MAWSON GOLD LIMITED

(formerly Mawson Resources Limited)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MAY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

D&H Group LLP
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Independent Auditor's Report

To the Shareholders of Mawson Gold Limited (formerly Mawson Resources Limited)

Opinion
We have audited the consolidated financial statements of Mawson Gold Limited (formerly Mawson Resources Limited) (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2020 and May 31, 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020 and May 31, 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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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 in this auditor's report. We have nothing to report in this regard.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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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 Carly Bergman.

"D&H Group LLP"

Vancouver, B.C.
September 22, 2020

Chartered Professional Accountants

MAWSON GOLD LIMITED *(formerly Mawson Resources Limited)*
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	May 31, 2020 $	May 31, 2019 $
ASSETS			
Current assets			
Cash		18,906,515	1,839,544
GST/VAT receivable		143,561	320,940
Prepaid expenses and deposits		141,201	141,361
Total current assets		19,191,277	2,301,845
Non-current assets			
Investments	4	3,015,984	40,345
Property, plant and equipment	5	91,633	63,522
Exploration and evaluation assets	6	34,999,638	30,225,682
Bonds		128,601	97,122
Total non-current assets		38,235,856	30,426,671
TOTAL ASSETS		57,427,133	32,728,516
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,160,239	829,670
TOTAL LIABILITIES		1,160,239	829,670
SHAREHOLDERS' EQUITY			
Share capital	7	88,122,934	62,499,444
Share-based payments reserve		9,115,859	7,969,961
Deficit		(40,971,899)	(38,570,559)
TOTAL SHAREHOLDERS' EQUITY		56,266,894	31,898,846
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		57,427,133	32,728,516

Nature of Operations and Name Change - Note 1

Events after the Reporting Period - Note 14

These consolidated financial statements were approved for issue by the Board of Directors on September 22, 2020 and are signed on its behalf by:

/s/ Michael Hudson	*/s/ Nick DeMare*
Michael Hudson	Nick DeMare
Director	Director

MAWSON GOLD LIMITED *(formerly Mawson Resources Limited)*
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended May 31, 2020 $	Year Ended May 31, 2019 $
Expenses			
Accounting and administration	8(b)	94,309	93,713
Audit		71,472	46,104
Corporate advisory fees	10(a)	135,560	-
Corporate development		289,534	162,348
Depreciation	5	18,809	23,367
Directors and officers compensation	8(a)	443,857	335,978
General exploration		25,958	62,094
Legal		288,401	787,722
Office and sundry		162,259	136,993
Professional fees		214,365	393,765
Regulatory fees		23,556	37,210
Rent		131,720	150,685
Salaries and benefits		-	47,905
Share-based compensation	7(d),(e)	789,750	1,060,600
Shareholder costs		38,054	32,724
Transfer agent		17,671	9,022
Travel		185,687	343,456
		2,930,962	3,723,686
Loss before other items		(2,930,962)	(3,723,686)
Other items			
Interest income		67,566	148,237
Foreign exchange		(55,964)	(9,266)
Impairment of exploration and evaluation assets	6	(885,119)	-
Unrealized gain on investments		1,403,139	10,618
		529,622	149,589
Net loss and comprehensive loss for the year		(2,401,340)	(3,574,097)
Basic and diluted loss per common share		$(0.01)	$(0.03)
Weighted average number of common shares outstanding		207,685,777	141,828,305

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

MAWSON GOLD LIMITED *(formerly Mawson Resources Limited)*
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

Year Ended May 31, 2020

	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at May 31, 2019	142,391,593	62,499,444	7,969,961	(38,570,559)	31,898,846
Common shares issued for:					
- private placements	101,423,749	26,006,030	-	-	26,006,030
- restricted share units	300,000	69,000	-	-	69,000
- investment	8,500,000	1,572,500	-	-	1,572,500
- exploration and evaluation assets	1,000,000	185,000	-	-	185,000
- share options	67,500	15,525	-	-	15,525
- warrants	75,000	18,000	-	-	18,000
Share issue costs	-	(2,249,315)	-	-	(2,249,315)
Transfer on exercise of share options	-	6,750	(6,750)	-	-
Share-based compensation - broker warrants	-	-	431,193	-	431,193
Share-based compensation - finder's warrants	-	-	705	-	705
Share-based compensation - share options	-	-	720,750	-	720,750
Net loss for the year	-	-	-	(2,401,340)	(2,401,340)
Balance at May 31, 2020	253,757,842	88,122,934	9,115,859	(40,971,899)	56,266,894

Year Ended May 31, 2019

	Share Capital					
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Accumulated Other Comprehensive (Loss) Gain $	Total Equity $
Balance at May 31, 2018	141,591,593	62,283,444	7,125,361	(34,964,586)	(31,876)	34,412,343
Impact of adoption of IFRS 9 on June 1, 2018	-	-	-	(31,876)	31,876	-
Common shares issued for:						
- restricted share units	800,000	216,000	-	-	-	216,000
Share-based compensation	-	-	844,600	-	-	844,600
Net loss for the year	-	-	-	(3,574,097)	-	(3,574,097)
Balance at May 31, 2019	142,391,593	62,499,444	7,969,961	(38,570,559)	-	31,898,846

MAWSON GOLD LIMITED *(formerly Mawson Resources Limited)*
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended May 31,	
	2020 $	2019 $
Operating activities		
Net loss for the year	(2,401,340)	(3,574,097)
Adjustments for:		
Depreciation	18,809	23,367
Impairment of exploration and evaluation assets	885,119	-
Share-based compensation	720,750	844,600
Restricted share units conversion	69,000	216,000
Unrealized gain on investments	(1,403,139)	(10,618)
Changes in non-cash working capital items:		
Amounts receivable	-	139
GST/VAT receivables	177,379	64,455
Prepaid expenses and deposits	160	10,561
Accounts payable and accrued liabilities	289,550	(47,686)
Net cash used in operating activities	(1,643,712)	(2,473,279)
Investing activities		
Expenditures on exploration and evaluation assets	(5,433,818)	(7,041,576)
Additions to property, plant and equipment	(46,920)	(43,706)
Addition to bonds	(31,479)	-
Cash acquired on acquisition of Clonbinane	762	-
Net cash used in investing activities	(5,511,455)	(7,085,282)
Financing activities		
Issuance of common shares	26,039,555	-
Share issue costs	(1,817,417)	-
Net cash provided by financing activities	24,222,138	-
Net change in cash	17,066,971	(9,558,561)
Cash at beginning of year	1,839,544	11,398,105
Cash at end of year	18,906,515	1,839,544

Supplemental cash flow information - Note 12

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

1. Nature of Operations and Name Change

Mawson Resources Limited (the "Company") was incorporated on March 10, 2004 under the provisions of the Company Act (British Columbia). On July 31, 2020 the Company changed its name from Mawson Resources Limited to Mawson Gold Limited. The Company is listed and trades on the Toronto Stock Exchange ("TSX") under the symbol "MAW". The Company's head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company is a resource company engaged in the acquisition and exploration of unproven mineral interests. As at May 31, 2020 the Company has not earned any production revenue, nor found proved reserves on any of its unproven mineral interests. On the basis of information to date the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts depreciated and/or written off, and do not necessarily represent present or future values. The Company's ability to continue as a going concern and the recoverability of the amounts capitalized as exploration and evaluation assets are dependent upon the ability of the Company to raise additional financing in order to complete the acquisition, exploration and development of its mineral property interests, the discovery of economically recoverable reserves and obtaining future profitable production or proceeds from disposition of the Company's mineral properties. As a mineral company in the exploration stage the ability of the Company to complete the acquisition, exploration and development of its mineral property interests will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months. Most recently, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020 the World Health Organization ("WHO") declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures as recommended by the Finnish and Australian governments. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned any revenue and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

These consolidated financial statements do not reflect any adjustments, which could be material to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

2. Basis of Preparation

Statement of Compliance

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

2. Basis of Preparation (continued)

Basis of Measurement

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

Details of the Group

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

The subsidiaries of the Company are:

Company	Location of Incorporation	Ownership Interest
Clonbinane Goldfield Pty Ltd. ("Clonbinane")	Australia	100%
Mawson AB	Sweden	100%
Mawson Queensland Pty Ltd. (*formerly Mawson Canada Pty Ltd.*)	Australia	100%
Mawson Oy	Finland	100%
Mawson Resources USA Inc.	United States	100%
M2 Resources Corp. (holding company)	Canada	100%

3. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

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

Critical Judgments

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

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

(ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

3. Summary of Significant Accounting Policies (continued)

(iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods. See Note 6(e).

(iv) Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(v) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 9.

Estimation Uncertainty

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

(i) Depreciation expense is allocated based on assumed useful life of property, plant and equipment. Should the useful life differ from the initial estimate, an adjustment would be made in the statement of operations.

(ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. As at May 31, 2020 and 2019 there were no decommissioning liabilities.

(iii) The assessment of any impairment of exploration and evaluation assets, and property, plant and equipment is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. In fiscal 2020 management made an impairment charge of \$885,119 on certain of its exploration and evaluation assets, as described in Note 6(e). In fiscal 2019 management concluded that there were no impairment indicators and no impairment charge was required.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at May 31, 2020 and 2019 the Company did not have any cash equivalents.

3. Summary of Significant Accounting Policies (continued)

Amounts Receivable

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

Accounts Payable and Accrued Liabilities

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

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

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties, net of government assistance. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Government Assistance

Amounts received or receivable resulting from government assistance programs, including grants, are recognized where there is reasonable assurance that the amount of government assistance will be received and that all attached conditions will be complied with. Government assistance is accounted for using the cost reduction approach whereby the amounts received or receivable each year are applied to reduce the cost of the related assets or related deferred expenditures or expenses.

3. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of 20% - 25% for office furniture and equipment, field equipment and vehicles.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment of Assets

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

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

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

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate and amount or timing of the underlying cash flows needed to settle the obligation. As at May 31, 2020 and 2019 the Company does not have any decommissioning obligations.

3. Summary of Significant Accounting Policies (continued)

Financial Instruments

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

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

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Share Capital

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

Equity Financing

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

Share-Based Payment Transactions

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

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

3. Summary of Significant Accounting Policies (continued)

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

Current and Deferred Income Taxes

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

Current Tax

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

Deferred Tax

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

Deferred income tax relating to items recognized directly in equity or other comprehensive income ("OCI") is recognized in equity or OCI and not in the statement of comprehensive loss.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss Per Share

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

3. Summary of Significant Accounting Policies (continued)

Foreign Currency Translation

Functional and Presentation Currency

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

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

Foreign Currency Transactions

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

Adoption of New Accounting Standards

Effective June 1, 2019 the Company adopted IFRS 16 - *Leases* ("IFRS 16"), which replaces IAS 17 - *Leases* ("IAS 17") and its associated interpretative guidance. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and" disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less ("Short-term Leases") or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

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

Accounting Standards and Interpretations Issued but Not Yet Effective

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

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

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business;
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs;
- narrow the definition of a business and the definition of outputs; and
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

This amendment is effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

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

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

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

This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined. There is currently a proposal outstanding that would defer the effective date until January 1, 2023.

4. Investments

	As at May 31, 2020			
	Number	**Cost $**	**Unrealized Gain (Loss) $**	**Carrying Value $**
Common shares				
Nagambie Resources Limited ("Nagambie")	50,000,000	1,572,500	1,427,702	3,000,202
Kingsmen Resources Limited ("Kingsmen")	37,500	45,000	(39,188)	5,812
Thomson Resources Ltd. ("Thomson")	600,000	16,603	(6,633)	9,970
		1,634,103	1,381,881	3,015,984

	As at May 31, 2019			
	Number	**Cost $**	**Unrealized (Loss) Gain $**	**Carrying Value $**
Common shares				
Kingsmen	37,500	45,000	(24,375)	20,625
Thomson	600,000	16,603	3,117	19,720
		61,603	(21,258)	40,345

(a) Pursuant to a subscription agreement dated March 24, 2020 the Company subscribed for 50,000,000 ordinary shares of Nagambie (the "Nagambie Shares"). As consideration for the acquisition of the Nagambie Shares the Company issued Nagambie 8,500,000 common shares of the Company, at a fair value of $1,572,500, which are subject to voluntary trading restrictions to be released in four equal tranches over a 22 month period. As long as the Company continues to hold the Nagambie Shares it maintains a right of refusal to take up or match proposals being considered over a 3,600 square kilometre tenement package held by Nagambie.

(b) The carrying values of the investments were determined using quoted market values.

(Expressed in Canadian Dollars)

5. Property, Plant and Equipment

	Field Equipment $	Vehicles $	Total $
Cost:			
Balance at May 31, 2018	101,958	193,414	295,372
Additions	4,093	39,613	43,706
Balance at May 31, 2019	106,051	233,027	339,078
Additions	46,920	-	46,920
Balance at May 31, 2020	152,971	233,027	385,998
Accumulated Depreciation:			
Balance at May 31, 2018	(78,913)	(173,276)	(252,189)
Depreciation	(6,564)	(16,803)	(23,367)
Balance at May 31, 2019	(85,477)	(190,079)	(275,556)
Depreciation	(5,777)	(13,032)	(18,809)
Balance at May 31, 2020	(91,254)	(203,111)	(294,365)
Carrying Value:			
Balance at May 31, 2019	20,574	42,948	63,522
Balance at May 31, 2020	61,717	29,916	91,633

6. Exploration and Evaluation Assets

	As at May 31, 2020			As at May 31, 2019		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Finland						
Rompas-Rajapalot	3,069,142	30,681,347	33,750,489	2,743,919	26,214,665	28,904,128
Australia						
Sunday Creek	652,501	19,625	672,126	-	-	-
Redcastle and Doctor's Gully	-	2,317	2,317	-	-	-
Mount Isa SE	238,528	336,178	574,706	207,328	242,254	449,582
USA						
WUSA, Oregon	-	-	-	186,981	727,657	871,972
	3,960,171	31,039,467	34,999,638	3,138,228	27,184,576	30,225,682

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

	Finland	Australia			USA	
	Rompas-Rajapalot $	Sunday Creek $	Redcastle and Doctor's Gully $	Mount Isa SE $	WUSA, Oregon $	Total $
Balance at May 31, 2018	22,823,924			198,130	309,155	23,331,209
Exploration costs						
Assays	751,678	-	-	-	25,945	777,623
Consulting	175,609	-	-	-	-	175,609
Core logging	14,719	-	-	-	-	14,719
Drilling	2,843,747	-	-	-	365,765	3,209,512
Exploration site	8,289	-	-	-	888	9,177
Field equipment	12,405	-	-	-	1,803	14,208
Field workers	74,892	-	-	-	-	74,892
Fuel	20,572	-	-	-	-	20,572
Geochemical	27,110	-	-	-	-	27,110
Geological	429,371	-	-	151,587	121,996	702,954
Geophysics	429,909	-	-	-	-	429,909
Salaries and benefits	1,093,115	-	-	-	-	1,093,115
Travel	8,313	-	-	-	17,327	25,640
Vehicle rental	33,026	-	-	-	9,048	42,074
	5,922,755	-	-	151,587	542,772	6,617,114
Acquisition costs						
Mining rights	157,449	-	-	99,865	20,045	277,359
Balance at May 31, 2019	28,904,128	-	-	449,582	871,972	30,225,682
Exploration costs						
Assays	290,986	-	-	-	-	290,986
Consulting	161,951	-	-	-	-	161,951
Core logging	647	-	-	-	-	647
Drilling	2,819,739	-	-	-	-	2,819,739
Exploration site	979	-	-	-	7,782	8,761
Field equipment	8,964	-	-	-	-	8,964
Field workers	73,647	-	-	-	-	73,647
Fuel	14,798	-	-	-	-	14,798
Geological	196,584	19,625	2,317	30,636	4,031	253,193
Geophysics	322,328	-	-	-	-	322,328
Salaries and benefits	735,098	-	-	-	-	735,098
Surveying	-	-	-	150,188	-	150,188
Travel	-	-	-	-	564	564
Vehicle rental	27,184	-	-	-	770	27,954
Government assistance	(131,767)	-	-	(86,900)	-	(218,667)
	4,521,138	19,625	2,317	93,924	13,147	4,650,151
Acquisition costs						
Mining rights	325,223	2,822	-	31,200	-	359,245
Acquisition agreement	-	649,679	-	-	-	649,679
	325,223	652,501	-	31,200	-	1,008,924
Impairment	-	-	-	-	(885,119)	(885,119)
Balance at May 31, 2020	33,750,489	672,126	2,317	574,706	-	34,999,638

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

(a) ***Rompas -Rajapalot, Finland***

As at May 31, 2020 the Company holds a total of 15 claims and exploration permits (the Rompas-Rajapalot Gold Project") which have been granted or are under application in northern Finland.

(b) ***Sunday Creek Prospect, Australia***

Pursuant to an acquisition agreement, dated March 24, 2020, the Company acquired 100% of the shares in Clonbinane (the "Clonbinane Acquisition"), from Nagambie. As consideration the Company paid Nagambie a total of $454,480 (AUD $528,880) cash, issued 1,000,000 common shares of the Company at a fair value of $185,000 and incurred legal fees of $35,786 (collectively the "Clonbinane Purchase Price").

On closing Clonbinane's sole assets comprised two mineral tenements (the "Sunday Creek Prospect") located in the central Victoria goldfields of Australia, environmental bonds over the tenements and cash. The Company considers that the Clonbinane Acquisition is an acquisition of a group of assets. Accordingly the $675,266 Clonbinane Purchase Price has been allocated based on their fair values, as follows:

	$
Cash	762
Exploration and evaluation assets	649,679
Bonds	24,825
	675,266

(c) ***Redcastle and Doctor's Gully Option Agreements, Australia***

On March 24, 2020, the Company entered into option and joint venture agreements pursuant to which the Company has the right to earn up to 70% joint venture interests in each of Nagambie's Redcastle and Doctor's Gully gold properties located in Victoria, Australia by incurring the following exploration expenditures on the each of the properties:

(i) AUD $100,000 in the first year;
(ii) an additional AUD $150,000 in the second year to earn an initial 25% interest;
(iii) an additional AUD $250,000 in the third year to earn an additional 25% interest; and
(iv) an additional AUD $500,000 by the fifth year to earn the remaining 20% interest.

Once the Company earns the 70% interest a joint venture between the parties will be formed. Nagambie may then contribute its 30% share of further exploration expenditures or, if it chooses to not contribute, dilute its interest. Should Nagambie's interest be reduced to less than a 5% interest, it will be deemed to have forfeited its interest in the joint venture to the Company in exchange for a 1.5% net smelter return royalty ("NSR") on gold revenue. Should Nagambie be granted the NSR the Company will have the right to acquire the NSR for AUD $4,000,000 per property.

(d) ***Mount Isa SE, Australia***

The Company holds five exploration prospecting licenses ("EPMs") (collectively "Mount Isa SE") in the Mount Isa Mineral District, Queensland, Australia. The Mount Isa SE EPMs require annual concession payments totalling approximately AUD $26,500 and work commitments totalling approximately AUD $280,000 between fiscal 2023 and 2024.

6. Exploration and Evaluation Assets (continued)

(e) ***Western USA, Oregon***

Effective December 27, 2017, as amended, the Company entered into an agreement whereby it was granted the option to lease and to conduct exploration on mineral rights ("WUSA") located in Oregon, USA. Pursuant to the agreement the Company had agreed to pay an annual option to lease payments (adjusted for inflation) of:

Option Year 1 - US $5 per acre, which the Company paid $124,270 (US $100,000);
Option Year 2 - to begin January 1, 2021, with payments of US $25,000 on or before August 1, 2020 and US $75,000 on or before February 1, 2021; and
Option Year 3 - US $25 per acre.

The option lease payments will be determined by the acreage retained as determined by the Company. The Company is also required to expend minimum annual exploration expenditures as follows:

Option Year 1 - US $500,000, which has been met as at November 30, 2018;
Option Year 2 - US $750,000 of which a minimum of US $200,000 shall be completed on or before December 31, 2020 and the remaining US $550,000 on or before December 31, 2021;
Option Year 3 - US $1,000,000; and
Option Year 4 - US $1,000,000.

In the past the Company has received extensions to the option agreement and expects to continue to receive cooperation from the optionor while the Company continues its efforts to identify a partner or a farm-out arrangement. During fiscal 2020 the Company has determined to impair all capitalized expenditures on the WUSA property and, accordingly, has recorded an impairment of $885,119 for all acquisition and exploration amounts incurred as at May 31, 2020.

See also Note 14(d).

7. Share Capital

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

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

(b) ***Equity Financings***

Fiscal 2020

(i) On October 30, 2019 the Company completed a private placement financing of 49,376,749 units, at a price of $0.16 per unit for gross proceeds of $7,900,280. Each unit comprised one common share and one-half warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of $0.24 per share until October 30, 2021. Director and officers of the Company and/or private corporations controlled by directors or officers of the Company participated for 825,000 common shares of this private placement.

7. Share Capital (continued)

The Company paid total cash commissions and finders' fees of $364,757 and issued 2,279,730 share purchase warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder to purchase an additional common share at a price of $0.185 per share until October 30, 2021. The value assigned to the Broker Warrants was $91,189. The weighted average fair value of the Broker Warrants issued was $0.04 per warrant. The fair value of the Broker Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 1.57%; expected volatility of 63%; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

The Company incurred a total of $231,008 for legal and other costs associated with this private placement financing.

(ii) An existing shareholder of the Company elected to exercise its participation right to maintain its pro-rata ownership in the Company and, on April 8, 2020 the Company completed a private placement of 615,000 common shares of the Company at $0.17 per common share for proceeds of $104,550.

(iii) On May 20, 2020 the Company completed a public offering totalling 48,572,000 units of the Company at $0.35 per unit for gross proceeds of $17,000,200. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share of the Company at a price of $0.45 on or before May 20, 2022. The Company paid total cash commissions and finders' fees of $850,010 and issued 2,428,600 share purchase warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder to purchase an additional common share at a price of $0.35 per share until May 20, 2022. The value assigned to the Broker Warrants was $340,004. The weighted average fair value of the Broker Warrants issued was $0.14 per warrant. The fair value of the Broker Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.28%; expected volatility of 72%; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%.

The Company incurred a total of $369,744 for legal and other costs associated with this private placement financing.

(iv) On May 27, 2020 the Company completed a non-brokered private placement of 2,860,000 units of the Company at $0.35 per unit for gross proceeds of $1,001,000 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of $0.45 on or before May 27, 2020. The Company paid total finders' fees of $1,898 cash and issued 5,425 finder's warrants (the "Finder's Warrants"). Each Finder's Warrant entitles the holder to purchase an additional common share at a price of $0.45 per share until May 27, 2022. The value assigned to the Finder's Warrants was $705. The fair value of the Finder's Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.27%; expected volatility of 72%; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%

(v) See also Notes 4(a) and 6(b).

Fiscal 2019

During fiscal 2019 the Company did not conduct any equity financings.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at May 31, 2020 and, 2019 and the changes for the years ended on those dates, is as follows:

	2020		2019	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	25,286,635	0.58	25,286,635	0.58
Warrants issued	50,404,374	0.35	-	-
Broker Warrants issued	4,708,330	0.27	-	-
Finder's warrants issued	5,425	0.45	-	-
Warrants exercised	(75,000)	0.24	-	-
Warrants expired	(25,286,635)	0.58	-	-
Balance, end of year	55,043,129	0.34	25,286,635	0.58

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at May 31, 2020:

Number	Exercise Price $	Expiry Date
2,279,730	0.185	October 30, 2021
24,613,374	0.24	October 30, 2021
24,286,000	0.45	May 20, 2022
2,428,600	0.35	May 20, 2022
1,430,000	0.45	May 27, 2022
5,425	0.45	May 27, 2022
55,043,129		

See also Note 14(f).

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan which, when combined with the number of common shares issued under the Restricted Share Unit Plan adopted in Note 7(e), is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During fiscal 2020 the Company granted share options to purchase 7,097,500 (2019 - 5,220,000) common shares and recorded compensation expense of $720,750 (2019 - $844,600).

The fair value of share options granted and vested during fiscal 2020 and 2019 is estimated using the Black-Scholes option pricing model using the following assumptions:

(Expressed in Canadian Dollars)

7. Share Capital (continued)

	2020	2019
Risk-free interest rate	0.33% - 1.59%	1.80% - 2.36%
Estimated volatility	64% - 72%	71% - 79%
Expected life	3 years	3 years - 5 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average grant date fair value of all share options granted during fiscal 2020 was $0.10 (2019 - $0.16) per share option.

A summary of the Company's share options at May 31, 2020 and, 2019 and the changes for the years ended on those dates, is as follows:

	2020		2019	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	10,270,000	0.31	5,070,000	0.35
Issued	7,097,500	0.23	5,220,000	0.28
Exercised	(67,500)	0.23	-	-
Expired / cancelled	(4,875,000)	0.35	(20,000)	0.35
Forfeited	(490,000)	0.275	-	-
Balance, end of year	11,935,000	0.25	10,270,000	0.31

The following table summarizes information about the share options outstanding and exercisable at May 31, 2020:

Number	Exercise Price $	Expiry Date
400,000	0.39	June 15, 2020
170,000	0.30	November 1, 2021
6,730,000	0.23	January 15, 2023
200,000	0.275	April 23, 2023
100,000	0.355	May 21, 2023
4,335,000	0.275	February 12, 2024
11,935,000		

See also Note 14.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(e) *Restricted Share Units ("RSU") Plan*

On November 6, 2018 the Company adopted a restricted share unit plan (the "RSU Plan"). The RSU Plan provides for the issuance of up to 2,000,000 restricted share units (the "RSUs"). Under the RSU Plan, RSUs may be granted to directors, officers, employees and consultants of the Company (excluding investor relations consultants) as partial compensation for the services they provide to the Company. The RSU Plan is a fixed number plan, and the number of common shares issued under the RSU Plan, when combined with the number of stock options available under the Company's share option plan, will not exceed 10% of the Company's outstanding common shares.

On February 12, 2019 the Company granted 800,000 RSUs. The RSUs vested immediately and the Company issued one common share for each RSU granted. During fiscal 2019 the Company recognized $216,000 as share-based compensation expense.

On January 15, 2020 the Company granted 300,000 RSUs. The RSUs vested immediately and the Company issued one common share for each RSU granted. During fiscal 2020 the Company recognized $69,000 as share-based compensation expense.

8. Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and its executive officers.

(a) *Transactions with Key Management Personnel*

During fiscal 2020 and 2019 the following compensation amounts were incurred:

	2020 **$**	**2019** **$**
Professional fees, salaries and fees	742,060	644,438
Share-based compensation - share options	558,500	612,000
Share-based compensation - RSUs	69,000	175,500
	1,369,560	1,431,938

During fiscal 2020 the Company allocated the $742,060 (2019 - $644,438) professional fees, salaries and fees based on the nature of the services provided: expensed $443,857 (2019 - $335,978) to directors and officers compensation, expensed $nil (2019 - $31,817) to salaries and benefits and capitalized $298,203 (2019 - $276,643) to exploration and evaluation assets. As at May 31, 2020, $142,125 (2019 - $24,000) remained unpaid and has been included in accounts payable and accrued liabilities.

The Company has a management agreement with its Chairman and CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment of two years and six months of compensation, at $14,000 per month, is payable. If the termination had occurred on May 31, 2020 the amount payable under the agreement would be $420,000.

The Company has a management agreement with its President which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of twelve months of compensation, at AUD $18,334 per month, is payable. If the termination had occurred on May 31, 2020 the amount payable under the agreement would be AUD $220,008.

(Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

(b) During fiscal 2020 the Company incurred a total of $55,400 (2019 - $51,500) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO, and $4,020 (2019 - $4,020) for rent. As at May 31, 2020, $4,170 (2019 - $335) remained unpaid and has been included in accounts payable and accrued liabilities.

During fiscal 2020 the Company also recorded $12,000 (2019 - $13,500) for share-based compensation for share options granted to Chase.

(c) See also Note 7(b)(ii).

9. Income Taxes

Deferred income tax assets and liabilities of the Company as at May 31, 2020 and 2019 are as follows:

	2020 $	2019 $
Deferred income tax assets (liabilities)		
Losses carried forward	9,638,200	8,085,000
Other	558,500	101,200
	10,196,700	8,186,200
Valuation allowance	(10,196,700)	(8,186,200)
Net deferred income tax asset	-	-

The recovery of income taxes shown in the consolidated statements of comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2020 $	2019 $
Income tax rate reconciliation		
Combined federal and provincial income tax rate	27.0%	27.0%
Expected income tax recovery	648,400	965,000
Foreign income tax rate differences	(40,800)	(107,300)
Non-deductible share-based compensation	(213,300)	(286,200)
Other	150,000	22,300
Unrecognized benefit of income tax losses	(544,300)	(593,800)
Actual income tax recovery	-	-

As at May 31, 2020 the Company has non-capital losses of approximately $14,202,300 (2019 - $12,302,500), allowable capital losses of approximately $275,000 (2019 - $275,000) and tax pools of approximately $2,068,700 (2019 - $375,000) carried forward for Canadian income tax purposes and are available to reduce taxable income in future years. The non-capital losses expire commencing in 2026 through 2040. The allowable capital losses and tax pools can be carried forward indefinitely.

The Company's subsidiaries have incurred losses for tax purposes, as follows:

Country	$	Expiry
Sweden	8,183,000	Indefinite
Finland	18,543,800	2022 - 2030
Australia	204,900	Indefinite
United States	906,900	Indefinite

(Expressed in Canadian Dollars)

10. Commitments

(a) On April 24, 2020 the Company engaged SC Strategy Consult AG ("SC Strategy") to provide strategic consulting, media and business development services for a period of one month under which it paid $122,410 (the "Initial SC Agreement"). On May 22, 2020 the Company agreed to amend and extend the services of SC Strategy for a period of one year, expiring May 21, 2021, for an additional fee of EUR 450,000 (the "Amended SC Agreement"). During fiscal 2020 the Company expensed the $122,410 paid under the Initial SC Agreement and accrued $13,150 for services provided under the Amended SC Agreement. The Company also agreed to grant 800,000 stock options to SC Strategy. See Note 14(a).

(b) See also Notes 8(a) and 14.

11. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

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

Financial Instrument	Category	May 31, 2020 $	May 31, 2019 $
Cash	FVTPL	18,906,515	1,839,544
Investments	FVTPL	3,015,984	40,345
Bonds	Amortized cost	128,601	97,122
Accounts payable and accrued liabilities	Amortized cost	(1,160,239)	(829,670)

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

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

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

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

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

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

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the potential loss related to the credit risk included in cash is remote.

(Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management (continued)

Liquidity Risk

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

	Contractual Maturity Analysis at May 31, 2020				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	18,906,515	-	-	-	18,906,515
Investments	-	-	3,015,984	-	3,015,984
Bonds	-	-	128,601	-	128,601
Accounts payable and accrued liabilities	(1,160,239)	-	-	-	(1,160,239)

Market Risk

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

(a) Interest Rate Risk

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

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company maintains foreign currency bank accounts to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At May 31, 2020, 1 Canadian Dollar was equal to 1.08 AUD Dollar, 0.66 Euro, 6.88 SEK, and 0.73 US Dollar.

Balances are as follows:

	AUD Dollars	Euros	Swedish Kronors	US Dollars	CDN $ Equivalent
Cash	30,564	110,799	54,811	161,243	425,023
GST/VAT receivable	4,598	68,544	358	-	108,164
Bonds	29,825	30,000	64,133	32,077	128,601
Accounts payable and accrued liabilities	(12,465)	(490,289)	(7,480)	(42,770)	(814,080)
	52,522	(280,946)	111,822	150,550	(152,292)

Based on the net exposures as of May 31, 2020 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro, SEK, AUD Dollar and US Dollar would result in the Company's net loss being approximately $29,000 higher (or lower).

(Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management (continued)

Capital Management

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

12. Supplemental Cash Flow Information

During fiscal 2020 and 2019 non-cash activities were conducted by the Company as follows:

	2020 $	2019 $
Operating activity		
Accounts payable and accrued liabilities	41,019	49,981
Investing activity		
Exploration and evaluation assets	(41,019)	(49,981)
Financing activities		
Share-based payments reserve	431,898	-
Share issue costs	(431,898)	-
	-	-

13. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company is in the exploration stage and has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	As at May 31, 2020					
	Canada $	Finland $	Australia $	USA $	Sweden $	Total $
Current assets	18,635,032	340,953	32,518	174,593	8,181	19,191,277
Investments	3,015,984	-	-	-	-	3,015,984
Property, plant and equipment	-	49,288	42,345	-	-	91,633
Exploration and evaluation assets	-	33,750,489	1,249,149	-	-	34,999,638
Bonds	-	45,613	29,440	44,225	9,323	128,601
	21,651,016	34,186,343	1,353,452	218,818	17,504	57,427,133

(Expressed in Canadian Dollars)

13. Segmented Information (continued)

	As at May 31, 2019				
	Canada $	Finland $	USA $	Other $	Total $
Current assets	1,240,746	786,709	249,598	24,792	2,301,845
Investments	40,345	-	-	-	40,345
Property, plant and equipment	-	63,522	-	-	63,522
Exploration and evaluation assets	-	28,913,283	871,972	440,427	30,225,682
Bonds	-	45,301	42,666	9,155	97,122
	1,281,091	29,808,815	1,164,236	474,374	32,728,516

14. Events after the Reporting Period

(a) On June 1, 2020 the Company paid an initial payment of $379,663 (EUR 250,000) on the Amended SC Agreement and granted share options to SC Strategy to purchase up to 800,000 common shares of the Company exercisable at $0.38 per share, expiring June 1, 2022.

(b) On June 5, 2020 share options to purchase a total of 400,000 common shares at an exercise price of $0.39 expired without exercise.

(c) On June 8, 2020 the Company engaged Agentis Capital Mining Partners ("Agentis") to provide strategic and financial services for a period of two years for a fixed fee of $170,000 and the granting of 487,520 stock options. On June 9, 2020 the Company granted stock options to Agentis to purchase up to 487,520 common shares of the Company exercisable at $0.35 per share, expiring June 9, 2022. On June 18, 2020 the Company paid Agentis $170,000.

(d) On July 27, 2020 the Company entered into a mutual understanding and agreement (the "MOU") with Aguila American Gold Ltd. ("Aguila"), a publicly traded company with a director in common, whereby it will grant Aguila the right to earn up to an 80% interest in the WUSA property. Aguila may earn an initial 51% interest by funding a minimum of US $200,000 in exploration expenditures (which included 600 metres of diamond drilling) by December 31, 2020 and payment of US $25,000 (paid) option lease payment to the optionor. Aguila can then earn an additional 29% interest by funding a further US $1,000,000 in exploration expenditures by December 31, 2022 and making all required option lease payments.

Closing of the terms of the MOU are subject to conditions precedent, including regulatory approval, signing of a definitive agreement and a private placement financing to be conducted by Aguila of at least $1,000,000.

(e) On August 5, 2020 the Company granted share options to purchase a total of 100,000 common shares at an exercise price of $0.50 expiring August 5, 2023.

(f) Subsequent to May 31, 2020 warrants to purchase 1,208,320 common shares were exercised for $234,196.