline. In addition, Goldeye asserted that the general and administrative expenditures were not accurately calculated.

On September 3, 2019, the Company sent the response letter in connection to the notice of default letter dated August 6, 2019 sent by Goldeye rejecting said claims as described above.

On September 13, 2019, Goldeye made payment for the full amount of the Cost Award ($926,960) but Goldeye insisted that its notice of default dated on August 6, 2019 is still valid.

On September 19, 2019, the Company responded to the September 13, 2019 letter from Goldeye noting that the Company would like to schedule a meeting to resolve the following disputes:

- the timing for the second and third anniversaries of the effective date particulars of the expenditures incurred by the Company, including the percentage of general and administrative expenditures to be included;
- the amount the Company is required to pay to Goldeye to cure its default; and
- the requirement to communicate any and all discussions with First Nations as it relates the Option Agreement.

Additional claim units

On January 22, 2018, the Company announced that it acquired by staking, an additional 806 claim units adjacent to the Sandy Lake Property.

On May 24, 2018, the Company acquired by map staking, an additional 30 single cell claim units contiguous to the Sandy Lake Property. TMI was notified of the said acquisition in accordance with Sec 8.2 of Option Agreement April 2015 and elected to participate in the 30 cell claim units.

On February 26, 2019, the Company staked an additional 315 mining claim cells contiguous with the existing district scale land package for an aggregate total of approximately 51,000 hectares. The additional claims extend over an area of 6,122 hectares located on the southern boundary of the Company's contiguous 60 km. east-west claim package.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL

a) 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.

b) Common shares issued:

	Number of common shares		Amount
Balance, May 31, 2017	**30,713,991**	**$**	**32,829,583**
Common shares issued for private placements (i)(ii)(v)(vi)	12,750,000		1,325,000
Special Warrants converted into units (iii)(iv)	6,250,000		625,000
Warrants issued			(891,544)
Share issue costs	-		(34,031)
Balance, May 31, 2018	**49,713,991**	**$**	**33,854,008**

Balance, May 31, 2018	**49,713,991**	**$**	**33,854,008**
Common shares issued for private placements (vii)(viii)	16,100,000		3,032,000
Warrants issued for private placements (vii)(viii)	-		(725,681)
Exercise of warrants	1,170,000		286,428
Share issue costs (viii)	-		(102,574)
Balance, May 31, 2019	**66,983,991**		**36,344,181**

The above and below balances reflect the adjusted (2) to (1) post-share consolidation as described in note 1 of the financial statements.

(i) On July 19, 2017, the Company closed a non-brokered private placement pursuant to which it issued 3,750,000 units ("Units") for gross proceeds of $375,000.

Each Unit consists of one common share of the Company and one share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for a period of 24 months. The fair value of these Warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.11; expected dividend yield of 0%; risk-free interest rate of 1.27%; volatility of 207% and an expected life of 2 years. The fair value assigned to these warrants was $168,750.

The following transactions occurred with related parties:

Michele McCarthy, Chair of the Company, subscribed for 250,000 Units;
Daniel Noone, Chief Executive Officer and director of the Company, subscribed for 500,000 Units; and
Jon Douglas, director of the Company, subscribed for 50,000 Units.

(ii) On November 17, 2017, the Company closed a non-brokered private placement pursuant to which it issued 1,500,000 Units for gross proceeds of $150,000.

Each Unit consists of one common share of the Company and one Warrant, with each Warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for a period of 24 months. The fair value of these Warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.12; expected dividend yield of 0%; risk-free interest rate of 1.45%; volatility of 226% and an expected life of 2 years. The fair value assigned to these warrants was $69,426.

The following transactions occurred with related parties:

Michele McCarthy, Chair of the Company, subscribed for 50,000 Units; and
Daniel Noone, Chief Executive Officer and director of the Company, subscribed for 200,000 Units.

(iii) On July 19, 2017, the Company closed a non-brokered private placement to which it issued 3,750,000 special warrants ("Special Warrants") at a price of $0.10 per Special Warrant to raise aggregate gross proceeds of $375,000.

Mr. Patrick Sheridan purchased 3,750,000 Special Warrants in the private placement. Each Special Warrant will automatically convert into one Unit without any additional payment or action by the holder on the date upon which the Company receives shareholder approval for Mr. Sheridan and his associates to become "control persons" of the Company (within the meaning of the regulations of the TSX-V). On January 9, 2018, the Special Warrants were converted into Units without any additional payment since the Company received shareholder approval.

Each Special Warrants consisted of one common share of the Company and one share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for a period of 24 months. The fair value of these Warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.14 (as of January 9, 2018); expected dividend yield of 0%; risk-free interest rate of 1.79%; volatility of 225% and an expected life of 1.52 years. The fair value assigned to these warrants was $167,326.

(iv) On November 17, 2017, the Company closed a non-brokered private placement pursuant to which it issued 2,500,000 Special Warrants to raise aggregate gross proceeds of $250,000.

Mr. Patrick Sheridan purchased 2,500,000 Special Warrants in the private placement. On January 9, 2018, the Special Warrants were converted into Units without any additional payment since the Company received shareholder approval.
Each Special Warrants consisted of one common share of the Company and one share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for a period of 24 months. The fair value of these Warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.14 (as of January 9, 2018); expected dividend yield of 0%; risk-free interest rate of 1.79%; volatility of 225% and an expected life of 1.85 years. The fair value assigned to these warrants was $115,073.

(v) On February 28, 2018, the Company closed a non-brokered private placement pursuant to which it issued 5,000,000 units at a price of $0.11 per unit to raise aggregate gross proceeds of $550,000.

Each unit consists of one common share of the Company and one warrant, with each warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for a period of 24 months. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.17; expected dividend yield of 0%; risk-free interest rate of 1.78%; volatility of 216% and an expected life of 2 years. The fair value assigned to these warrants was $256,160.

The following transactions occurred with related parties:

Michele McCarthy, Chair of the Company, subscribed for 50,000 units;
Daniel Noone, Chief Executive Officer and director of the Company, subscribed for 350,000 units;
Michael Desmeules, former director of the Company, subscribed for 200,000 units;
Bruce Rosenberg, director of the Company, subscribed for 100,000 units; and
Patrick Sheridan, a major shareholder purchased 2,450,000 units.

(vi) On May 15, 2018, the Company closed a non-brokered private placement pursuant to which it issued 2,500,000 units at a price of $0.10 per unit to raise aggregate gross proceeds of $250,000.

Each unit consists of one common share of the Company and one warrant, with each warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for a period of 24 months. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.13; expected dividend yield of 0%; risk-free interest rate of 2.04%; volatility of 215% and an expected life of 2 years. The fair value assigned to these warrants was $114,809.

The following transactions occurred with related parties:

Daniel Noone, Chief Executive Officer and director of the Company, subscribed for 100,000 units;
Michael Desmeules, former director of the Company, subscribed for 50,000 units;
Patrick Sheridan, a major shareholder purchased 1,200,000 units.

(vii) On September 27, 2018, the Company closed a non-brokered private placement pursuant to which it issued 2,350,000 units at a price of $0.12 per unit for gross proceeds of $282,000.

Each unit consisted of one common share of the Company and one share purchase warrant, with each warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for a period of 36 months. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.14, expected dividend yield of 0%; risk-free interest rate of 2.22%; volatility of 194% and an expected life of 3 years. The fair value assigned to these warrants was $133,019.

The following transactions occurred with related parties:

Patrick Sheridan, Executive Chairman and Chief Executive Officer of the Company, subscribed for 1,550,000 units;
Michele McCarthy, former director of the Company, subscribed for 42,500 units;
Daniel Noone, director of the Company, subscribed for 167,500 units; and
Bruce Rosenberg, director of the Company, subscribed for 85,000 units.

(viii) Between February 25, 2019 and March 28, 2019, the Company closed as series of a non-brokered private placements, completed in three tranches. The company issued,13,750,000 units at a price of $0.20 per unit for gross proceeds of $2,750,000.

Each unit consisted of one common share of the Company and one-half of a share purchase warrant, with each whole warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.40 for a period of 24 months. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.22 expected dividend yield of 0%; risk-free interest rate of 1.49% - 1.78%; volatility of 132% - 133% and an expected life of 2 years. The fair value assigned to these warrants was $592,662.

The following transactions occurred with related parties:

Patrick Sheridan, Executive Chairman and Chief Executive Officer of the Company, subscribed for 1,750,000 units;
Daniel Noone, director of the Company, subscribed for 2,500,000 units; and
Peter Mullins, director of the Company, subscribed for 750,000 units.

(Expressed in Canadian Dollars)

In connection with the above private placement, the company issued 152,730 broker warrants. Each broker warrant entitles the holder thereof to acquire one common share at an exercise price of $0.32 for a period of 24 months. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.22 expected dividend yield of 0%; risk-free interest rate of 1.74%; volatility of 133% and an expected life of 2 years. The fair value assigned to these warrants was $23,918.

7. WARRANTS

The following table reflects the continuity of warrants for the following periods and reflects the adjusted (2) to (1) post-share consolidation as described in note 1 of the financial statements:

	Number of Warrants	Weighted Averaged Exercised Price ($)
Balance, May 31, 2017		
Issued (note 6)	19,000,000	0.20
Balance, May 31, 2018	19,000,000	0.20
Balance, May 31, 2018	19,000,000	0.20
Issued (note 6)	9,377,730	0.35
Exercise	(1,170,000)	0.20
Balance, May 31, 2019	**27,207,730**	0.25

The following table reflects the warrants issued and outstanding as of May 31, 2019:

Number of Warrants Outstanding	Fair value ($)	Exercise price ($)	Expiry date
6,330,000	283,647	0.20	July 19, 2019
4,000,000	184,500	0.20	November 17, 2019
5,000,000	256,160	0.20	February 28, 2020
2,500,000	114,809	0.20	May 15, 2020
2,350,000	133,019	0.20	September 27, 2021
2,962,500	256,250	0.40	February 25, 2021
2,260,250	195,255	0.40	March 4, 2021
152,730	23,918	0.32	March 4, 2021
1,652,250	141,157	0.40	March 28, 2021
27,207,730	**1,588,715**		

(Expressed in Canadian Dollars)

8. STOCK OPTIONS

The Company has a formal stock option plan (the "Plan"). The number of shares reserved for issuance to any one insider, within a one-year period, pursuant to options must not exceed 5% of the outstanding issue. The number of shares reserved for issuance to insiders, within a one-year period, pursuant to options must not exceed 10% of the outstanding issue. The option price of the shares shall be fixed by the Board of Directors but must not be less than the closing sale price of the shares on the TSX-V on the day immediately preceding grant.

The following table reflects the continuity of options for the following periods and reflects the adjusted (2) to (1) post-share consolidation as described in note 1 of the financial statements:

	Number of Options	Weighted Averaged Exercise Price($)
Balance, May 31, 2017	1,956,500	0.46
Granted	550,000	0.18
Expired	(150,000)	6.00
Forfeited	(56,500)	0.26
Balance,May 31, 2018	**2,300,000**	**0.28**
Balance, May 31, 2018	**2,300,000**	**0.28**
Granted	2,700,000	0.40
Expired	(100,000)	0.30
Balance,May 31, 2019	**4,900,000**	**0.34**

(ii) On March 6, 2018, the Company granted an aggregate of 550,000 stock options to a director and a consultant pursuant to the Company's Plan. The options have an exercise price of $0.18 per share and an expiry date of March 6, 2023, and vesting as to 25% immediately and 25% after each of 6, 12 and 18 months after date of grant. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.17; expected dividend yield of 0%; risk-free interest rate of 2.04%; volatility of 201% and an expected life of 5 years. The fair value assigned to these options was $91,000. For the year ended May 31, 2019, the impact on the statement of comprehensive loss was $49,946 (year ended May 31, 2018 - $36,151).

(ii) On April 12, 2019, the Company granted an aggregate of 2,700,000 stock options to a director and a consultant pursuant to the Company's Plan. The options have an exercise price of $0.40 per share and an expiry date of April 12, 2022, and vesting as to 25% immediately and 25% after each of 6, 12 and 18 months after date of grant. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $0.34; expected dividend yield of 0%; risk-free interest rate of 1.64%; volatility of 190% and an expected life of 3 years. The fair value assigned to these options was $820,622. For the year ended May 31, 2019, the impact on the statement of comprehensive loss was $305,865 (year ended May 31, 2018 - $nil).

(Expressed in Canadian Dollars)

Details of the stock options outstanding as at May 31, 2019 are as follows:

Remaining contractual life (Years)	Exercisable Options	Number of Options	Weighted Average Exercise Prices ($)	Expiry Date
2.39	1,650,000	1,650,000	0.30	October 19, 2021
3.77	412,500	550,000	0.18	March 6, 2023
2.87	675,000	2,700,000	0.40	April 12, 2022
2.81	**2,737,500**	**4,900,000**	**0.34**	

9. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the year ended May 31, 2019 was based on the loss attributable to common shares of $1,018,139 (the year ended May 31, 2018 – $600,215) and the weighted average number of common shares outstanding of 54,615,106 (year ended May 31, 2018 – 38,563,306). Diluted loss did not include the effect of stock options and warrants for the year ended May 31, 2019 and May 31, 2018, as they are anti-dilutive.

10. INCOME TAXES

Income Tax Expense

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2017 - 26.5%) to the effective tax rate is as follows:

	Year ended May 31, 2019	Year ended May 31, 2018
Net loss before income tax	**$ (1,018,139)**	$ (600,215)
Statutory rate	**26.50%**	26.50%
Expected income tax recovery	**$ (269,810)**	$ (159,060)
Tax rate changes and other adjustments	**(21,530)**	11,410
Non-deductible expenses	**95,950**	45,170
Change in deferred tax assets not recognized	**195,390**	102,480
Provision for income taxes	**$ -**	$ -

Deferred Income Taxes

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)	As at May 31, 2019	As at May 31, 2018
Non-capital loss carry forwards	**$ 5,958,000**	$ 5,285,000
Marketable securities	**202,000**	193,000
Property and equipment	**124,000**	124,000
Share issuance costs	**109,000**	63,000
Resource pools - mining interests	**504,000**	490,000
	6,897,000	6,155,000
Less: deferred tax assets not recognized	**(6,897,000)**	(6,155,000)
Net deferred income tax assets (liabilities)	**$ -**	$ -

(Expressed in Canadian Dollars)

Loss Carry Forwards

The Company has non-capital tax loss carry forwards in Canada expiring as follows:

2030	$ 653,000
2031	613,000
2032	1,177,000
2033	1,016,000
2034	840,000
2035	576,000
2036	140,000
2037	114,000
2038	152,000
2039	677,000
	$ 5,958,000

11. RELATED PARTY TRANSACTIONS

(a) The Company has identified its directors and certain senior officers as its key management personnel. The compensation cost for key management personnel is as follows:

	Year Ended May 31, 2019	2018
Salaries and fees	**$ 198,667**	$ 50,000
Share-based compensation	**$ 147,268**	$ 106,500

At May 31, 2019, accounts payable and accrued liabilities and amounts due to related parties includes $169,337 (May 31, 2018 - $nil) owing to officers, directors and companies controlled by officers and directors.

(b) In July 2015, the Company entered into an accounting support services agreement with Marrelli Support wherein Marrelli Support provided, beginning July 8, 2015, certain accounting support services to the Company. In July 2015, in connection with such agreement with Marrelli Support, the Company retained Ms. Marie-Josee Audet, a senior employee of Marrelli Support, as its Chief Financial Officer. In November 2018, Ms. Marie-Josee Audet stepped down as the company’s Chief Financial Officer. During the fiscal year, Marrelli Support was compensated $12,148 (May 31, 2017 - $18,222) in connection with the services described above and no amounts were outstanding at year end (May 31, 2018 – $1,716).

(c) Major shareholder

To the knowledge of the directors and senior officers of the Company, as at May 31, 2019, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

	Number of common shares	Percentage of outstanding common shares
Patrick Sheridan	19,939,074	30.00%

12. CAPITAL RISK MANAGEMENT

The Company considers its capital to consist of share capital, warrants, contributed surplus and deficit, in the definition of capital, which as at May 31, 2019, totaled $10,956,037 (May 31, 2018 - $8,431,021).

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. During the year ended May 31, 2019, the Company completed private placements of $3,032,000. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

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.

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

13. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's risk management activities include the presentation of capital by minimizing risk related to its cash. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee or written risk management policies. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, fair value and market risk (including interest rate risk, currency risk and price risk). There were no changes to the Company's policies and objectives for managing risk during the year.

(a) Credit Risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The company’s cash and loan receivable balances are subject to credit risk.

The Company's cash are held in major Canadian and International financial institutions and the Company has no investment in non-bank asset-backed commercial paper.

The company’s loan receivable represents an advance to a private corporation (note 3). In the opinion of management, the credit risk with respect to these instruments is low.

(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, 2019, the Company had current liabilities of $966,943 (May 31, 2018 - $495,375) due within 12 months and has cash of $1,091,626 (May 31, 2018 - $312,977) to meet its current obligations. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

(c) Fair Value

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect estimates.

(d) 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.

Currency risk

The Company's functional and presentation currency is the CAD and major purchases are transacted in Canadian dollars. As a result, the Company is not exposed to any significant foreign currency risk.

Price risk

The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

The Company's marketable securities are subject to fair value fluctuations arising from changes in the equity markets and as at May 31, 2019 amount to $10,000 (May 31, 2018 - $18,136).

14. SUBSEQUENT EVENTS

On January 2, 2019, the Company entered into a definitive agreement providing for the acquisition of all the issued and outstanding shares of Bartica in consideration of the issuance of an aggregate 100,000,000 common shares (pre-consolidation) of the Company ("acquisition").

Bartica through it's wholly-owned subsidiary, Ontario holds a 100% registered and beneficial interest in properties located in Guyana known as the "Peters Mine" and "Aremu" properties, a suite of mineral exploration properties totaling approximately 25,888 acres in Guyana, South America. As part of the acquisition, the company will also acquire additional mining permits that are located adjacent to Peters Mine and the option (100% interest) to acquire mining permits adjacent to Aremu as noted above. The terms of the option agreement are as follows:

- A cash payment of US$50,000;
- Additional aggregate cash payments of US$700,000 in tranches over a four-year period (US$100,000 on the first anniversary, US$200,000 on the second anniversary, US$200,000 on the third anniversary and US$200,000 on the fourth anniversary; and
- Upon exercise of the option agreement, the option agreement is subject to a Net Smelter Royalty ("NSR") through the identification of a gold resources in excess of 250,000 ounces on the property, the optionee will be subject to a cash payment of US$1,000,000 to the owner. The optionee is also subject to a 2 ½% NSR on all marketable minerals derived from the properties which can be bought out through a US$5,000,000 cash payment to the owner.

On February 11, 2019, the Company executed an amending agreement to amend the purchase price as noted in the January 2, 2019 acquisition agreement. The purchase price to acquire all the issued and outstanding shares of Bartica was reduced 80,000,000 (pre-consolidation) common shares of the Company.

On July 3, 2019, the Company executed another amending agreement to amend the purchase price as noted in the February 11, 2019 amending agreement. The purchase price to acquire all the issued and outstanding shares of Bartica was reduced 40,000,000 common shares to adjust for the share consolidation as described in note 1 of these financial statements. The agreement was also amended to further reduce the purchase price as noted in the January 2, 2019 acquisition agreement to 20,000,000 common shares. Lastly, the number of common shares to be issued as consideration to the owners of Bartica and the additional permits, has been revised to be10,500,000 common shares to be issuable to Patrick Sheridan, and the remaining 9,500,000 common shares will be issuable to the owners of the additional mining permits.

The above acquisition has yet to be completed as the transaction is pending on a shareholders' approval.