African Metals Corporation
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended May 31, 2021 and 2020
(Expressed in Canadian Dollars)

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, 2021 and 2020, and the consolidated statements of income (loss) and comprehensive loss, cash flows, and changes in equity 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, 2021 and 2020, 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 $30,550,616. 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, 2021

African Metals Corporation

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	**May 31 2021**	May 31 2020 (Restated note 3)
	$	$
ASSETS		
Current		
Cash and cash equivalents	**1,390,197**	1,842,910
Other receivables	**40,086**	94,869
	1,430,283	1,937,779
Non-current		
Reclamation bond (note 5)	**31,606**	34,416
Total assets	**1,461,889**	1,972,195
LIABILITIES		
Current		
Trade and other payables	**149,159**	183,463
Total current liabilities	**149,159**	183,463
SHAREHOLDERS' EQUITY		
Common shares, proceeds to be received, reserves and other comprehensive income (note 7)	**31,863,346**	36,083,493
Deficit	**(30,550,616)**	(34,294,761)
Total shareholders' equity	**1,312,730**	1,788,732
Total liabilities and shareholders' equity	**1,461,889**	1,972,195

Nature of operations and going concern (note 1)
Subsequent event (note 14)

Approved on behalf of the board:

(signed) "David Mason"
Director

(signed) "John O'Donnell"
Director

The accompanying notes are an integral part of these Consolidated Financial Statements.

African Metals Corporation
Consolidated Statements of Income (Loss) and Comprehensive Loss
(Expressed in Canadian dollars)

For the years ended May 31	**2021**	2020 Restated (note 3)
	$	$
Expenses		
Exploration and project evaluation (note 6)	**36,968**	293,566
General and administrative (note 9)	**455,922**	307,893
Foreign exchange loss (gain)	**113,612**	(29,034)
Interest	**-**	(34,458)
Gain on abandonment of subsidiary (note 13)	**-**	(1,198,348)
Net income (loss) for the year	**(606,502)**	660,381
Other comprehensive loss		
Cumulative translation adjustment (note 13)	**-**	(1,198,348)
Comprehensive loss for the year	**(606,502)**	(537,967)
Loss per share – basic	**(0.04)**	0.05
Loss per share – fully diluted	**-**	0.04
Weighted average shares outstanding - basic	**14,181,147**	14,038,682
Weighted average shares outstanding - fully diluted	**-**	14,688,682

The accompanying notes are an integral part of these Consolidated Financial Statements.

African Metals Corporation

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended May 31	**2021**	2020 (Restated note 3)
	$	$
Operating activities		
Net loss for the year	**(606,502)**	660,381
Items not affecting cash		
Foreign exchange	**2,810**	-
Gain on abandonment of subsidiaries		(1,198,348)
Net change in non-cash working capital balances related to operating activities:		
Other receivables	**54,783**	(67,192)
Trade and other payables	**(34,304)**	(325,953)
Cash used in operating activities	**(583,213)**	(931,112)
Financing activities		
Issuance of common shares for cash, net of issuance expenses	**130,500**	-
Cash provided from financing activities	**130,500**	-
Net increase (decrease) in cash	**(452,713)**	(931,112)
Cash and cash equivalents, beginning of the year	**1,842,910**	2,774,022
Cash and cash equivalents, end of the year	**1,390,197**	1,842,910
Non-cash financing and investing activities:		
Common share proceeds to be received	167,250	-

During the year ended May 31, 2021 and 2020, the Company paid $nil and $nil in interest and taxes, respectively.

The accompanying notes are an integral part of these Consolidated Financial Statements.

African Metals Corporation

Consolidated Statements of Equity

(Expressed in Canadian dollars)

	Share Capital		Proceeds to be received	Reserves	Other Comprehensive Income	Sub-total	Deficit	Total
	#	$	$	$	$	$	$	$
Balance, May 31, 2019	**14,038,681**	**31,732,846**	**-**	**4,350,647**	**1,198,348**	**37,281,841**	**(34,955,142)**	**2,326,699**
Cumulative translation adjustment	-	-	-	-	(1,198,348)	(1,198,348)	-	(1,198,348)
Net income for the year (restated note 3)	-	-	-	-	-	-	660,381	660,381
Balance, May 31, 2020	**14,038,681**	**31,732,846**	**-**	**4,350,647**	**-**	**36,083,493**	**(34,294,761)**	**1,788,732**
Private placement	4,000,000	300,000	-	-	-	300,000	-	300,000
Share issuance costs	-	(2,250)	-	-	-	(2,250)	-	(2,250)
Private placement proceeds to be received	-	-	(167,250)	-	-	(167,250)	-	(167,250)
Reserves transferred to deficit (note 7)	-	-	-	(4,350,647)	-	(4,350,647)	4,350,647	-
Net loss for the year	-	-	-	-	-	-	(606,502)	(606,502)
Balance, May 31, 2021	**18,038,681**	**32,030,596**	**(167,250)**	**-**	**-**	**31,863,346**	**(30,550,616)**	**1,312,730**

The accompanying notes are an integral part of these Consolidated Financial Statements

1. Nature of operations, basis of presentation and going concern uncertainty

African Metals Corporation (the “African Metals” or 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 mineral assets. Previously the business activity was the exploration and evaluation of assets located in the Democratic Republic of the Congo (the “DRC”).

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 6).

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 $30,550,616 and a positive working capital of $1,281,124. 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 13), these uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared by management and approved by the Board of Directors on September 24, 2021.

The Company’s ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Company will be successful in this regard, and therefore, there is substantial doubt regarding the Company’s ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

2. Significant accounting policies

Basis of presentation
These 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.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

(Expressed in Canadian dollars)

Key sources of estimation uncertainty and critical accounting judgments
The preparation of the Company's 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:

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

Income taxes
Tax interpretations, regulations and legislation in Canada, in which the Company and its subsidiaries operate 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.

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 13), these uncertainties may cast significant doubt about its ability to continue as a going concern.

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

Entity	Country of Incorporation	Principal Business	2021 Interest	2020 Interest
Chevalier Resources Inc.	Canada	Holding company.	100%	100%
Kundelungu Mineral Resources Sprl ("KMR")	DRC	Exploration.	-	99%
Luisha Mining Enterprises Sprl ("LME")	DRC	Exploration.	-	71.25%
African Metals Holdings (BVI) Ltd.	BVI	Holding company.	100%	100%
African Metals Resources (BVI) Ltd.	BVI	Holding company.	100%	100%

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.

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.

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.

Exploration and evaluation assets
The Company's exploration and evaluation assets have not reached the development stage and as a result are considered exploration and evaluation assets. The Company capitalizes acquisition costs. Expenditures that result in the acquisition and retention of exploration and evaluation assets or an interest therein are capitalized. Exploration and evaluation expenditures are expensed in the period they are incurred. The amount shown for exploration and evaluation assets represents acquisition costs to date and does not necessarily reflect present or future values. If the properties are sold, allowed to lapse or are no longer of interest, accumulated capitalized costs are written off.

Expenditures on properties in which the Company does not have a registered or contractual interest are expensed as incurred.

Exploration and evaluation assets are reviewed on an annual basis and when changes in circumstances suggest their carrying value may become impaired. Management considers exploration and evaluation assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows from the use of the property and its related assets and their eventual disposition. If impairment is deemed to exist, the property and its related assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis. Management determined that there was no impairment of carrying value on its properties at May 31, 2021.

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

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal

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.

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.

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.

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

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.

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 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.

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.

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

Financial assets at FVTOCI:

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).

Financial assets and liabilities at amortized cost:

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.

Financial assets and liabilities at FVTPL

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).

Impairment of financial assets at amortized cost
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

Financial assets
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).

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.

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.

3. Changes in accounting policy and recent pronouncements

Exploration and Evaluation Expenditures

Effective June 1, 2020 the Company adopted a voluntary change in accounting policy, as permitted and accepted under IFRS 6 - Exploration and Evaluation of Mineral Resources (“IFRS 6”), with respect to exploration and evaluation (“E&E”) expenditures. Previously, as permitted under IFRS 6, the Company capitalized costs relating to both the acquisition and exploration of its E&E assets, net of recoveries received.

The Company’s new policy on accounting for E&E expenditures is to expense these costs until such time as the technical feasibility and commercial viability has been established that supports future development of the mineral property, and such development receives appropriate board approvals.

(Expressed in Canadian dollars)

The Company has determined that the voluntary change in accounting policy results in financial statements providing more reliable and relevant information. The change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets and is an accepted accounting practice in the mining industry. This change in accounting policy has been applied to all of the Company's E&E activities for its property.

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the change in accounting policy has been made retrospectively and comparatives have been restated accordingly to all periods presented, as if the policy had always been applied.

The financial statement impact as at and for the year ended May 31, 2020 is as follows:

	As previously reported $	**Effect of change in accounting policy** $	**As restated** $
Statement of financial position			
Exploration and evaluation assets	293,566	(293,566)	-
Total assets	2,265,761	(293,566)	1,972,195
Deficit	(34,001,195)	(293,566)	(34,294,761)
Total equity	2,082,298	(293,566)	1,788,732
Total liabilities and equity	2,265,761	(293,566)	1,972,195
Statement of loss and comprehensive income			
Exploration and evaluation expenses	-	293,566	293,566
Income for the year	953,947	(293,566)	660,381
Comprehensive loss for the year	(244,401)	(293,566)	(537,967)
Basic and diluted income (loss) per common share	0.07	(0.02)	0.05
Statement of cash flow			
Income for the year	953,947	(293,566)	660,381
Expenditures on exploration and evaluation assets	(291,030)	291,030	-
Trade and other payables	(328,489)	2,536	(325,953)

There are no new and amended standards that are applicable to the Company.

4. Cash and cash equivalents

For the year ended May 31	**2021** **$**	2020 $
Cash	**1,390,197**	39,537
Cash equivalents - GIC	**-**	1,803,373
	1,390,197	1,842,910

5. Reclamation bond

In connection with the Company's Silver Bell – St. Lawrence Gold Project, 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.

(Expressed in Canadian dollars)

6. Exploration and evaluation assets

Silver Bell – St. Lawrence Gold Project
On April 26, 2019, the Company 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 (waived for 2020 and deferred by agreement for 2021) 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.

A summary of exploration and evaluation expenditures is as follows:

	May 31 2021 $	May 31 2020 $
Assays	-	13,454
Drilling	-	187,497
Geology and field operations	-	86,951
Reporting	36,968	-
Other	-	5,664
	36,968	293,566

Based on the expenditures during the year ended May 31, 2021, the Company has met the minimum of US$200,000 required. During this time period, the Company spent US$242,382.

7. Shareholders' equity

The authorized share capital of the Company is unlimited shares without par value.
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Share capital
Share capital comprises the following:

	Number of shares	Amount $
Balance, May 31, 2019 and May 31, 2020	**14,038,681**	**31,732,846**
Private placement	4,000,000	300,000
Share issuance costs	-	(2,250)
Balance, May 31, 2021	**18,038,681**	**32,030,596**

On May 18, 2021, the Company closed a private placement financing for gross proceeds of $300,000. The financing consisted of the issuance of 4,000,000 common shares at $0.075 per share. Of the gross proceeds $167,250 was received on June 2, 2021.

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 Venture

(Expressed in Canadian dollars)

Exchange. 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.

The following summary sets out the activity in the Plan:

	Options \#	Weighted average exercise price $
Outstanding and exercisable, May 31, 2019 and May 31, 2020	**650,000**	**0.05**
Expired	(650,000)	0.05
Outstanding May 31, 2021	**-**	**-**

Reserves for stock options were transferred to deficit upon expiry of the stock options.

8. Related party transactions

Compensation of key management and directors
Key management compensation expense includes the Chief Executive Officer, the Chief Financial Officer and directors. Compensation for the year ended May 31, 2021 was $223,000 (May 31, 2020 - $168,000). Balances owing at May 31, 2021 were $19,000 (May 31, 2020 - $16,123) and are included in accounts payable.

9. General and administrative expenses

For the year ended May 31	**2021** **$**	2020 $
Consulting and management fees	**223,000**	168,000
Professional fees (legal & audit)	**167,101**	85,145
Shareholder communications, advertising and promotion	**30,521**	24,190
Rent	**24,500**	13,800
Insurance	**10,800**	-
Office costs	**-**	16,758
	455,922	307,893

(Expressed in Canadian dollars)

10. Income taxes

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:

	2021 $	2020 $
Loss before income taxes	**(606,502)**	660,381
Expected income tax benefit based on statutory rate	**(164,000)**	178,000
Adjustments to benefit resulting from:		
Change in statutory, foreign tax, foreign exchange rates	**(25,000)**	(75,000)
Permanent differences	**-**	(324,000)
Change in unrecognized deductible temporary differences	**189,000**	221,000
	-	-

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

	2021 $	Expiry Dates	2020 $	Expiry Date
Financing costs	**459,000**	2040 to 2043	689,000	2040 to 2043
Non-capital losses	**9,824,000**	2027 to 2041	9,281,000	2027 to 2040
Capital losses	**1,784,000**	No expiry date	1,690,000	No expiry date
Resource related deductions	**3,784,000**	No expiry date	3,784,000	No expiry date
Canada	**9,824,000**		9,281,000	

11. Capital management

The mineral properties of the Company are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the issuance of share and debt instruments. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed.

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 years. The Company is not subject to any externally imposed capital requirements.

12. Financial instrument risk management

a) Fair value of financial instruments

The carrying value of cash, trade and other payables and due to related party approximates fair value due to the short-term nature of these financial instruments.

As of May 31, 2021, except for cash, none of the Company's financial instruments are recorded at fair value in the statements of financial position. Cash is classified as level 1 fair value.

b) Risk management

Credit risk
Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash has been placed with major Canadian financial institutions.

Liquidity risk
Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash and short-term investments. As at May 31, 2021, the Company has $1,390,197 in cash and current liabilities of $149,159. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing to meet its capital requirements.

Market risk
Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its short-term investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. In addition, most of the Company's investments are in the resource sector.

Foreign currency risk
The Company's functional currency is the Canadian Dollar. There were minimal operational expenses and expenditures incurred by the Company in US Dollars. The assets and liabilities of the Company are recorded in Canadian Dollars.

The following summarizes the Canadian dollar amount of assets and liabilities denominated in other currencies

	US $
Cash	**1,226,328**

Based on the foreign currency exposure noted above, a 10% change in the exchange rate against the Canadian dollar would result in an increase/decrease of $127,000 in net income.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest rate risk
Aside from cash and cash equivalents, the Company has no interest-bearing assets or debts. The Company excess cash balance earns interest in the accounts holding cash. The Company reviews its interest rate exposure periodically, considering potential renewals of existing positions and alternative financial investments. The Company is not exposed to significant interest rate risk.

Price Risk
The Company has no operating revenue, as a result the market price of the commodities it is exploring for does not have a material effect on the financial results of the Company.

Title and rights
The Company has investigated title to all of its exploration properties and, to the best of its knowledge, title to all of its properties, and properties that it has the right to acquire or earn an interest in are in good standing; however, the Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. These defects could adversely affect the Company's title to such properties or delay or increase the cost of the development of such properties.

COVID-19
Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020. The Company continues to operate its business, and in response to Federal and Provincial emergency measures, has requested that its employees and consultants work remotely wherever possible. These government measures, which could include government mandated closures of the Company or its contractors, along with restrictions on access which may be imposed by Aboriginal/First Nations communities associated with the Company's properties in response to COVID-19, could impact, the Company's ability to access its exploration properties and conduct its exploration programs and business in a timely manner. The Company is evaluating the best way to move its exploration and other business activities forward during this pandemic and when the emergency measures are lifted.

13. Contingencies

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. 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.

14. Subsequent event

On September 1, 2021, the Company granted officers and directors a total of 1,800,000 stock options exercisable at $0.09 for a period of 5 years.