SKRR EXPLORATION INC.
(formerly Canex Energy Corp.)

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED APRIL 30, 2020

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Independent Auditor's Report

To the Shareholders of SKRR Exploration Inc.

Opinion

We have audited the financial statements of SKRR Exploration Inc. ("the Company"), which comprise the statements of financial position as at April 30, 2020 and April 30, 2019 and the statements of operations and comprehensive income (loss), changes in equity (deficit) 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 April 30, 2020 and April 30, 2019, 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 audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information 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 in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada Canada
August 26, 2020

SKRR Exploration Inc.
(formerly Canex Energy Corp.)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at April 30, 2020	As at April 30, 2019
	$	$
ASSETS		
Current assets		
Cash	**1,522,752**	194,091
GST receivables	**20,050**	1,735
Short-term investment (Note 4)	**91,500**	-
Prepaid expenses	**37,500**	15,000
Total current assets	**1,671,802**	210,826
Exploration and evaluation asset (Notes 5 & 7)	**619,527**	-
Total assets	**2,291,329**	210,826
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	**73,435**	875,295
Notes payable (Note 8)	**-**	120,000
	73,435	995,295
Equity (Deficit)		
Capital stock (Note 6)	**7,701,355**	5,038,428
Reserves (Note 6)	**373,030**	50,255
Deficit	**(5,856,491)**	(5,873,152)
Total equity (deficit)	**2,217,894**	(784,469)
Total liabilities and equity (deficit)	**2,291,329**	210,826

Nature and continuance of operations (Note 1)

Approved and authorized on August 26, 2020 on behalf of the Board:

"SHERMAN DAHL"	*"ROSS MCELROY"*
Director	Director

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

SKRR EXPLORATION INC.
(formerly Canex Energy Corp.)
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)

		For the year ended April 30, 2020		For the year ended April 30, 2019
		$		$
EXPENSES				
Consulting fees (Note 7)		**184,725**		348,000
Filing fees		**58,463**		15,781
Interest expense (Note 8)		**1,991**		4,749
Investor relations and marketing		**55,034**		9,668
Office and administration (Note 7)		**54,537**		14,202
Professional fees		**61,356**		-
Share-based payments (Notes 6 & 7)		**296,000**		-
LOSS BEFORE OTHER ITEMS		**(712,106)**		(392,400)
Gain on forgiveness of debt (Notes 6 & 7)		**682,267**		-
Unrealized gain on short-term investment (Note 4)		**46,500**		-
Net income (loss) and comprehensive income (loss) for the year		**16,661**		(392,400)
Basic income (loss) per common share	**$**	**0.00**	$	(0.16)
Diluted income (loss) per common share	**$**	**0.00**	$	(0.16)
Weighted average number of common shares outstanding – basic		**7,296,184**		2,502,603
Weighted average number of common shares outstanding – diluted		**7,531,123**		2,502,603

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

SKRR EXPLORATION INC.
(formerly Canex Energy Corp.)
STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Expressed in Canadian Dollars)

	Capital stock				
	Shares	Amount	Reserves	Deficit	Total equity (deficit)
		$	$	$	$
Balance, April 30, 2018	**2,181,212**	**4,792,978**	**50,255**	**(5,480,752)**	**(637,519)**
Private placement	1,923,077	250,000	-	-	250,000
Share issuance cost	-	(4,550)	-	-	(4,550)
Net loss and comprehensive loss for the year	-	-	-	(392,400)	(392,400)
Balance, April 30, 2019	**4,104,289**	**5,038,428**	**50,255**	**(5,873,152)**	**(784,469)**
Balance, April 30, 2019	**4,104,289**	**5,038,428**	**50,255**	**(5,873,152)**	**(784,469)**
Private placement	9,114,896	1,821,532	-	-	1,821,532
Finders fees - cash	-	(85,774)	-	-	(85,774)
Finders fees - warrants	-	(26,775)	26,775	-	-
Other share issuance costs	-	(18,631)	-	-	(18,631)
Warrant exercises	152,000	25,840	-	-	25,840
Share-based payments	-	-	296,000	-	296,000
Shares issued for settlement of debt	2,595,590	441,250	-	-	441,250
Shares issued for mineral property	2,083,977	505,485	-	-	505,485
Net income and comprehensive income for the year	-	-	-	16,661	16,661
Balance, April 30, 2020	**18,050,752**	**7,701,355**	**373,030**	**(5,856,491)**	**2,217,894**

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

SKRR EXPLORATION INC.
(formerly Canex Energy Corp)
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the year ended April 30, 2020	For the year ended April 30, 2019
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the year	**16,661**	(392,400)
Non-cash items:		
Gain on forgiveness of debt	**(682,267)**	-
Unrealized gain on short term investment	**(46,500)**	-
Share-based payments	**296,000**	-
Changes in non-cash working capital items:		
Increase in GST receivables	**(18,315)**	(1,596)
Increase in prepaid expenses	**(22,500)**	(15,000)
Increase in accounts payable and accrued liabilities	**201,657**	294,092
Net cash flows used in operating activities	**(255,264)**	(114,904)
CASH FLOWS FROM INVESTING ACTIVITIES		
Short-term investment	**(45,000)**	-
Exploration and evaluation assets	**(114,042)**	-
Net cash flows used in investing activities	**(159,042)**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placement gross proceeds	**1,821,532**	250,000
Finders fees – cash	**(85,774)**	-
Other share issuance costs	**(18,631)**	(4,550)
Warrant exercises	**25,840**	-
Net cash flows provided by financing activities	**1,742,967**	245,450
Change in cash for the year	**1,328,661**	130,546
Cash, beginning of year	**194,091**	63,545
Cash, end of year	**1,522,752**	194,091
Cash paid for interest	**-**	-
Non-cash investing and financing activities		
Shares issued for debt settlement	**441,250**	-
Shares issued for exploration and evaluation asset	**505,485**	-
Finders fees – broker warrants	**26,775**	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

SKRR Exploration Inc. (formerly Canex Enegy Corp.) (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 20, 2006. The registered address, head office, principal address and records office of the Company are located at 605-815 Hornby Street, Vancouver, British Columbia, V6Z 2E6. On January 13, 2020, the Company received approval by the TSX Venture regarding its reactivation and application for graduation to Tier 2. Effective, January 23, 2020, the Company's common shares commenced trading under the symbol SKRR.

<u>Going concern of operations</u>

During the year ended April 30, 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at April 30, 2020, the Company has had significant losses and has a working capital of $1,598,367 (April 30, 2019 - $784,469 deficiency). In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares, and short-term loans. In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. As such, there is a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

<u>Statement of compliance</u>

The financial statements of the Company for the year ended April 30, 2020 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Interpretations Committee ("IFRIC"). These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

These financial statements were authorized for issue by the Board of Directors on August 26, 2020.

<u>Basis of measurement</u>

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of significant accounting judgments and critical accounting estimates

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the ability of the Company to continue as a going concern and the assessment of any indicators of impairment of the carrying value of the Company's exploration and evaluation asset.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

a) *Deferred income taxes* **-** The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

b) *Share-based payments* **-** The fair value of share-based payments is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the time of initial grant.

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs. Mineral exploration and evaluation expenditures are classified as intangible assets.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Flow-through shares

The Company finances a portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through commitment") as follows:

- Capital stock;
- Warrant reserve; and
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature.

As qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company reverses the liability for the flow-through share premium to other income as the expenditures are incurred.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Income (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on income (loss) per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the prior fiscal year this calculation proved to be anti-dilutive. Basic income (loss) per share is calculated using the weighted-average number of shares outstanding during the period.

Provision for environmental rehabilitation

The Company recognizes the fair value of a liability for the provision for environmental rehabilitation in the year in which it is incurred when a reliable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense through profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. As at April 30, 2020, there was no material provision for environmental rehabilitation.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in reserves is transferred to deficit. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

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

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive (loss) income ("FVOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

i. Financial assets and liabilities at FVTPL and FVOCI

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit and loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit and loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss). Elected investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

ii. Financial assets and liabilities at amortized cost

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL, are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

iii. Impairment of financial assets at amortized cost

The Company recognizes on a forward-looking basis the expected credit losses ("ECL") model on financial assets that are measured at amortized cost, contract assets and debt instruments carried at FVOCI.

At each reporting date, the Company measures the ECL for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the ECL for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in profit and loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was $nil as at April 30, 2020.

(Expressed in Canadian Dollars)

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification under IFRS 9
Cash	FVTPL
Short-term investment	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Notes payable	Amortized cost

New accounting standards and amendments to existing standards adopted

IFRS 16 – Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and replaced IAS 17, *Leases*. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. The adoption of IFRS 16 on May 1, 2019 had no significant impact on the Company.

New accounting standards and amendments to existing standards issued but not yet effective

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's April 30, 2020 reporting period:

Amendments to IFRS 3, Business Combinations assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits.

These amendments are effective for reporting periods beginning on or after January 1, 2020.

(Expressed in Canadian Dollars)

4. SHORT-TERM INVESTMENT

April 30, 2020		April 30, 2019	
Cost	Fair value	Cost	Fair Value
$ 45,000	$ 91,500	$ -	$ -

On January 31, 2020, the Company subscribed to 500,000 units of Taiga Gold Corp. ("Taiga") at a price of $0.09 per unit for a total of $45,000. Each unit consisted of one Taiga common share and one Taiga share purchase warrant. Each Taiga share purchase warrant is exercisable at a price of $0.18 per share for the earlier of i.) February 7, 2022 or ii.) the date following the expiry of 4 months from the date of this warrant certificate and occurring 30 days from the date that the trading price of the common shares has closed each day for a period of 10 consecutive trading days at $0.50 per common share or higher.

During the year ended April 30, 2020, the Company recognized an unrealized gain of $46,500 (2019 – $Nil).

5. EXPLORATION AND EVALUATION ASSET

Exploration and evaluation assets comprise the following accumulated expenditures:

	Cathro Gold	Ithingo Lake	Olson Gold	TOTAL
	$	$	$	$
Balance at April 30, 2018 and 2019	-	-	-	-
Acquisition costs	91,500	445,057	64,000	600,557
Staking	-	-	-	-
Geological	-	-	7,720	7,720
Management, legal and admin	3,750	3,750	3,750	11,250
Tenure and maintenance	-	-	-	-
Balance at April 30, 2020	**95,250**	**448,807**	**75,470**	**619,527**

Olson Gold Property

On October 24, 2019, the Company entered into an option agreement with Eagle Plains Resources Ltd. ("Eagle Plains"), under which the Company may acquire up to 75% of Eagle Plains' Olson gold property, consisting of nine (9) mineral dispositions, located approximately 100 km east of La Ronge, Saskatchewan, in the Deschambault Lake area.

Under the agreement, the Company may earn-in up to a 51% interest in the property by making certain staged cash payments, share payments of common shares in the capital of the Company to Eagle Plains and exploration expenditures over a period as follows:

(i) $10,000 in cash upon execution of a letter of intent in respect of the transaction (paid);
(ii) $20,000 in cash and 200,000 common shares upon TSXV approval of the transaction and the agreement (shares issued; cash paid);
(iii) $40,000 in cash, 200,000 common shares and $200,000 in exploration expenditures on or before December 31, 2020;
(iv) $80,000 in cash, 200,000 common shares and $500,000 in exploration expenditures on or before December 31, 2021; and
(v) $100,000 in cash, 200,000 common shares and $800,000 in exploration expenditures on or before December 31, 2022.

The Company may earn-in up to a an additional 24% (75% total) interest in the property by making additional exploration expenditures of $1,500,000 on the property and issuing 200,000 common shares of the Company to Eagle Plains on or before December 31, 2023.

Cathro Gold Property

On January 12, 2020, the Company entered into an option agreement to acquire 100% of the Cathro gold property located 50 kilometres northeast of the La Ronge, Saskatchewan from Eagle Plains.

Under the terms of the agreement, the Company may acquire 100% intertest of the property by making the following payments:

Cash payable
$4,000 upon receipt of TSX Venture Exchange approval (the "Approval Date") (paid).

Common shares
i. 250,000 on the Approval Date (issued);
ii. 250,000 on or before the 1st anniversary of the Approval Date;
iii. 100,000 on or before the 2nd anniversary of the Approval Date;
iv. 100,000 on or before the 3rd anniversary of the Approval Date;
v. 100,000 on or before the 4th anniversary of the Approval Date; and
vi. 100,000 on or before the 5th anniversary of the Approval Date.

Net Smelter Royal ("NSR")
2.0% NSR to Eagle Plains with the Company's option to repurchase 1.0% NSR for $1 million, leaving Eagle Plains with a 1.0% NSR.

Ithingo Lake Property

On March 11, 2020, the Company entered into a non-arm's length option agreement to acquire 100% of the Ithingo Lake property from a private company owned by a director of the Company ("Edge").

Under the terms of the agreement, the Company may acquire 100% intertest of the property by making the following payments:

Cash payable
$50,000 upon receipt of TSX Venture Exchange approval (paid).

Common shares
1,633,977 common shares within 30 days of TSX Venture Exchange approval (issued).

Net Smelter Royal ("NSR")
2.0% NSR to Edge with the Company's option to repurchase 1.0% NSR for $1 million, leaving Edge with a 1.0% NSR.

Work Expenditures
i. $100,000 of expenditures on the property on or before the 1st anniversary of the option agreement;
ii. $300,000 of cumulative expenditures on the property on or before the 2nd anniversary of the option agreement; and
iii. $500,000 of cumulative expenditures on the property on or before the 3rd anniversary of the option agreement.

Irving Lake Property

On April 26, 2020, the Company entered into a non-arm's length option agreement to acquire 100% of the Irving Lake property, comprising ten (10) mineral claims, located in the province of Saskatchewan, approximately 110 km northeast of the town of La Ronge from a private company controlled by a director of the Company. On May 13, 2020, five (5) additional claims were added to the option agreement. To exercise the option, the Company must incur total exploration expenditures of $1,050,000 over a three-year period instead of $600,000 originally agreed upon on April 26, 2020, and $83,000 in cash to the optionor by the first anniversary ($8,000 paid). As at April 30, 2020, the option agreement was subject to approval by the TSX Venture Exchange, and on May 22, 2020, the Company received approval for the option agreement and its amendment.

Leland Gold Property

On May 20, 2020, the Company entered into an option agreement to earn up to a 75% interest in the Leland gold property located 100 km east of La Ronge, northern Saskatchewan.

The Company may exercise an option to acquire 51% interest in the Leland gold property by making certain staged cash payments, share payments of common shares in the capital of the Company to the optionor and exploration expenditures over a period as follows:

(i) $30,000 in cash (paid subsequently) and 250,000 shares (issued subsequently) upon final TSX Venture Exchange approval of the Agreement;
(ii) $100,000 in exploration expenditures, $25,000 in cash, and 250,000 shares on or before December 31, 2020;
(iii) $600,000 in exploration expenditures, $165,000 in cash and 250,000 shares on or before December 31, 2021; and
(iv) $800,000 in exploration expenditures (totalling $1,500,000), $280,000 in cash (totalling $500,000 in cash), and 250,000 shares (totalling 1,000,000 shares) on or before December 31, 2022.

6. CAPITAL STOCK AND RESERVES

a) Authorized

Unlimited number of common shares, without par value.

b) Share issuances

<u>During the year ended April 30, 2020</u>

On January 21, 2020, the Company completed a non-brokered private placement of 5,714,896 Units at a price of $0.17 per Unit comprising one common share and one-half share purchase warrant exercisable at a price of $0.25 per share for a period of two years from the date of issuance. Gross proceeds received totaled $971,532. The Company paid a cash finder's fee of $37,124 and issued 214,872 broker warrants with the same terms as the attached warrants of the same private placement.

On January 21, 2020, the Company completed a debt settlement of $1,095,992 of outstanding debt through the issuance of 2,595,590 common shares at a price of $0.17 per share for a total value of $441,250. The debt comprised $109,705 in interest bearing notes payables (Note 8), $25,000 in non-interest-bearing notes payables (Note 8), and $961,287 in historical vendor payables.

(Expressed in Canadian Dollars)

On February 28, 2020, the Company completed a non-brokered private placement of 3,400,000 Units at a price of $0.25 per Unit comprising one common share and one-half share purchase warrant exercisable at a price of $0.50 per share for a period of 18 months from the date of issuance. Gross proceeds received totaled $850,000. The Company paid a cash finder's fee of $48,650 and issued 194,600 broker warrants with the same terms as the attached warrants of the same private placement.

During the year ended April 30, 2019:

On February 28, 2019, the Company completed a non-brokered private placement of 1,923,077 units at a price of $0.13 per unit for an aggregate of $250,000. Each Unit comprised one common share and one common share purchase warrant. Each whole warrant will entitle the holder to acquire an additional common share at a price of $0.17 for a period of 24 months from the closing date.

c) Stock options

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the then issued and outstanding common stock of the Company. Under the policies, the exercise price of each shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSX-V. The options can be granted for a maximum term of ten years.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
		$
Balance, April 30, 2018	**200,000**	0.40
Granted	-	-
Balance, April 30, 2019	**200,000**	0.40
Granted	1,597,375	0.28
Balance, April 30, 2020	**1,797,375**	0.30

On January 23, 2020, 1,050,000 options were granted to officers, directors and consultants of the Company. The options are exercisable at $0.30 per share for five years from date of grant. The fair value of the options was estimated at $232,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield –Nil%, share price of $0.30, expected volatility – 97.47% (based on historical volatility), risk-free interest rate – 1.43%, exercise price of $0.30 and an expected average life of 5 years.

On April 15, 2020, 547,375 options were granted to consultants of the Company. The options are exercisable at $0.25 per share for three years from date of grant. The fair value of the options was estimated at $64,000, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield –Nil%, share price of $0.23, expected volatility – 83.03% (based on historical volatility), risk-free interest rate – 0.38%, exercise price of $0.25 and an expected average life of 3 years.

(Expressed in Canadian Dollars)

As at April 30, 2020, the Company's stock options are summarized as:

Exercise price		**Expiry date**	**Number of Options**
$	0.40	June 2, 2020	200,000*
$	0.30	January 23, 2025	1,050,000
$	0.25	April 15, 2023	547,375
		TOTAL	1,797,375

*These options expired unexercised subsequently.

As at April 30, 2020, the weighted average remaining life of options is 3.85 years (2019 – 1.09 years).

As at April 30, 2020, the Company has 1,797,375 exercisable options (2019 – 200,000).

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, April 30, 2018	**-**	-
Issued	1,923,077	0.17
Balance, April 30, 2019	**1,923,077**	0.17
Issued	4,966,920	0.35
Exercised	(152,000)	0.17
Balance, April 30, 2020	**6,737,997**	0.30

On January 21, 2020, 214,872 broker warrants were issued to agents of the Company. The warrants are exercisable at $0.25 per share for two years from date of grant. The fair value of the options was estimated at $11,275, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield –Nil%, share price of $0.17, expected volatility – 76.18% (based on historical volatility), risk-free interest rate – 1.651%, exercise price of $0.25 and an expected average life of 2 years.

On February 28, 2020, 194,600 broker warrants were issued to agents of the Company. The warrants are exercisable at $0.50 per share for 18 months from date of grant. The fair value of the options was estimated at $15,500, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield –Nil%, share price of $0.27, expected volatility – 97.47% (based on historical volatility), risk-free interest rate – 1.495%, exercise price of $0.50 and an expected average life of 18 months.

(Expressed in Canadian Dollars)

As at April 30, 2020, the Company's share purchase warrants are summarized as:

Exercise price		**Expiry date**	**Number of Warrants**
$	0.17	February 28, 2021	1,771,077
$	0.25	January 21, 2022	2,857,448
$	0.25	January 21, 2022	214,872
$	0.50	August 28, 2021	1,700,000
$	0.50	August 28, 2021	194,600
		TOTAL	6,737,997

As at April 30, 2020, the weighted average remaining life of share purchase warrants is 1.38 years (2019 – 1.84 years).

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

	For the year ended April 30, 2020	For the year ended April 30, 2019
	$	$
Exploration and evaluation	**445,235**	-
Consulting	**173,750**	348,000
Office and administration	**13,050**	-
Stock-based compensation	**132,571**	-
Debt forgiveness	**(613,878)**	-

As at April 30, 2020, $19,051 (2019 - $760,787) was owing to related parties for expenses incurred on behalf of the Company and unpaid service fees. All amounts payable to related parties are unsecured, non-interest bearing and due on demand.

See Note 8 for additional related party disclosure.

8. NOTES PAYABLE

As at January 21, 2020, the Company settled the following principal amounts of note payable owing through the issuance of 705,883 common shares (Note 6). Accrued interest of totalling $14,705 was forgiven by the lenders.

On August 10, 2017, the Company entered into a $5,000 promissory note with the Chief Executive Officer of the Company. The promissory note was interest free, unsecured, and was due on demand.

On August 16, 2017, the Company entered into a $10,000 promissory note with a current director of the Company. The promissory note was interest free, unsecured, and was due on demand.

On August 17, 2017, the Company entered into a $10,000 promissory note with a former director of the Company. The promissory note was interest free, unsecured, and was due on demand.

(Expressed in Canadian Dollars)

On July 21, 2016, the Company entered into a $10,000 promissory note with a private company controlled by the former Chief Financial Officer of the Company. The promissory note bore an interest rate of 5% per annum calculated monthly, was unsecured, and was due on demand.

On July 26, 2016, the Company entered into a $25,000 promissory note with significant shareholder of the Company. The promissory note bore an interest rate of 5% per annum calculated monthly, was unsecured, and was due on demand.

On July 26, 2016, the Company entered into a $10,000 promissory note with a Chief Executive Officer of the Company. The promissory note bore an interest rate of 5% per annum calculated monthly, was unsecured, and was due on demand.

On July 27, 2016, the Company entered into a $25,000 promissory note with significant shareholder of the Company. The promissory note bore an interest rate of 5% per annum calculated monthly, was unsecured, and was due on demand.

On November 22, 2016, the Company entered into a $25,000 promissory note with private company controlled by a former director of the Company. The promissory note bore an interest rate of 5% per annum calculated monthly, was unsecured, and was due on demand.

9. FINANCIAL INSTRUMENTS AND RISKS

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for assets or liabilities that are not based on observable market data.

The following table sets forth the company's financial assets measured at fair value by levels within the fair value hierarchy:

April 30, 2020	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash	1,522,752	-	-	1,522,752
Short-term investment - shares	67,500	-	-	67,500
Short-term investment - warrants	-	-	24,000	24,000

April 30, 2019	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash	194,091	-	-	194,091

There were no transfers between level 1 and 2 during the year ended April 30, 2020. The methodology and assessment of inputs for determining the fair values of financial assets and liabilities as well as the levels of hierarchy remain unchanged.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2020, the Company had a cash balance of $1,522,752 (April 30, 2019 - $194,091) to settle current liabilities of $73,435 (April 30, 2019- $995,295). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company will need to raise money through debt or equity issuances.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. Such fluctuations may be significant. The Company's notes payable have fixed interest rate.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at April 30, 2020, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's short term investments are subject to price risk.

(Expressed in Canadian Dollars)

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from prior year.

11. DEFERRED INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

For the year ended	**April 30, 2020**	**April 30, 2019**
	$	$
Income (loss) before income taxes	**16,661**	(392,400)
Corporate tax rate	**27%**	27%
Expected income tax expense (recovery) at statutory rates	**4,498**	(105,948)
Permanent differences	**73,643**	-
Change in tax benefits not recognized	**(78,141)**	105,948
	-	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	April 30, 2020	**April 30, 2019**
	$	$
Non-capital loss carry forwards	**681,000**	744,000
Undeducted exploration and development expenses	**819,000**	822,000
Share issuance costs	**23,000**	1,000
	1,523,000	1,567,000
Unrecognized deferred tax assets	**(1,523,000)**	(1,567,000)
Net deferred tax assets	**-**	-

At April 30, 2020, the Company has non-capital losses of approximately $2,522,000 (2019 - $2,754,000) which may be available to offset future income for income tax purposes. These losses expire on various years from 2034 to 2040. In addition, there are resource-related expenditures of approximately $3,654,000 (2019 - $3,046,000) which may be used to offset future taxable resource income indefinitely, subject to annual rates prescribed by the Canadian Income Tax Act.

Deferred tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements.

12. SUBSEQUENT EVENTS

On May 25, 2020, 35,000 broker warrants exercised for gross proceeds of $8,750.

On July 13, 2020, the Company completed a non-brokered private placement of 3,930,000 Units at a price of $0.25 per Unit comprising one common share and one-half share purchase warrant exercisable at a price of $0.50 per share for a period of 18 months from the date of issuance. Gross proceeds received totaled $982,500. The Company paid a cash finder's fee of $18,400 and issued 36,400 broker warrants with the same terms as the attached warrants of the same private placement.

On August 25, 2020, the Company completed a non-brokered private placement of 4,701,000 Units at a price of $0.25 per Unit comprising one common share and one-half share purchase warrant exercisable at a price of $0.50 per share for a period of 18 months from the date of issuance. Gross proceeds received totaled $1,175,250. The Company paid a cash finder's fee of $35,750 and issued 108,500 broker warrants with the same terms as the attached warrants of the same private placement.