Consolidated Financial Statements

ISSUER DETAILS

For the Year Ended:	May 31, 2020
Date of the Report:	September 30, 2020
Name of Issuer:	HAWKEYE GOLD & DIAMOND INC.
Issuers Address:	M 202 – 1985 Alberni Street Vancouver, BC, Canada V6G 0A2
Issuer Phone Number:	(778) 379-5393
Issuer Email Address:	hgo@hawkeyegold.com
Issuer Website Address:	www.hawkeyegold.com
Contact Person:	Greg Neeld
Contact Position:	President & CEO
Contact Phone Number:	(604) 908-8511
Contact Email Address:	greg@hawkeyegold.com

HAWKEYE Gold & Diamond Inc.

Consolidated Financial Statements

May 31, 2020 and 2019

Index

	Page
AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Loss and Comprehensive Loss	4
Consolidated Statements of Changes in Shareholders' Deficiency	5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	7 – 28
Consolidated Schedule of Deferred Resource Property Expenditures, Year Ended May 31, 2020 - Schedule 1	29 - 33
Consolidated Schedule of Deferred Resource Property Expenditures, Year Ended May 31, 2019 - Schedule 2	34 - 37

charlton

p | 604.683.3277
f | 604.684.8464

SUITE 1735, TWO BENTALL CENTRE
555 BURRARD STREET
BOX 243
VANCOUVER, BC V7X 1M9

charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of:
Hawkeye Gold & Diamond Inc.

Opinion

We have audited the consolidated financial statements of Hawkeye Gold & Diamond Inc. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2020 and May 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020 and May 31, 2019, and its financial performance and its cash flows for the year 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred has a working capital deficit of $1,838,399 as of May 31, 2020 and, as of that date, has an accumulated deficit of $17,245,076. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS
1735-555 Burrard Street
Vancouver, BC
V7X 1M9

September 30, 2020

HAWKEYE GOLD & DIAMOND INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		May 31, 2020		May 31, 2019
ASSETS				
Current				
GST receivable	$	**2,209**	$	531
Prepaid expenses and deposits		**1,750**		1,994
		3,959		2,525
Equipment (note 6)		**6,960**		8,843
Exploration and Evaluation Asset (schedules 1 and 2, note 7)		**1,366,627**		435,686
	$	**1,377,546**	$	447,054
LIABILITIES				
Current				
Bank over-draft	**$**	**1,593**	$	103
Accounts payable and accrued liabilities		**746,236**		319,205
Due to related parties (note 16)		**619,799**		640,319
Loans payable (note 8)		**474,730**		624,730
		1,842,358		1,584,357
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital (note 9)		**16,011,419**		15,151,610
Reserves (note 9, note 10)		**768,845**		698,598
Deficit		**(17,245,076)**		(16,987,511)
		(464,812)		(1,137,303)
	$	**1,377,546**	$	447,054

Nature and continuance of operations (Note 1)

Events after the reporting period (Note 17)

Approved on behalf of the Board: **"Greg Neeld"** Greg Neeld **"Maureen Watson"** Maureen Watson

See accompanying notes to the consolidated financial statements

HAWKEYE GOLD & DIAMOND INC.
Consolidated Statements of Loss
And Comprehensive Loss
Years Ended May 31
(Expressed in Canadian dollars)

		2020		2019
Expenses				
Advertising, entertainment and promotion	**$**	**2,697**	$	11,151
Automobile		**688**		1,416
Bank and financing charges and interest		**20,609**		4,868
Consulting		**4,949**		5,869
Depreciation (note 6)		**2,418**		2,097
Filing and regulatory fees		**18,313**		17,067
Management fees (note 16)		**144,000**		144,000
Office and miscellaneous		**18,157**		11,915
Professional fees		**48,394**		22,975
Rent (note 16)		**43,680**		43,680
Telecommunications		**2,212**		1,900
Travel and convention		**438**		-
Transfer agent		**12,354**		6,371
	$	**318,909**	$	273,309
Loss from operations	**$**	**(318,909)**	$	(273,309)
Gain on settlement of debt (note 9)		**52,500**		-
Other income – flow-through (note 9)		**8,844**		-
Write-down of accounts payable		**-**		6,804
Loss and comprehensive loss for the year	**$**	**(257,565)**	$	(266,505)
Loss per common share - basic and diluted	**$**	**(0.01)**	$	(0.01)
Weighted average number of common shares outstanding - basic and diluted		**50,462,935**		31,454,079

See accompanying notes to the consolidated financial statements

HAWKEYE GOLD & DIAMOND INC.
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

	Number Shares	Share Capital	Subscriptions Received	Reserves	Deficit	Total Equity (Deficiency)
Balance, May 31, 2019	37,216,442	$ 15,151,610	$ -	$ 698,598	$ (16,987,511)	$ (1,137,303)
Private placement	14,440,000	656,300	-	56,856	-	713,156
Finders' fee - cash	-	(20,180)	-	-	-	(20,180)
Finders' fee - warrants	-	(13,391)	-	13,391	-	-
Other share issuance costs	-	(6,420)	-	-	-	(6,420)
Issued for debt	3,500,000	122,500	-	-	-	122,500
Issued for resource properties	3,350,000	121,000	-	-	-	121,000
Loss and comprehensive loss for the year	-	-	-	-	(257,565)	(257,565)
Balance, May 31, 2020	**58,506,442**	**$16,011,419**	**$ -**	**$ 768,845**	**$ (17,245,076)**	**$ (464,812)**

	Number Shares	Share Capital	Subscriptions Received	Reserves	Deficit	Total Equity (Deficiency)
Balance, May 31, 2018	18,256,442	$ 14,269,598	$ 24,000	$ 670,726	$ (16,721,006)	$ (1,756,682)
Warrants exercised	160,000	24,000	(24,000)	-	-	-
Private placement	18,300,000	915,000	-	-	-	915,000
Finders' fee - cash	-	(46,000)	-	-	-	(46,000)
Finders' fee - warrants	-	(27,872)	-	27,872	-	-
Other share issuance costs	-	(10,116)	-	-	-	(10,116)
Issued for resource properties	500,000	27,000	-	-	-	27,000
Loss and comprehensive loss for the year	-	-	-	-	(266,505)	(266,505)
Balance, May 31, 2019	**37,216,442**	**$ 15,151,610**	**$ -**	**$ 698,598**	**$ (16,987,511)**	**$ (1,137,303)**

See accompanying notes to the consolidated financial statements

HAWKEYE GOLD & DIAMOND INC.
Consolidated Statements of Cash Flow
(Expressed in Canadian dollars)

	Year ended May 31,			
		2020		2019
Cash flows from (used in) operating activities				
Loss for the year	**$**	**(257,565)**	$	(266,505)
Adjustments for:				
Depreciation of property and equipment		**2,418**		2,097
Gain on settlement of debt		**(52,500)**		-
Other income – flow-through		**(8,844)**		-
	$	**(316,491)**	$	(264,408)
Changes in non-cash working capital				
(Increase) decrease in accounts receivable	**$**	**(1,678)**	$	17
(Increase) decrease in prepaid expenses and deposits		**244**		(244)
Increase (decrease) in accounts payable and accrued liabilities		**452,032**		(60,468)
	$	**134,107**	$	(325,103)
Cash flows (used in) investing activities				
Deferred exploration expenditures incurred (net)	**$**	**(809,941)**	$	(355,004)
Acquisition costs associated with properties		**-**		(29,500)
Purchase of property and equipment		**(535)**		(3,956)
	$	**(810,476)**	$	(388,460)
Cash flows from (used in) financing activities				
Increase (decrease) in loan payable	**$**	**-**	$	(15,865)
Increase (decrease) in due to related parties		**(20,520)**		(129,537)
Proceeds from share issuances		**722,000**		915,000
Payment of finders' fee		**(20,180)**		(46,000)
Payment of share issuance costs		**(6,421)**		(10,116)
Increase (decrease) in bank indebtedness		**1,490**		81
	$	**676,369**	$	713,563
Net increase (decrease) in cash and equivalents	**$**	**-**	$	-
Cash, beginning of year		**-**		-
Cash, end of year	**$**	**-**	**$**	-
Cash paid during the year for interest	**$**	**1,416**	**$**	7,744
Cash paid during the year for income tax	**$**	**-**	**$**	-

Supplemental disclosure with respect to cash flows (Note 11)

See accompanying notes to the consolidated financial statements

1. Nature and Continuance of Operations

Hawkeye Gold & Diamond Inc. (the "Company") is an exploration stage company and the primary function of the business is to be engaged in the exploration for and the development of natural resources in Canada. The Company's registered office is M202 – 1985 Alberni Street, Vancouver BC, V6G 0A2.

The Company's principal business activities include the acquisition and exploration of mineral property assets. At May 31, 2020, the Company had not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for an exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

The Company has an accumulated deficit of $17,245,076 as at May 31, 2020 (2019: $16,987,511). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations. All of which indicate the existence of a material uncertainty that may cast substantial doubt on whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

These consolidated financial statements were approved for issuance by the Board of Directors on September 30, 2020.

2. Statement of Compliance

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

3. Basis of Measurement

The annual consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets. The annual consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The accounting policies set out in Note 4 have been applied consistently by the Company to all periods presented.

4. Significant Accounting Policies

a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary company: Hawkeye Oro de Mexico S.A. de C.V. (a Mexican incorporated company) (currently inactive). All inter-company amounts have been eliminated on consolidation.

b) Cash and cash equivalents

Cash and cash equivalents comprise of highly liquid investments with original maturities of three months or less. As at May 31, 2020 and 2019 the Company had no cash-equivalents.

c) Equipment

Equipment is recorded at cost. Amortization is provided for on a declining balance basis at the following annual rates:

Computer equipment	30%
Computer software	100%
Office equipment	20%

In the year of acquisition, the rate used is one-half of that shown above.

d) Exploration and evaluation assets

(i) Pre-license expenditures

Pre-license expenditures are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

(ii) Exploration and evaluation expenditures

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and or probable mineral reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to exploration and evaluation expense. Upon determination of mineral reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

4. Significant Accounting Policies (continued)

d) Exploration and evaluation assets (continued)

The Company has not established any NI 43-101 compliant proven or probable reserves on any of its mineral properties which have been determined to be economically viable.

(iii) Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure for further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

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

e) Share Capital

Common shares are classified as equity. Transactions costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

f) Loss per share

Earnings per share are calculated based on the weighted average number of shares outstanding during the period. The Company follows the treasury stock method for the calculation of diluted earnings per share. Under this method, dilution is calculated based upon the net number of common shares issued should "in-the-money" options and warrants be exercised and the proceeds be used to repurchase common shares at the average market price in the year.

4. Significant Accounting Policies (continued)

g) Share-based payments

Options and warrants granted are accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

The Corporation uses the Black-Scholes option pricing model to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

h) Warrants

Warrants issued to agents or brokers in connection with a financing are recorded at fair value and charged to issue costs associated with the offering with an offsetting credit to warrants in shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the placements are determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Proceeds of the exercise of these warrants are credited to share capital together with the corresponding amount, if any, of the original warrant charge included in warrants.

i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 enactive or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

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.

4. Significant Accounting Policies (continued)

i) 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 tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

j) Provision for Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided 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 the unit-of-production or straight line method. 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 restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

k) Provisions

Provisions are recognized when present legal or constructive obligations exist as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

l) Flow-through shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from qualifying expenditures that the company made with the proceeds. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or “premium” are recorded as a deferred credit. When expenditures are renounced, a deferred tax liability is recognized and the deferred credit is reversed. The net amount is recognized as a deferred income tax recovery.

4. Significant Accounting Policies (continued)

m) Financial instruments

(i) 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 if the Company has opted to measure them at FVTPL.

The Company's financial assets and liabilities are classified as follows:

Financial assets/liabilities	Classification
GST receivable	Amortized cost
Bank over-draft	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Loans payable	Amortized cost

(ii) Measurement

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 statements of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of income (loss) in the period in which they arise.

4. Significant Accounting Policies (continued)

m) Financial instruments (continued)

(iii) 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 statements of income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) 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 statements of income (loss).

n) Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

Judgements

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

4. Significant Accounting Policies (continued)

n) Critical Accounting Estimates and Judgements (continued)

Title to mineral property interests

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

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future requires judgement. The factors considered by management are disclosed in Note 1.

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

5. Application of New and Revised International Financial Reporting Standards

Adoption of new accounting standards

The following standard became effective for the year ended May 31, 2020:

a) IFRS 16 - Leases

IFRS 16 Leases specifies how a reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to annual reporting periods on or after January 1, 2019. Implementation of IFRS 9 did not have a material impact on the Company's consolidated financial statements.

Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for current or future account periods. None of these are expected to have a significant effect on the consolidated financial statements.

6. Equipment

	COSTS			
	Computer Equipment	Computer Software	Office Equipment	Total
Balance May 31, 2018	$ 57,062	$ -	$ 32,661	$ 89,723
Additions	3,377	-	579	3,956
Balance May 31, 2019	$ 60,439	$ -	$ 33,240	$ 93,679
Additions	-	535	-	535
Balance May 31, 2020	$ 60,439	$ 535	$ 33,240	$ 94,214

	Accumulated Depreciation			
	Computer Equipment	Computer Software	Office Equipment	Total
Balance May 31, 2018	$ 55,703	$ -	$ 27,036	$ 82,739
Depreciation	914	-	1,183	2,097
Balance May 31, 2019	$ 56,617	$ -	$ 28,219	$ 84,836
Depreciation	1,146	268	1,004	2,418
Balance May 31, 2020	$ 57,763	$ 268	$ 29,223	$ 87,254

	Net Carrying Amount			
	Computer Equipment	Computer Software	Office Equipment	Total
Balance May 31, 2019	$ 3,822	$ -	$ 5,021	$ 8,843
Balance May 31, 2020	$ 2,676	$ 267	$ 4,017	$ 6,960

7. Exploration and Evaluation Asset (see Schedules 1 and 2)

a) Bonanza Project

On January 16, 2017, the Company entered into a purchase and sale agreement to acquire a 100% interest in the Bonanza Property located on the northern end of Vancouver Island. The Company has acquired a 100% interest in the property by paying $5,000 and issuing 250,000 shares with a value of $0.06 per share. The Property is subject to a two percent (2%) net smelter return (NSR) in favour of the Vendor for all minerals other than magnetite. The Company will pay the Vendor $2.00 per tonne from the production of magnetite from the property. The Company may repurchase 1.5 percent (1.5%) of the NSR for $1.5 million. The remaining 0.5 percent (0.5%) held by the Vendor will be subject to a right of first refusal by the Company for a period of five years ending on May 9, 2022.

The Company announced TSX Venture Exchange acceptance of the agreement on May 9, 2017.

7. Exploration and Evaluation Asset (see Schedules 1 and 2) (cont'd)

a) Bonanza Project (cont'd)

During the year ended May 31, 2020, the Company incurred $nil (2019: $nil) in acquisition costs and incurred $nil (2019: $13,030) in exploration expenditures.

b) 2-Aces Project

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the 2-Aces Project on June 8, 2017 to acquire a 100% interest in the property. The terms call for payment of $12,000 cash and issuance of 50,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX acceptance of the agreement on October 4, 2017.

On November 20, 2019, the Company acquired a 100% interest in the property by issuing 550,000 shares with a value of $0.035 per share, under a revised SAPA accepted by the TSX.

During the year ended May 31, 2020, the Company incurred $19,250 (2019: $nil) in acquisition costs and incurred $612 (2019: $52,269) in exploration expenditures.

c) Keithley Creek Project

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the Keithley Creek Project on June 26, 2017 to acquire a 100% interest in the property. The terms call for payment of $7,000 cash and issuance of 50,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX acceptance of the agreement on October 5, 2017.

On November 20, 2019, the Company acquired a 100% interest in the property by issuing 350,000 shares with a value of $0.035 per share, under a revised SAPA accepted by the TSX.

During the year ended May 31, 2020, the Company incurred $12,250 (2019: $nil) in acquisition costs and incurred $2,563 (2019: $34,549) in exploration expenditures.

d) Cariboo Valley Project

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the Cariboo Valley Project on July 4, 2017 to acquire a 100% interest in the property. The terms call for payment of $5,000 cash and issuance of 50,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX acceptance of the agreement on October 6, 2017.

On November 20, 2019, the Company acquired a 100% interest in the property by issuing 250,000 shares with a value of $0.035 per share, under a revised SAPA accepted by the TSX.

During the year ended May 31, 2020, the Company incurred $8,750 (2019: $nil) in acquisition costs and incurred $762 (2019: $25,439) in exploration expenditures.

7. Exploration and Evaluation Asset (see Schedules 1 and 2) (cont'd)

e) Seller Creek Project

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the Seller Creek Project on August 23, 2017 to acquire a 100% interest in the property. The terms call for payment of $15,000 cash and issuance of 50,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX approval on October 17, 2017

On November 20, 2019, the Company acquired a 100% interest in the property by issuing 650,000 shares with a deemed value of $0.035 per share, under a revised SAPA accepted by the TSX.

During the year ended May 31, 2020, the Company incurred $22,750 (2019: $nil) in acquisition costs and incurred $1,131 (2019: $47,109) in exploration expenditures.

f) McBride Project

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the McBride Project on September 13, 2017 to acquire a 100% interest in the property. The Company has acquired a 100% interest in the property by paying $8,000 and issuing 100,000 shares with a value of $0.06 per share. If the project proceeds to a pre-feasibility study, the Company will be required to issue an additional 250,000 shares. The acquisition is not subjected to a NSR. The Company received TSX acceptance of the agreement on October 25, 2017.

On October 11, 2018, the Company announced that it had entered into a Sale and Purchase Agreement (SAPA) with the vendor of the Klappan Project (these claims are contiguous to the eastern border and form part of the McBride Property) to acquire a 100% interest in the property. The Company has acquired a 100% interest in the property by paying $3,000 and issuing 100,000 shares with a value of $0.055 per share. If the project proceeds to a Preliminary Economic Assessment (PEA), the Company will be required to issue an additional 250,000 shares. The acquisition is not subject to any Net Smelter Royalty (NSR). The Company received TSX acceptance of the agreement on November 15, 2018.

During the year ended May 31, 2020, the Company incurred $nil (2019: $22,500) in acquisition costs and incurred $801,912 (2019: $64,672) in exploration expenditures.

g) Todagin Project

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the Todagin Project on September 19, 2017 to acquire a 100% interest in the property. The Company has acquired a 100% interest in the property by paying $7,000 and issuing 100,000 shares with a value of $0.06 per share. If the project proceeds to a Preliminary Economic Assessment (PEA), the Company will be required to issue an additional 250,000 shares. The acquisition is not subjected to a NSR. The Company received TSX acceptance of the agreement on October 27, 2017.

During the year ended May 31, 2020, the Company incurred $nil (2019: $13,000) in acquisition costs and incurred $179 (2019: $32,055) in exploration expenditures.

7. Exploration and Evaluation Asset (see Schedules 1 and 2) (cont'd)

h) Boomerang Project

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the Boomerang Project on December 4, 2017 to acquire a 100% interest in the property. The Company has acquired a 100% interest in the property by paying $10,000 and issuing 100,000 shares with a value of $0.06 per share. If the project proceeds to a Preliminary Economic Assessment (PEA), the Company will be required to issue an additional 250,000 shares. The acquisition is not subjected to a NSR. The Company received TSX acceptance of the agreement on December 13, 2017.

During the year ended May 31, 2020, the Company incurred $nil (2019: $16,000) in acquisition costs and incurred $168 (2019: $66,407) in exploration expenditures.

i) Swift River Project

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the Swift River Project on November 30, 2018 to acquire a 100% interest in the property. The terms call for payment of $4,000 cash and issuance of 200,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX acceptance of the agreement on January 10, 2019.

On November 20, 2019, the Company acquired a 100% interest in the property by issuing 360,000 shares with a value of $0.035 per share, under a revised SAPA accepted by the TSX.

During the year ended May 31, 2020, the Company incurred $12,600 (2019: $nil) in acquisition costs and incurred $813 (2019: $19,474) in exploration expenditures.

j) Bonanza Lake Project

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the Bonanza Lake Project on February 7, 2019 to acquire a 100% interest in the property. The terms call for payment of $1,500 cash and issuance of 100,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX acceptance of the agreement on March 6, 2019. The Company completed the transaction on March 6, 2019 by issuing 100,000 shares valued at $0.035 per share.

During the year ended May 31, 2020, the Company incurred $1,800 (2019: $5,000) in acquisition costs and incurred $nil (2019: $nil) in exploration expenditures.

7. Exploration and Evaluation Asset (see Schedules 1 and 2) (cont'd)

k) Cariboo Lake

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the Cariboo Lake Project on November 30, 2018 to acquire a 100% interest in the property. The terms call for payment of $1,000 cash and issuance of 100,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX acceptance of the agreement on January 10, 2019

On November 20, 2019, the Company acquired a 100% interest in the property by issuing 140,000 shares with a value of $0.035 per share, under a revised SAPA accepted by the TSX.

During the year ended May 31, 2020, the Company incurred $4,900 (2019: $nil) in acquisition costs and incurred $nil (2019: $nil) in exploration expenditures.

l) Klastline Project

The Company entered into a Sale and Purchase Agreement (SAPA) with the Vendor of the Klastline Project to acquire a 100% interest in the property. The terms call for the issuance of 600,000 shares of the Company, plus an additional 250,000 shares of the Company within 90 days of the completion of a Preliminary Economic Assessment report. The acquisition is not subjected to a NSR.

On November 4, 2019, the Company acquired a 100% interest in the property by issuing 600,000 shares at $0.03 per share.

During the period ended May 31, 2020, the Company incurred $18,000 (2019: $nil) in acquisition costs and incurred $nil (2019: $nil) in exploration expenditures.

m) Railway Project

The Company entered into a Sale and Purchase Agreement (SAPA) with three separate Vendors of properties that forms the Railway project.

SAPA #1 calls for the payment of $1,000 and the issuance of 200,000 shares. On September 24, 2019, the Company issued 200,000 shares at $0.05 per share and acquired a 100% interest in 14 mineral property claims.

SAPA #2 calls for the issuance of 100,000 shares. On September 24, 2019 the Company issued 100,000 shares at $0.05 per share and acquired a 100% interest in one mineral property claim.

SAPA #3 calls for the issuance of 150,000 shares and an additional 150,000 shares within 90 days of the completion of a Preliminary Economic Assessment report. On October 11, 2019, the Company issued 150,000 shares at $0.05 share and acquired a 100% interest in one mineral property claim.

During the period ended May 31, 2020, the Company incurred $22,500 (2019: $nil) in acquisition costs and incurred $nil (2019: $nil) in exploration expenditures

8. Loans Payable

The loans are unsecured and non-interest bearing, but can be subject to a finance fee which increases if the principal is not paid in full within 30 days of the funds being advanced.

	Principal Amount	Finance Fee	Total Amount Outstanding
Balance – May 31, 2018	$ 359,925	$ 280,670	$ 640,595
Fiscal 2019 transactions Loan repayment	(15,865)	-	(15,865)
Balance – May 31, 2019	$ 344,060	$ 280,670	$ 624,730
Fiscal 2020 transactions Loan repayment by issuing shares (note 9b)	(150,000)	-	(150,000)
Balance – May 31, 2020	$ 194,060	$ 280,670	$ 474,730

As of May 31, 2020, all finance fees on the outstanding loans had been accrued.

9. Share Capital and Contributed Surplus

b) Authorized:

Unlimited common shares without par value.

c) Issued and outstanding:

As at May 31, 2020, there are 58,506,442 (2019: 37,216,442) common shares issued and outstanding.

During the period ended February 29, 2020, the Company issued 21,290,000 shares as follows:

1. On September 16, 2019 the Company closed the private placement announced on August 6, 2019. The private placement consisted of flow-through and non-flow-through or common units, both priced at $0.05 per unit. A total of 4,220,000 flow-through and 5,840,000 common units were subscribed for gross proceeds of $503,000. The entire proceeds were allocated to the shares based on the residual value method. The Company recognized a flow-through premium liability of $nil in connection with the offering.

   The Company paid cash finders' fees of $20,080 and issued 241,600 flow-through finders' warrants and 160,000 common unit finders' warrants. The finders' warrants have the same terms and conditions as their underlying units. The flow-through warrants were assigned a fair value of $6,784 and the non-flow-through warrants were assigned a fair value of $6,607 using the Black-Scholes valuation method.

   The flow-through units consist of one (1) flow-through common share of the Company and one (1) half flow-through warrant. Each full flow-through warrant will entitle the holder to purchase one (1) non-flow-through common share at $0.10 per share for a period of twelve (12) months expiring September 16, 2020.

   The non-flow through or common units consists of one (1) common share of the Company and one (1) full common warrant. Each full common warrant will entitle the holder to purchase one (1) common share at $0.10 per share for a period of twenty-four (24) months expiring September 16, 2021.

9. Share Capital and Contributed Surplus (continued)

b) Issued and outstanding (continued)

If at any time after the closing date, the Company's shares have a closing price of $0.20 or more for ten (10) consecutive trading days, the Company shall be entitled to give notice to the holders of the warrants that the warrants will expire thirty (30) days from the date of mailing such notice or news release of such notice.

All the shares issued pursuant to the private placement will be subject to a four-month plus one-day hold period from the closing date.

2. The Company issued 300,000 shares on September 24, 2019 for the acquisition of 2 properties in the Railway project. The shares had a value of $0.05 per share.

3. The Company issued 150,000 shares on October 11, 2019 for the acquisition of the third property in the Railway project. The shares had a value of $0.05 per share.

4. The Company issued 600,000 shares on November 4, 2019 for the acquisition of the Klastline property. The shares had a value of $0.03 per share.

5. On November 15, 2019 the Company closed a private placement announced on September 23, 2019. The private placement consisted of flow-through and non-flow-through or common units, both priced at $0.05 per unit. A total of 1,000,000 flow-through and 3,380,000 common units subscribed for gross proceeds of $219,000. Of the proceeds, $153,300 was allocated to the shares and $56,856 was allocated to the warrants, and $8,844 was allocated to the flow-through premium liability under the residual value method. The Company did not pay any finders' fees.

   The flow-through premium liability of $8,844 was reversed and recognized as other income as at May 31, 2020 based on the Company expending all of the mounts raised under the flow-through offering on qualified exploration expenditures.

   The flow-through units consist of one (1) flow-through common share of the Company and one (1) half flow-through warrant. Each full flow-through warrant will entitle the holder to purchase one (1) non-flow-through common share at $0.10 per share for a period of twelve (12) months expiring November 15, 2020.

   The non-flow through or common units consists of one (1) common share of the Company and one (1) full common warrant. Each full common warrant will entitle the holder to purchase one (1) common share at $0.10 per share for a period of twenty-four (24) months expiring November 15, 2021.

   If at any time after the closing date, the Company's shares have a closing price of $0.20 or more for ten (10) consecutive trading days, the Company shall be entitled to give notice to the holders of the warrants that the warrants will expire thirty (30) days from the date of mailing such notice or news release of such notice.

   All the shares issued pursuant to the private placement will be subject to a four-month hold period expiring March 15, 2020.

6. The Company issued 3,500,000 shares with a value of of $0.035 per share on November 15, 2019 to settle $175,000 of outstanding debt. Of that amount, $150,000 was loans payable and $25,000 was accounts payable and accrued liabilities. The Company recognized a gain of $52,500 on the debt settlement.

7. On November 20, 2019, the Company issued 2,300,000 shares with a value of $0.035 per share to obtain a 100% interest in six properties located in the Barkerville area. The six properties are 2-Aces, Keithley Creek, Cariboo Valley, Seller Creek, Cariboo Lake and Swift River (See note 7 – Exploration and Evaluation Assets).

9. Share Capital and Contributed Surplus (continued)

b) Issued and outstanding (continued)

During the year ended May 31, 2019, the Company issued 18,960,000 shares as follows:

1. The Company issued 160,000 shares on June 21, 2018 when 160,000 warrants were exercised at $0.15 per share for total proceeds of $24,000. The proceeds were included in subscriptions received as at May 31, 2018.

2. The Company issued 300,000 shares on September 14, 2018 for the acquisition of the McBride, Todagin and Boomerang properties. The shares have a deemed price of $0.06 per share.

3. The Company, on September 17, 2018 closed the first tranche of a non-brokered private placement by issuing 17,000,000 units in the capital of the Company at a price of $0.05 per unit for total proceeds of $850,000. The closing consists of 12,000,000 flow-through and 5,000,000 common units.

   The flow-through units consist of one (1) flow through common shares of the Company and one (1) half flow-through warrant. Each full flow-through warrant will entitle the holder to purchase one (1) non-flow-through common share at $0.10 per share for a period of twelve (12) months from the closing date.

   The non-flow-through or common units consists of one (1) common share of the Company and one (1) full common warrant. Each full common warrant will entitle the holder to purchase one (1) common share at $0.10 per share for a period of twenty-four (24) months from the closing date.

   If at any time after the closing date, the Company's shares have a closing price of $0.20 or more for ten (10) consecutive trading days, the Company shall be entitled to give notice to the holders of the warrants that the warrants will expire thirty (30) days from the date of mailing such notice or news release of such notice.

   All the shares issued pursuant to the private placement will be subject to a four-month plus one-day hold period from the closing date.

   The Company paid cash finders' fees of $46,000, paid other cash share issuance costs of $10,116, and issued 920,000 finders' warrants. Of the finders' warrants 824,000 relate to the flow-through units and 96,000 relate to the non-flow-through or common units. The finders' warrants have the same terms as their underlying units. The 824,000 flow-through warrants were assigned a fair value of $23,826 and the non-flow-through warrants were assigned a fair value of $4,046 using the Black-Scholes valuation method.

4. The company issued 100,000 shares on October 10, 2018 for the acquisition of additional claims (Klappan Project) in the McBride property. The shares have a deemed price of $0.055 per share.

5. The Company, on October 22, 2018 closed the second tranche of a non-brokered private placement by issuing 1,300,000 units in the capital of the Company at a price of $0.05 per unit for total proceeds of $65,000. All units subscribed were common units and no finders' fee were paid in connection with the closing of the second tranche.

6. The Company issued 100,000 shares on March 6, 2019 for the acquisition of the Bonanza Lake property. The shares have a deemed price of $0.035 per share.

9. Share Capital and Contributed Surplus (continued)

c) Share Purchase Warrants

There are 18,627,600 share purchase warrants outstanding as at May 31, 2020 as follows:

Number of Warrants	Exercise Price	Expiry Date
2,351,600	$0.10	September 16, 2020
5,096,000	$0.10	September 18, 2020
1,300,000	$0.10	October 22, 2020
500,000	$0.10	November 15, 2020
6,000,000	$0.10	September 16, 2021
3,380,000	$0.10	November 15, 2021

Summary of the warrants outstanding at May 31, 2020:

	Number of Warrants
Balance at May 31, 2018	3,460,667
Issued	13,220,000
Exercised	(160,000)
Cancelled/expired	(3,300,667)
Balance at May 31, 2019	13,220,000
Issued	12,231,600
Exercised	-
Cancelled/expired	(6,824,000)
Balance at May 31, 2020	**18,627,600**

The weighted average remaining contractual life of granted and outstanding warrants at May 31, 2020 is .84 years (2019: 0.80 years). The warrants have a weighted average exercise price of $0.10 (2019: $0.10).

On September 23, 2020, the Company received TSX acceptance to extend the 2020 expiry dates for a further three (3) years. See Note 17 (b) Subsequent Events.

The fair value of the finders' warrants was determined using the Black-Scholes Option Pricing Model. The model utilizes certain subjective assumptions including the expected life of the option and expected future stock price volatility. Changes in these assumptions can materially affect the estimated fair value of the Company's finders' warrants. The Company used the Black-Scholes Option Pricing Model for valuation of warrants in 2020 and 2019.

9. Share Capital and Contributed Surplus (continued)

c) Share Purchase Warrants (continued)

The assumptions used in the Black-Scholes Option Pricing Model were:

	May 31, 2020	**May 31, 2019**
Expected volatility	163% - 165%	163% - 167%
Risk free interest rate	1.62%	2.13%
Expected life in years	0.96 – 1.96	1 - 2
Grant date fair value per share	$0.035 - $0.06	$0.06
Forfeiture rate	0.00%	0.00%

10. Stock Options

On March 18, 2019, the Company received TSX Venture Exchange approval for its current stock option plan, reserving a maximum of 10% of the issued shares of the Company for issuance under its Rolling Stock Option Plan. Shareholders of the Company approved this plan at the Issuer's Annual General Meeting held on January 19, 2018.

Stock options issued and outstanding are as follows:

	May 31, 2020		May 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of year	1,601,165	$ 0.11	1,601,165	$ 0.11
Expired or cancelled	-	-	-	-
Granted	-	-	-	-
Options outstanding and exercisable, end of year	1,601,165	$ 0.11	1,601,165	$ 0.11

The 1,601,165 stock options outstanding as at May 31, 2020 are as follows:

Number of Shares	Exercise Price	Expiry Date
145,000	$ 0.10	July 9, 2022
861,165	0.10	April 25, 2026
170,000	0.12	September 9, 2026
425,000	0.12	January 25, 2027

a. For the year ended May 31, 2020, no options were granted, expired or cancelled.

b. For the year ended May 31, 2019, no options were granted, expired or cancelled.

c. The weighted average remaining contractual life of granted and outstanding stock options at May 31, 2020 is 5.80 years (2019: 6.80 years).

11. Non-Cash Financing Activities

Non-cash activities for the year ended May 31, 2020 are as follows:

a) Issued 450,000 shares with a value of $0.05 per share for property acquisitions, see note 7(m).

b) Issued 600,000 shares with a value of $0.03 per share for property acquisitions, see note 7(l).

c) Issued 3,500,000 shares with a value of $0.035 per share to settle $150,000 of outstanding loans payable and $25,000 of outstanding accounts payable and accrued liabilities. The Company recognized a gain of $52,500 on the debt settlement, see note 9(b).

d) Issued 2,300,000 shares with a value of $0.035 per share for property acquisitions, see note 7(b),(c),(d),(e),(f),(i).

e) Issued finder's warrants with a fair value of $13,391.

Non-cash activities for the year ended May 31, 2019 are as follows:

a) Issued 300,000 shares at a value of $0.06 per share for the acquisition of the McBride, Todagin and Boomerang properties, see note 7(f),(g),(h)

b) Issued 100,000 shares at a value of $0.055 per share for the acquisition of additional claims (Klappan Project) in the McBride property, see note 7(f)

c) Issued 100,000 shares at a value of $0.035 per share for the acquisition of the Bonanza Lake property, see note 7(j)

d) Reclassified $24,000 of share subscriptions received to share capital on exercise of 160,000 warrants.

e) Issued finder's warrants with a fair value of $27,872.

12. Financial Instruments

The Company's financial instruments consist of GST receivable, bank over-draft, accounts payable and accrued liabilities, due to related parties and loans payable.

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 Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The fair values of GST receivable, bank over-draft, accounts payable and accrued liabilities, due to related parties and loans payable approximate their carrying values due to the short-term nature of these instruments.

13. Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and GST recoverable. Risk associated with cash is managed through the use of major Canadian bank. The Company's GST recoverable is due from the Government of Canada; therefore, the credit risk exposure is low.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's cash. The Company's cash is held in corporate bank accounts available on demand.

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency Risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars; therefore, currency risk is minimal.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Price Risk
The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to finance due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

14. Capital Management

The Company's primary source of funds comes from the issuance of share capital. The Company defines its capital as all components of shareholders equity. Capital requirements are driven by the Company's planned exploration and evaluation activities and general and administrative expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities. Although the Company has been successful at raising funds in the past through the issuance of share capital and loans, there can be no assurance that it will continue to be able to do so in the future. 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.

15. Income Taxes

Income tax expense recorded in these consolidated financial statements differs from the amount that would be computed by applying federal and provincial statutory income tax rates to the loss before income taxes.

		May 31, 2020		May 31, 2019
Loss for the year	$	257,565	$	266,505
Combined federal and provincial tax rate		27.00%		27.00%
Expected tax recovery	$	66,967	$	69,291
Net effect of deductible and non-deductible expenses		22,345		5,579
Change in unrecognized deferred tax assets		(89,312)		(74,870)
Deferred income tax recovery	$	-	$	-

The components of the unrecognized deferred income tax assets are as follows:

		May 31, 2020		May 31, 2019
Deferred income tax assets:				
Non-capital loss carry-forwards	$	2,032,990	$	1,940,243
Financing and other		74,965		48,149
Unused cumulative Canadian & foreign exploration and development expenses		684,750		917,220
	$	2,792,705	$	2,905,612

The unrecognized deferred tax assets reflect the Company's estimate that the tax assets are not likely to be realized.

The Company has non-capital losses totaling approximately $7,529,593 (2019: $7,186,084), which are carried forward for tax purposes and are available to reduce taxable income of future years. The non-capital losses balance will begin to expire in 2026. Unused exploration and development expenses can be carried forward indefinitely

16. Related Party Transactions

a) During the year ended May 31, 2020, $120,000 (2019: $120,000) was paid or accrued to Greg Neeld, the President and director of the Company, as management fees. The Company reimbursed the president and director $43,680 (2019: $43,680) for shared office premises.

b) During the year ended May 31, 2020, $24,000 (2019: $24,000) was paid or accrued to Robert Neeld, an individual related to the President of the Company as compensation for services rendered and included in management fees.

c) As at May 31, 2020, there is a balance of $511,891 (2019: $542,311) due to Greg Neeld, the President of the Company included in Due to related parties.

d) As at May 31, 2020, there is a balance of $1,743 (2019: $1,743) due to Hawkeye Power Corp, a company owned by Greg Neeld, the President of the Company included in Due to related parties.

e) As at May 31, 2020, there is a balance of $96,725 (2019: $86,825) due to Robert Neeld, a related party included in Due to related parties.

f) As at May 31, 2020, there is a balance of $15,600 (2019: $15,600) due to Steve Pelletier, a related party included in loans payable.

g) As at May 31, 2020, there is a balance of $9,440 (2019: $9,440) due to Maureen Watson, a director of the Company included in Due to related parties.

The above noted transactions have been reported at amounts agreed to by the related parties.

17. Events After the Reporting Period

a) On September 24, 2020 the Company issued 16,900,000 units at a price of $0.025 per unit for gross proceeds of $422,500 pursuant to a private placement.

Each unit will consist of one (1) common share of the Company and one (1) share purchase warrant, with each warrant entitling the holder to acquire one (1) common share at a price of $0.05 per common share for a period of thirty-six (36) months following the closing of the offer.

The Company issued 343,000 finder's warrants in connection with the private placement.

b) On September 23, 2020 the Company received TSX acceptance to extend the expiry dates of some of the issued and outstanding warrants. Warrants with an expiry date of September 16, 2020 will now expire on September 16, 2023. Warrants with an expiry date of September 18, 2020 will now expire on September 18, 2023. Warrants with an expiry date of October 22, 2020 will now expire on October 22, 2023. Warrants with an expiry date of November 15, 2020 will now expire on November 15, 2023

c) Subsequent to May 31, 2020, 337,600 finder's warrants exercisable at a price of $0.10 per share expired.

HAWKEYE GOLD & DIAMOND INC.

Schedule 1
(continued)

Consolidated Schedule of Deferred Resource Property Expenditures
Period Ended May 31, 2020

	Bonanza	2-Aces	Keithley Creek
Balances, May 31, 2019 (see schedule 2)			
Acquisition costs	$ 21,920	$ -	$ -
Exploration expenditures	15,292	52,269	34,549
Total beginning property expenditures	$ 37,212	$ 52,269	$ 34,549
Incurred during the current period			
Acquisition costs	$ -	$ 19,250	$ 12,250
Exploration expenditures			
Accommodation & Meals	$ -	$ -	$ -
Assays	-	-	-
Claim maintenance	-	-	-
Consulting	-	450	2,400
Drilling	-	-	-
Field expenses	-	-	-
Helicopters	-	162	163
Management	-	-	-
Maps	-	-	-
Office	-	-	-
Rentals	-	-	-
Survey	-	-	-
Travel	-	-	-
Total exploration expenditures	$ -	$ 612	$ 2,563
Total current period expenditures	$ -	$ 19,862	$ 14,813
Less:			
Acquisition costs written off	$ -	$ -	$ -
Exploration expenditures written off	-	-	-
Total property interest written off	$ -	$ -	$ -
Balance, end of period:			
Acquisition costs	$ 21,920	$ 19,250	$ 12,250
Exploration expenditures	15,292	52,881	37,112
Mineral Property Interests, May 31, 2020	$ 37,212	$ 72,131	$ 49,362

HAWKEYE GOLD & DIAMOND INC.

Schedule 1
(continued)

Consolidated Schedule of Deferred Resource Property Expenditures
Period Ended May 31, 2020

	Cariboo Valley	Seller Creek	McBride
Balances, May 31, 2019 (see schedule 2)			
Acquisition costs	$ -	$ -	$ 22,500
Exploration expenditures	25,439	47,109	64,672
Total beginning property expenditures	$ 25,439	$ 47,109	$ 87,172
Incurred during the current period			
Acquisition costs	$ 8,750	$ 22,750	$ -
Exploration expenditures			
Accommodation & Meals	$ -	$ -	$ -
Assays	-	-	17,029
Claim maintenance	-	-	7,000
Consulting	600	1,050	142,294
Drilling	-	-	290,077
Field expenses	-	-	11,700
Helicopters	162	81	225,708
Management	-	-	-
Maps	-	-	-
Office	-	-	-
Rentals	-	-	-
Survey	-	-	108,105
Travel	-	-	-
Total exploration expenditures	$ 762	$ 1,131	$ 801,913
Total current period expenditures	$ 9,512	$ 23,881	$ 801,913
Less:			
Acquisition costs written off	$ -	$ -	$ -
Exploration expenditures written off	-	-	-
Total property interest written off	$ -	$ -	$ -
Balance, end of period:			
Acquisition costs	$ 8,750	$ 22,750	$ 22,500
Exploration expenditures	26,201	48,240	866,585
Mineral Property Interests, May 31, 2020	$ 34,951	$ 70,990	$ 889,085

HAWKEYE GOLD & DIAMOND INC.

Schedule 1
(continued)

Consolidated Schedule of Deferred Resource Property Expenditures
Period Ended May 31, 2020

	Todagin	Boomerang	Swift River
Balances, May 31, 2019 (see schedule 2)			
Acquisition costs	$ 13,000	$ 16,000	$ -
Exploration expenditures	32,055	66,407	19,474
Total beginning property expenditures	$ 45,055	$ 82,407	$ 19,474
Incurred during the current period			
Acquisition costs	$ -	$ -	$ 12,600
Exploration expenditures			
Accommodation & Meals	$ -	$ -	$ -
Assays	-	-	-
Claim maintenance	-	-	-
Consulting	-	-	731
Drilling	-	-	-
Field expenses	179	168	82
Helicopters	-	-	-
Management	-	-	-
Maps	-	-	-
Office	-	-	-
Rentals	-	-	-
Survey	-	-	-
Travel	-	-	-
Total exploration expenditures	$ 179	$ 168	$ 813
Total current period expenditures	$ 179	$ 168	$ 13,413
Less:			
Acquisition costs written off	$ -	$ -	$ -
Exploration expenditures written off	-	-	-
Total property interest written off	$ -	$ -	$ -
Balance, end of period:			
Acquisition costs	$ 13,000	$ 16,000	$ 12,600
Exploration expenditures	32,234	66,575	20,287
Mineral Property Interests, May 31, 2020	$ 45,234	$ 82,575	$ 32,887

HAWKEYE GOLD & DIAMOND INC.

Schedule 1
(continued)

Consolidated Schedule of Deferred Resource Property Expenditures
Period Ended May 31, 2020

	Bonanza Lake	Cariboo Lake	Klastline
Balances, May 31, 2019 (see schedule 2)			
Acquisition costs	$ 5,000	$ -	$ -
Exploration expenditures	-	-	-
Total beginning property expenditures	$ 5,000	$ -	$ -
Incurred during the current period			
Acquisition costs	$ 1,800	$ 4,900	$ 18,000
Exploration expenditures			
Accommodation & Meals	$ -	$ -	$ -
Assays	-	-	-
Claim maintenance	-	-	-
Consulting	-	-	-
Drilling	-	-	-
Field expenses	-	-	-
Helicopters	-	-	-
Management	-	-	-
Maps	-	-	-
Office	-	-	-
Rentals	-	-	-
Survey	-	-	-
Travel	-	-	-
Total exploration expenditures	$ -	$ -	$ -
Total current period expenditures	$ 1,800	$ 4,900	$ 18,000
Less:			
Acquisition costs written off	$ -	$ -	$ -
Exploration expenditures written off	-	-	-
Total property interest written off	$ -	$ -	$ -
Balance, end of period:			
Acquisition costs	$ 6,800	$ 4,900	$ 18,000
Exploration expenditures	-	-	-
Mineral Property Interests, May 31, 2020	$ 6,800	$ 4,900	$ 18,000

HAWKEYE GOLD & DIAMOND INC. **Schedule 1**

Consolidated Schedule of Deferred Resource Property Expenditures
Period Ended May 31, 2020

	Railway	TOTAL
Balances, May 31, 2019 (see schedule 2)		
Acquisition costs	$ -	$ 78,420
Exploration expenditures	-	357,266
Total beginning property expenditures	$ -	$ 435,686
Incurred during the current period		
Acquisition costs	$ 22,500	$ 122,800
Exploration expenditures		
Accommodation & Meals	$ -	$ -
Assays	-	17,029
Claim maintenance	-	7,000
Consulting	-	147,525
Drilling	-	290,077
Field expenses	-	12,129
Helicopters	-	226,276
Management	-	-
Maps	-	-
Office	-	-
Rentals	-	-
Survey	-	108,105
Travel	-	-
Total exploration expenditures	$ -	$ 808,141
Total current period expenditures	$ 22,500	$ 930,941
Less:		
Acquisition costs written off	$ -	$ -
Exploration expenditures written off	-	-
Total property interest written off	$ -	$ -
Balance, end of period:		
Acquisition costs	$ 22,500	$ 201,220
Exploration expenditures	-	1,165,407
Mineral Property Interests, May 31, 2020	$ 22,500	$ 1,366,627

HAWKEYE GOLD & DIAMOND INC.

Schedule 2
(continued)

Consolidated Schedule of Deferred Resource Property Expenditures
Period Ended May 31, 2019

	Bonanza	2-Aces	Keithley Creek
Balances, May 31, 2018			
Acquisition costs	$ 21,920	$ -	$ -
Exploration expenditures	2,262	-	-
Total beginning property expenditures	$ 24,182	$ -	$ -
Incurred during the current period			
Acquisition costs	$ -	$ -	$ -
Exploration expenditures			
Accommodation & Meals	$ -	$ -	$ -
Assays	801	-	-
Claim maintenance	2,473	-	-
Consulting	6,800	1,119	1,119
Field expenses	-	-	-
Helicopters	-	51,150	33,430
Management	-	-	-
Maps	-	-	-
Office	-	-	-
Rentals	225	-	-
Travel	2,731	-	-
Total exploration expenditures	$ 13,030	$ 52,269	$ 34,549
Total current period expenditures	$ 13,030	$ 52,269	$ 34,549
Less:			
Acquisition costs written off	$ -	$ -	$ -
Exploration expenditures written off	-	-	-
Total property interest written off	$ -	$ -	$ -
Balance, end of period:			
Acquisition costs	$ 21,920	$ -	$ -
Exploration expenditures	15,292	52,269	34,549
Mineral Property Interests, May 31, 2019	$ 37,212	$ 52,269	$ 34,549

HAWKEYE GOLD & DIAMOND INC.

Schedule 2
(continued)

Consolidated Schedule of Deferred Resource Property Expenditures
Period Ended May 31, 2019

	Cariboo Valley	Seller Creek	McBride
Balances, May 31, 2018			
Acquisition costs	$ -	$ -	$ -
Exploration expenditures	-	-	-
Total beginning property expenditures	$ -	$ -	$ -
Incurred during the current period			
Acquisition costs	$ -	$ -	$ 22,500
Exploration expenditures			
Accommodation & Meals	$ -	$ -	$ 3,681
Assays	-	-	12,349
Claim maintenance	-	-	-
Consulting	1,119	1,119	15,826
Field expenses	-	-	15,650
Helicopters	24,320	45,990	9,836
Management	-	-	-
Maps	-	-	-
Office	-	-	-
Rentals	-	-	4,985
Travel	-	-	2,345
Total exploration expenditures	$ 25,439	$ 47,109	$ 64,672
Total current period expenditures	$ 25,439	$ 47,109	$ 87,172
Less:			
Acquisition costs written off	$ -	$ -	$ -
Exploration expenditures written off	-	-	-
Total property interest written off	$ -	$ -	$ -
Balance, end of period:			
Acquisition costs	$ -	$ -	$ 22,500
Exploration expenditures	25,439	47,109	64,672
Mineral Property Interests, May 31, 2019	$ 25,439	$ 47,109	$ 87,172

HAWKEYE GOLD & DIAMOND INC.

Schedule 2
(continued)

Consolidated Schedule of Deferred Resource Property Expenditures
Period Ended May 31, 2019

	Todagin	Boomerang	Swift River
Balances, May 31, 2018			
Acquisition costs	$ -	$ -	$ -
Exploration expenditures	-	-	-
Total beginning property expenditures	$ -	$ -	$ -
Incurred during the current period			
Acquisition costs	$ 13,000	$ 16,000	$ -
Exploration expenditures			
Accommodation & Meals	$ 3,691	$ 2,358	$ -
Assays	9,115	4,294	-
Claim maintenance	-	-	-
Consulting	6,653	12,813	894
Field expenses	8,493	14,129	-
Helicopters	-	25,160	18,580
Management	-	-	-
Maps	-	-	-
Office	-	-	-
Rentals	3,553	3,873	-
Travel	550	3,780	-
Total exploration expenditures	$ 32,055	$ 66,407	$ 19,474
Total current period expenditures	$ 45,055	$ 82,407	$ 19,474
Less:			
Acquisition costs written off	$ -	$ -	$ -
Exploration expenditures written off	-	-	-
Total property interest written off	$ -	$ -	$ -
Balance, end of period:			
Acquisition costs	$ 13,000	$ 16,000	$ -
Exploration expenditures	32,055	66,407	19,474
Mineral Property Interests, May 31, 2019	$ 45,055	$ 82,407	$ 19,474

HAWKEYE GOLD & DIAMOND INC.

Schedule 2
(continued)

Consolidated Schedule of Deferred Resource Property Expenditures
Period Ended May 31, 2019

	Bonanza Lake	Cariboo Lake	TOTAL
Balances, May 31, 2018			
Acquisition costs	$ -	$ -	$ 21,920
Exploration expenditures	-	-	2,262
Total beginning property expenditures	$ -	$ -	$ 24,182
Incurred during the current period			
Acquisition costs	$ 5,000	$ -	$ 56,500
Exploration expenditures			
Accommodation & Meals	$ -	$ -	$ 9,730
Assays	-	-	26,559
Claim maintenance	-	-	2,473
Consulting	-	-	47,462
Field expenses	-	-	38,272
Helicopters	-	-	208,466
Management	-	-	-
Maps	-	-	-
Office	-	-	-
Rentals	-	-	12,636
Travel	-	-	9,406
Total exploration expenditures	$ -	$ -	$ 355,004
Total current period expenditures	$ 5,000	$ -	$ 411,504
Less:			
Acquisition costs written off	$ -	$ -	$ -
Exploration expenditures written off	-	-	-
Total property interest written off	$ -	$ -	$ -
Balance, end of period:			
Acquisition costs	$ 5,000	$ -	$ 78,420
Exploration expenditures	-	-	357,266
Mineral Property Interests, May 31, 2019	$ 5,000	$ -	$ 435,686