AFRICAN METALS CORPORATION

For the Years Ended May 31, 2020 and 2019

Consolidated Financial Statements

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
African Metals Corporation

Opinion

We have audited the accompanying consolidated financial statements of African Metals Corporation (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2020 and 2019, and the consolidated statements of income and comprehensive income (loss), cash flows and changes in equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company's total accumulated deficit was $34,001,195. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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 Erez Bahar.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

September 28, 2020

AFRICAN METALS CORPORATION

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at May 31, 2020

		May 31, 2020		May 31, 2019
ASSETS				
Current				
Cash and cash equivalents (Note 4)	**$**	**1,842,910**	$	2,774,022
HST receivable		**94,869**		62,093
		1,937,779		2,836,115
Non-Current				
Reclamation bond receivable (Note 5)		**34,416**		- -
Exploration and evaluation assets (Note 7)		**293,566**		-
	$	**2,265,761**	$	2,836,115
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities (Note 8)	**$**	**183,463**	$	509,416
Equity				
Share capital (Note 10)		**31,732,846**		31,732,846
Reserves (Note 10)		**4,350,647**		4,350,647
Accumulated other comprehensive income		**-**		1,198,348
Deficit		**(34,001,195)**		(34,955,142)
		2,082,298		2,326,699
	$	**2,265,761**	$	2,836,115

Nature and Continuance of Operations (Note 1)
Contingencies (Note 16)

These consolidated financial statements are authorized for issue by the Board of Directors on September 28, 2020.

On behalf of the Board:

"Simeon Tshisangama" — *"David Mason"*

Simeon Tshisangama, President, CEO and Director — David Mason, Director

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

AFRICAN METALS CORPORATION

Consolidated Statements of Income and Comprehensive Income (Loss)
Years ended May 31,
(Expressed in Canadian Dollars)

		2020		2019
EXPENSES:				
Accounting and audit	**$**	**111,098**	$	125,909
Bank charges		**1,077**		1,008
Cost of sales and site costs		**-**		131,140
Foreign exchange gain		**(29,034)**		(321,514)
Gain on forgiveness of debt (Note 8)		**-**		(2,633,136)
Interest expense		**-**		223,260
Legal fees		**58,045**		19,667
Listing and filing fees		**20,771**		9,037
Management fees (Note 9)		**84,000**		84,000
Government filing fees		**-**		8,118
Office and miscellaneous		**7,260**		3,696
Promotion, travel, and shareholder relations		**5,208**		5,477
Rent		**13,800**		10,300
Salaries		**896**		88,867
Telephone		**200**		1,597
Transfer agent		**3,419**		4,288
Consulting fees		**2,119**		-
Interest income		**(34,458)**		(35,567)
		(244,401)		2,273,853
Gain on sale of plant, equipment and exploration asset (Note 15)		**-**		8,122,091
Gain on abandonment of subsidiary (Note 15)		**1,198,348**		-
Net Income for the year		**953,947**		10,395,944
Other Comprehensive Income (Loss):				
Items that may be reclassified subsequently to profit and loss				
Cumulative translation adjustment	**$**	**(1,198,348)**	$	(194,872)
Comprehensive Income (Loss) for the Year	**$**	**(244,401)**	$	10,201,072
Basic and diluted income per common share	**$**	**0.07**	$	0.74
Weighted average number of common shares outstanding – basic and diluted		**14,038,682**		14,038,682

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

AFRICAN METALS CORPORATION
Consolidated Statements of Cash Flows
Years ended May 31,
(Expressed in Canadian Dollars)

		2020		2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the year	**$**	**953,947**	$	10,395,944
Items not affecting cash:				
Interest accrued on loan payable		**-**		218,156
Gain on sale of equipment and exploration asset		**-**		(8,122,091)
Gain on forgiveness of debt		**-**		(2,633,136)
Gain on abandonment of subsidiaries		**(1,198,348)**		
Net change in non-working capital items				
Accounts payable and accrued liabilities		**(328,489)**		(1,279,856)
Accounts receivable and Reclamation bond		**(67,192)**		(55,429)
Net cash used in operating activities		**(640,082)**		(1,476,412)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment on loan payable		**-**		(7,028,554)
Net cash used by financing activities		**-**		(7,028,554)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on sale of exploration and evaluation assets, plant and equipment, net of costs		**-**		11,406,399
Exploration and evaluation assets		**(291,030)**		-
Net cash provided (used) in investing activities		**(291,030)**		11,406,399
Change in cash and cash equivalents		**(931,112)**		2,901,433
Cash and cash equivalents, beginning of year		**2,774,022**		6,898
Effect of foreign exchange on cash on cash equivalents		**-**		(134,309)
Cash and cash equivalents, end of year	**$**	**1,842,910**	$	2,774,022

Supplemental disclosure with respect to cash flows (Note 13)

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

AFRICAN METALS CORPORATION

Consolidated Statement of Changes in Equity (Deficiency)
Years Ended May 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance as at May 31, 2018	14,038,681	$ 31,732,846	$ 4,350,647	$1,393,220	$ (45,351,086)	$ (7,874,373)
Cumulative translation adjustment	-	-	-	(194,872)	-	(194,872)
Net Income for the year	-	-	-	-	10,395,944	10,395,944
Balance as at May 31, 2019	14,038,681	$ 31,732,846	$ 4,350,647	$ 1,198,348	$ (34,955,142)	$ 2,326,699
Cumulative translation adjustment	-	-	-	(1,198,348)	-	(1,198,348)
Loss for the year	-	-	-	-	953,947	953,947
Balance as at May 31, 2020	14,038,681	$ 31,732,846	$ 4,350,647	-	$ (34,001,195)	$2,082,298

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

1. NATURE AND CONTINUANCE OF OPERATIONS

African Metals Corporation (the "Company"), an exploration stage company, was continued under the British Columbia Business Corporations Act effective January 4, 2005. Its current principal business activity is the exploration and evaluation of assets. Previously the business activity was the exploration and evaluation of assets located in the Democratic Republic of the Congo (the "DRC").

On December 6, 2018, the Company closed the sale of its DMS plant and its interest in its Luisha project and recorded a gain of $8,122,091 (Note 15). After the sale of these assets, the Company no longer required its DRC subsidiary, Luisha Mining Enterprises, Sprl, ("LME"), and therefore dissolved LME on June 1, 2020.

On April 26, 2019, the Company announced that it had entered into an agreement whereby the Company may acquire a 51% interest in the Silver Bell –St. Lawrence Gold Project, in the Virginia City Mining District of Montana, USA (the "Project") (Note 7).

These consolidated financial statements (the "financial statements") have been prepared on a going concern basis which assumes that the Company will be able to continue in operation for the foreseeable future and meet its obligations in the normal course of business. The Company has an accumulated deficit of $34,001,195 and a positive working capital of $1,754,316. The Company expects to incur further losses in the development of its business. The Company's ability to continue its operations and to realize its assets is dependent upon obtaining additional financing to further its business objective. Although the Company has been successful in raising equity financing in the past, there is no assurance that such financing will continue to be available. While the Company believes that the risk of the contingencies is remote (Note 16), these uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

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

(b) Key sources of estimation uncertainty and critical accounting judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Information about significant areas of estimation uncertainty and judgments made by management in preparing the consolidated financial statements are described below:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Key sources of estimation uncertainty and critical accounting judgments (continued)

Significant estimates and judgement made by management affecting the financial statements include:

Carrying value of non-current assets:

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values.

The Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable mineral resources, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Income taxes:

Tax interpretations, regulations and legislation in Canada and the Democratic Republic of Congo, in which the Company and its subsidiaries operated, are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Upon the sale of LME (Note 15), the Company utilized tax carryforwards to offset any taxable income, and subsequently dissolved LME.

Going concern:

The Company applies judgment in assessing its ability to continue as a going concern. In making this assessment, the Company considers the facts and circumstances disclosed in Note 1. While the Company believes that the risk of the contingencies is remote (Note 16), these uncertainties may cast significant doubt about its ability to continue as a going concern.

Recovery of Accounts Payable:

During the year ended May 31, 2019 the Company wrote off accounts payable resulting in a gain of $2,633,136 as described in Note 8 and made the following judgements:

- Accounts Payable with vendor jurisdiction in Australia, Canada, Germany and South Africa are beyond the statute of limitations and therefore vendors have no legal recourse.
- Kundelungu Mineral Resources Sprl ("KMR") and Luisha Mining Enterprises Sprl ("LME") have been dissolved subsequent to May 31, 2019 and therefore there is no legal recourse of accounts payable to vendors.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company:

Entity	*Country of Incorporation*	*Principal Business*
Chevalier Resources Inc.	Canada	Holding company. Wholly owned subsidiary.
Kundelungu Mineral Resources Sprl ("KMR")	DRC	Exploration. 99% interest owned subsidiary.
Luisha Mining Enterprises Sprl ("LME") (1)	DRC	Exploration. 71.25% interest
African Metals Holdings (BVI) Ltd. (1)	BVI	Holding company. Wholly owned subsidiary
African Metals Resources (BVI) Ltd.	BVI	Holding company. Wholly owned subsidiary

(1) Derecognized on May 31, 2020 and dissolved subsequent to May 31, 2020 (Note 15).

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

(d) Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are 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.

(e) Exploration and evaluation assets

The Company expenses exploration and evaluation costs incurred prior to acquiring rights or title to mineral claims or licenses. Exploration and evaluation assets consist of exploration and mining concessions, options and contracts. Acquisition and exploration costs are capitalized and deferred until such time as the property is put into production, or the property is disposed of either through sale or abandonment. If it is put into production, the costs of acquisition and exploration will be written off over the life of the property based on estimated economic reserves.

Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition and deferred exploration costs will be written off to operations.

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. A property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

At each reporting date the carrying amounts of the Company's exploration and evaluation 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. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset 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 profit or loss for the period.

Recorded costs of exploration and evaluation assets costs are not intended to reflect present or future values of resource properties. The recovery of recorded costs is subject to measurement uncertainty and it is reasonably possible that changes in future conditions in the near term could require a material change in the recorded amount.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. For the years presented, the Company has determined that it has no material provisions to record in the consolidated financial statements.

(g) Share-based payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payment expense with a corresponding increase in equity reserves. 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.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. 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. Otherwise, share-based payments are measured at the fair value of goods or services received.

(h) 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. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income taxes (continued)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Share issue costs

Share issue costs incurred on the issue of the Company's shares are charged directly to share capital.

(j) Income (Loss) per share

Basic income (loss) per share is calculated by dividing the loss for the period by the weighted average number of shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method.

Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share are the same for the years presented.

(k) Translation of foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company, Chevalier Resources Inc., African Metals Holdings (BVI) Ltd., and African Metals Resources (BVI) Ltd. is the Canadian dollar. The functional currency of KMR and LME is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

The Company's subsidiaries with a United States dollar functional currency have been translated into Canadian dollars as follows: assets and liabilities are translated at year end exchange rates, while revenues and expenses are translated using average rates over the year. Translation gains and losses relating to the foreign operations are included in accumulated other comprehensive loss as a separate component of equity (deficiency).

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial instruments are initially recorded at fair value, adjusted for directly attributable transaction costs. The Company determines each financial instrument's classification upon initial recognition. Measurement in subsequent periods depends on the financial instrument's classification.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

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 income (loss) ("FVTOCI"), 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 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 FVTOCI. 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

<u>Financial assets at FVTOCI:</u>

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

<u>Financial assets and liabilities at amortized cost:</u>

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

<u>Financial assets and liabilities at FVTPL</u>

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. 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 the consolidated statements of net (loss) income 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).

<u>Impairment of financial assets at amortized cost</u>

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance 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 loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, 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.

Derecognition

<u>Financial assets</u>

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of operations and comprehensive income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of net (loss) income.

(m) Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date of impairment is reversed and does not exceed what the amortized cost would have been had the impairment not been recognized.

(Expressed in Canadian Dollars)

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 16 'Leases' ("IFRS 16")

The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short -term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has adopted this standard effective June 1, 2019 and has determined it has no impact on its financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' ("IFRIC 23")

IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances. IFRIC 23 became effective for fiscal years beginning on or after January 1, 2019, with earlier application permitted. The Company has adopted this interpretation as of June 1, 2019 has assessed no significant impact as a result of the adoption of this interpretation.

4. CASH AND CASH EQUIVALENTS

	May 31, 2020	May 31, 2019
Cash at bank	**$ 39,537**	$ 379,097
Cash equivalents - GIC	**1,803,373**	2,394,925
Total	**$ 1,842,910**	2,774,022

5. RECLAMATION BOND

In connection with the Company's Silver Bell – St. Lawrence Gold Project (Note 7), the Company posted a reclamation bond during the year ended May 31, 2020 with the State of Montana's Department of Environmental Quality in the amount of $US 25,000.

6. PLANT AND EQUIPMENT

	DMS Plant
Cost	
Balance, May 31, 2018	$ 1,540,073
Disposal of DMS plant (Note 15)	(1,540,073)
Balance, May 31, 2019 and May 31, 2020	$ -

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

A continuity of the exploration and evaluation assets is as follows:

Balance, May 31, 2018:	**$ 1,605,236**
Disposal of Exploration and Evaluation Assets (Note 15)	(1,605,236)
Balance – May 31, 2019	**$ -**
Assay	13,454
Drilling	187,497
Geology and field operations	86,951
Property payments	5,664
Balance – May 31, 2020	**$ 293,566**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to its exploration and evaluation asset and, to the best of its knowledge, title to its property is in good standing. The exploration and evaluation asset is located in the United States.

Luisha project

The Company held a 71.25% interest in the Luisha project which consists of 20 parcels of land located northwest of Lubumbashi, the capital of Haut-Katanga province, Democratic Republic of Congo. The Company originally acquired 57% of the project through a share exchange agreement with Chevalier Resources Inc. ("Chevalier"), the owner of a 57% interest in LME, who holds the entire property interest. The Company later acquired a further 18% in LME during the year ended May 31, 2011. On July 27, 2016, the Company was granted a full 30-yr mining exploitation permit which reduced the Company's ownership from 75% to 71.25%. For the granting of this extended permit the DRC government received a 5% in LME. The Company sold the project on December 6, 2018. (Note 15).

Silver Bell – St. Lawrence Gold Project

On April 26, 2019, the Company announced that it had entered into an agreement with a related party whereby the Company may acquire a 51% interest in the Silver Bell – St. Lawrence Gold Project, in the Virginia City Mining District of Montana, USA (the "Project"). Under the agreement, the Company may earn a 51% interest in the Project by making annual US$10,000 option payments and spending US$1,000,000 in exploration expenditures within four years with a minimum of $200,000 in expenditures during the first two years.

Based on the expenditures during the year ended May 31, 2020, the Company has met the minimum of US$200,000 required. During this time period, the Company has spent US$213,945.

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	May 31, 2020	May 31, 2019
Trade payables	$ 152,340	$ 361,053
Accrued liabilities	15,000	116,115
Due to related parties (Note 10)	16,123	32,248
Total	**$ 183,463**	**$ 509,416**

All accounts payable and accrued liabilities for the Company fall due within the next 12 months.

During the year ended May 31, 2019, the Company wrote off the following accounts payables: (Note 2(b))

Vendors	Judgement	Amount
Vendor jurisdiction - Australia	Beyond statute of limitation	$ 20,170
Vendor jurisdiction - Canada	Beyond statute of limitation	96,067
Vendor jurisdiction - Germany	Beyond statute of limitation	108,000
Vendor jurisdiction – South Africa	Beyond statute of limitation	6,000
Vendors listed in KMR	No legal recourse (1)	743,016
Vendors listed in LME	No legal recourse (1)	1,572,379
Total		**$ 2,545,632**

(1) KMR and LME have been dissolved subsequent to year end and therefore there is no legal recourse of accounts payable to vendors.

During the year ended May 31, 2019, the Company came into agreements with various vendors to settle balance owing resulting in a gain of $87,504.

9. RELATED PARTY TRANSACTIONS

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 executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

a. Management fees totalling $84,000 (May 31, 2019 - $84,000) were incurred with directors of the Company as follows: $24,000 to a company controlled by David Mason (May 31, 2019 $24,000); $60,000 (May 31, 2019 - $60,000) to Simeon Tshisangama.

Additional fees totalling $60,000 were incurred to a company related to Daniel Gregory, Chief Financial Officer (May 31, 2019 $60,000).

b. Legal fees totalling $24,000 (May 31, 2018 - $183,504) were paid to John F. O'Donnell, a Director.

As at May 31, 2020, $16,123 (May 31, 2019 - $32,248) was due to directors of the Company, and to companies owned by directors and former directors of the Company. The balances do not bear interest, are unsecured and have no fixed payment terms.

During the year ended May 31, 2020, the Company acquired the Silver Bell – St. Lawrence Gold Project from Frederick Private Equity Corporation a private company controlled by a director of the Company. (Note 7).

(Expressed in Canadian Dollars)

10. SHARE CAPITAL

The authorized share capital of the Company is unlimited shares without par value.

Transactions for the issue of share capital during the year ended May 31, 2020 and 2019:

During the year ended May 31, 2020 and during 2019 no common shares were issued.

Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's share capital issuable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares.

Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted by TSX Venture Exchange Policy) or such other price as may be agreed to by the Company and accepted by the TSX. All options granted under the Plan will become vested in full upon grant, except options granted to consultants performing investor relations activities, which options are subject to vesting restrictions such that one-quarter of the options shall vest every three months subsequent to the date of the grant of the options.

A summary of the status of the Company's stock options outstanding as of May 31, 20120 and 2019 and changes during the years then ended is as follows:

	May 31, 2020		**May 31, 2019**	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of year	650,000	$ 0.05	650,000	$ 0.05
Outstanding end of year	650,000	$ 0.05	650,000	$ 0.05
Exercisable, end of year	650,000	$ 0.05	650,000	$ 0.05

At May 31, 2020, the Company had stock options outstanding to acquire 650,000 shares as follows:

Options	Exercise Price	Expiry Date	Remaining Life (Years)
500,000	$0.05	December 18, 2020	.55
150,000	$0.05	January 28, 2021	.67
Weighted Average Remaining Life			.61

11. SEGMENTED INFORMATION

The Company's activities are in one industry segment of exploration and evaluation asset acquisition, exploration and development. All of the Company's exploration and evaluation assets are located in the United States.

12. FINANCIAL INSTRUMENTS AND RISK 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, exploration and development of exploration and evaluation assets. 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. In the management of capital, the Company includes components of equity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended May 31, 2020. The Company is not subject to externally imposed capital requirements.

Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's accounts payable and accrued liabilities, approximate their carrying values. The Company's other financial instrument, being cash and cash equivalents, is measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has a low credit risk. At May 31, 2020, the Company did not have any receivables from customers.

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 May 31, 2020, the Company had a cash and cash equivalent balance of $1,842,910 to settle current liabilities of $183,463.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk

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

a) Interest rate risk

The Company has cash balances and no interest bearing debt. The Company is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

b) Foreign currency risk

The Company's expenditures are in Canadian and United States dollars and any future equity raised is expected to be predominantly in Canadian dollars. At May 31, 2020, the Company has net total financial liabilities denominated in United States dollars of $1,308,979. A 10% fluctuation in the value of the United States dollar versus the Canadian dollar would give rise to a $180,215 change in profit or loss.

c) Price risk

The Company is exposed 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 closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. SUPPLEMENTAL CASH FLOW INFORMATION

New change in working capital items:

		May 31, 2020		May 31, 2019
Exploration and evaluation assets included in accounts payable and accrued liabilities	$	**2,536**	$	-
	$	**2,536**	$	-

During the year ended May 31, 2020, the Company paid $nil and $nil in interest and taxes, respectively. During the year ended May 31, 2019 the Company paid USD$2,220,623 in interest and $Nil in taxes.

(Expressed in Canadian Dollars)

14. INCOME TAX

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax recovery presented in the consolidated statements of income (loss) and comprehensive income (loss) is provided below:

		Year Ended May 31, 2020		Year Ended May 31, 2019
Net Income for the year	$	953,947	$	10,395,944
Expected income tax recovery at statutory rates	$	258,000	$	2,755,000
Change in statutory, foreign tax, foreign exchange rates		(75,000)		404,000
Permanent differences		(324,000)		(2,619,000)
Financing costs		-		(304,000)
Adjust prior years provision versus statutory tax returns and expiry of non-capital losses		-		(2,286,000)
Expiry of non-capital losses		-		637,000
Change in unrecognized deductible temporary differences		141,000		1,413,000
Total income tax expense (recovery)	$	-	$	-
Current income tax	$	-	$	-
Deferred tax recovery	$	-	$	-

Tax attributes are subject to review and potential adjustment by tax authorities.

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the consolidated statements of financial position are as follows:

	Year Ended May 31, 2020	**Expiry Date**	Year Ended May 31, 2019	Expiry Dates
Exploration and evaluation assets	$ 3,784,000	No expiry date	$ 4,128,000	No expiry date
Financing costs	689,000	2041 to 2044	919,000	2040 to 2043
Property and equipment	-		-	
Allowable capital losses	1,690,000	No expiry date	1,690,000	No expiry date
Non-capital losses available for future periods	8,988,000	2028 to 2040	8,169,000	2027 to 2039
Canada	8,988,000	2028 to 2040	8,169,000	2027 to 2039

15. SALE OF ASSETS AND ABANDONMENT OF SUBSIDIARY

a) On December 6, 2018, the Company closed the sale of its DMS plant (Note 6) and its interest in its Luisha project (Note 7) (the "Sale") as approved by its shareholders on October 5, 2018 for gross proceeds of USD $10,000,000. Of the gross proceeds of USD $10,000,000, USD $6,000,000, which includes a loan cancellation fee, was required to be paid to Traxys Europe S.A. to be applied against the outstanding loan payable.

Gain on sale of plant, equipment, and exploration asset: (expressed in Canadian dollars)

Sale		$ 13,221,300
Less:	Legal Fees	(213,146)
	Commission	(676,533)
	Loan cancellation fee	(925,224)
	Cost of plant	(1,540,073)
	Cost of mineral property	(1,605,236)
	Currency translation	(138,997)
Net Gain		$ 8,122,091

b) On May 31, 2020, the Company abandoned its inactive subsidiaries KMR and LME. There were no assets or liabilities associated with these companies and as such, the gain on the abandonment of KMR and LME was $1,198,348 which represented the accumulated other comprehensive income reclassified to profit and loss. KMR and LME were legally dissolved on June 1, 2020.

16. CONTINGENCIES

a) As disclosed elsewhere in these consolidated financial statements, the Company sold all of its assets in the DRC, (Note 15), and has dissolved the entities that held ownership of those assets. As a result, the Company recorded gains on payables owing within those entities. Should the DRC government and other vendors attempt to collect past dues, there is a risk the Company would be liable for these funds. The Company believes that the risk is remote.

b) The Company has agreed to pay $50,000 to a director of the Company if and when the Cease Trade Order is lifted.