NEVADA
ENERGY METALS

Nevada Energy Metals Inc.
Consolidated financial statements
For the Year Ended 30 June 2020
(Expressed in Canadian dollars)

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nevada Energy Metals Inc.:

Opinion

We have audited the consolidated financial statements of Nevada Energy Metals Inc. (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
October 28, 2020

MOORE
An independent firm associated with Moore Global Network Limited

Nevada Energy Metals Inc.
Consolidated Statements of Financial Position
As at 30 June 2020 and 2019
(Expressed in Canadian dollars)

	Notes	As at 30 June 2020	As at 30 June 2019
		$	$
ASSETS			
Current assets			
Cash		**409,303**	1,063,313
Amounts receivable	4	**21,428**	15,718
Prepaid expenses		**15,705**	17,306
		446,436	1,096,337
Exploration and evaluation properties	5	**17,282**	171,135
ROU Asset	6	**43,304**	-
Total assets		**507,022**	1,246,472
EQUITY (DEFICIENCY) AND LIABILITIES			
Current liabilities			
Trade and other payables	7	**78,308**	123,187
Current portion of lease liability	8	**22,110**	-
		100,418	123,187
Lease Liability	8	**21,786**	-
Total liabilities		**122,204**	123,187
Equity			
Common shares	9	**3,099,458**	3,099,458
Reserves	9	**4,193,958**	4,193,958
Deficit		**(6,908,598)**	(6,149,131)
Total equity		**384,818**	1,144,285
Total equity and liabilities		**507,022**	1,267,472

Nature of operations and going concern (Note 1),

Commitments and Contingencies (Note 16)

APPROVED BY THE BOARD:

"Robert Setter" *"John Oness"*

Robert Setter John Oness

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

Nevada Energy Metals Inc.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended 30 June 2020 and 2019
(Expressed in Canadian dollars)

	Notes	Year ended 30 June 2020	Year ended 30 June 2019
		$	
Administration expenses			
Bank charges and interest		**1,550**	1,947
Consulting	13	**325,308**	231,442
Corporate development	13	**-**	258,000
Depreciation	6	**21,700**	-
Finance charge		**2,301**	-
Marketing and communications		**57,003**	53,536
Office and miscellaneous		**67,947**	48,455
Professional fees		**44,012**	3,655
Rent	6,8	**42,324**	58,339
Share-based payments	9	**-**	54,181
Transfer agent fees		**34,118**	22,281
Travel, lodging and food		**61,154**	76,004
Loss before other items		**(657,417)**	(807,840)
Other items			
Interest and other income		**-**	32
Foreign exchange loss		**1,116**	3,306
Gain on forgiveness of debt	13	**60,000**	-
Impairment on exploration and evaluation properties	5	**(163,166)**	-
Net loss for the year		**(759,467)**	(804,502)
Comprehensive loss for the year		**(759,467)**	(804,502)
Loss per share			
Basic and diluted	10	(0.073)	(0.110)

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

Nevada Energy Metals Inc.
Consolidated Statements of Cash Flows
For the years ended 30 June 2020 and 2019
(Expressed in Canadian dollars)

	Notes	30 June 2020	30 June 2019
		$	$
OPERATING ACTIVITIES			
Loss for the year		**(759,467)**	**(804,502)**
Adjustment for:			
Depreciation		**21,700**	**-**
Finance charge		**2,301**	**-**
Share-based payments		**-**	**54,181**
Impairment on exploration and evaluation properties		**163,166**	**-**
Gain on forgiveness of debt		**(60,000)**	**-**
Changes in operating working capital:			
Decrease (increase) in amounts receivable		**(5,710)**	**65**
Decrease (increase) in prepaid expenses		**1,601**	**(17,306)**
Increase (decrease) in trade and other payables		**15,121**	**97,723**
Cash from (used) in operating activities		**(621,288)**	**(669,839)**
INVESTING ACTIVITIES			
Exploration and evaluation properties expenditures		**(9,313)**	**(39,843)**
Cash from (used) in investing activities		**(9,313)**	**(39,843)**
FINANCING ACTIVITIES			
Proceeds from issuance of common shares		**-**	**444,000**
Lease liability		**(23,409)**	**-**
Cash from (used in) financing activities		**(23,409)**	**444,000**
Decrease in cash		**(654,010)**	**(265,682)**
Cash, beginning of year		**1,063,313**	**1,328,995**
Cash, end of year		**409,303**	**1,063,313**

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

Nevada Energy Metals Inc.

Consolidated Statements of Changes in Equity
For the years ended 30 June 2020 and 2019
(Expressed in Canadian dollars)

	Number of common shares	Common shares	Stock option reserve	Warrant reserve	Deficit	Total
		$	$	$	$	$
Balances, 30 June 2018	4,689,153	2,676,587	838,903	3,279,745	(5,344,629)	1,450,606
Shares issued for:						
Cash (Note 9)	5,320,000	444,000	-	-	-	444,000
Finder's fees (Note 9)	450,000	(21,129)	-	21,129	-	-
Share-based payments (Note 9)	-	-	54,181	-	-	54,181
Net and comprehensive loss for the year	-	-	-	-	(804,502)	(804,502)
Balances, 30 June 2019	10,459,153	3,099,458	893,084	3,300,874	(6,149,131	1,144,285
Net and comprehensive loss for the year	-	-	-	-	(759,467)	(759,467)
Balances, 30 June 2020	**10,459,153**	**3,099,458**	**893,084**	**3,300,874**	**(6,908,598)**	**384,818**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nevada Energy Metals Inc. (the "Company") was incorporated on 2 June 2011 under the laws of the province of British Columbia. The Company is a reporting issuer in British Columbia and Alberta, on the TSX Venture Exchange ("TSXV") under the trading symbol "BFF", co-listed on the OTCQB (United States) under the symbol "SSMLF". The Company is in the process of acquiring, exploring and developing mineral resources located in Nevada. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties, or sell the properties outright. The Company has not yet determined whether these properties contain ore reserves which are economically recoverable and the Company is considered to be in the exploration stage.

On 3 March 2016, the Company incorporated a wholly owned subsidiary in Nevada, US, Nevada Energy Metals, USA Inc. (Note 2.1).

The head office and principal address is located at Suite 1220, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

1.1 Going concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast significant doubt on the validity of this assumption and ultimately the appropriateness of the use of accounting principles related to a going concern. From inception to date, the Company has incurred losses from operations, earned no revenues and has experienced negative cash flows from operating activities. As at 30 June 2020, the Company had cash of $409,303 (30 June 2019: $1,063,313) and working capital of $346,018 (30 June 2019: $973,150), but management cannot provide assurance that the Company will ultimately achieve profitable operations, or raise additional debt and/or equity capital. Existing funds on hand at 30 June 2020 will not be sufficient to support the Company's needs for cash to conduct exploration and to continue operations during the current year. The Company will require additional funding to be able to meet ongoing requirements for general operations and to advance and retain mineral exploration and evaluation property interests. The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating profits from operations or the disposition of properties in the future.

1 NATURE OF OPERATIONS AND GOING CONCERN (continued)

1.1 Going concern (continued)

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This is causing significant financial market and social dislocation. This has also resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

2. BASIS OF PREPARATION

2.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary as follows:

Name	Country of Incorporation	% Equity interest at 30 June 2020	% Equity interest at 30 June 2019
Nevada Energy Metals USA Inc. (Note 1)	USA	100%	100%

Subsidiaries are those entities controlled by the Company. 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 consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control is obtained to the date control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

2.2 Basis of presentation

The Company's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 11, and are presented in Canadian dollars except where otherwise indicated.

2.3 Statement of compliance

The consolidated financial statements of the Company and its subsidiary, including comparatives, have been prepared in accordance with accounting policies in compliance with IFRS and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended 30 June 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting year. 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.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments

Information about critical 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 within the next financial year are discussed below:

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination 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 expenditure is unlikely, the amount capitalized is written off in the statement of loss and comprehensive loss in the year when new information becomes available.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the year for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Significant accounting judgments, estimates and assumptions (continued)

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next year.

Decommissioning and restoration costs

Management is not aware of any material restoration, rehabilitation and environmental provisions as at 30 June 2020 and 2019. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measure at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on changes in laws, regulations and negotiations with regulatory authorities.

Share based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3.11. The fair value of stock options is measured using the Black-Scholes Option Valuation Model. The fair value of stock options granted using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. Under the residual method, one component is measured first and the residual amount is allocated to the remaining component.

The Company measures the value of the common shares first. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as reserves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Significant accounting judgments, estimates and assumptions (continued)

Deferred income taxes

Judgement is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realized the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiary operate could limit the ability of the Company to obtain tax deductions in future years.

Going concern

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting year. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions (Note 1.1).

Determination of Functional Currency

The functional currency of the Company's subsidiary is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic event.

3.2 Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

3.3 Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Taxation (continued)

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

3.4 Exploration and evaluation properties

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and/or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the year incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the year. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the year incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties. A gain or loss may be incurred upon settlement of the decommissioning obligation.

3.6 Financial assets and liabilities

The following is the Company's accounting policy for financial instruments under IFRS 9:

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial assets and liabilities (continued)

The following table shows the classification under IFRS 9:

Financial assets/liabilities	IFRS 9 Classification
Cash	FVTPL
Amounts receivable	Amortized cost
Trade payables	Amortized cost

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 loss and comprehensive 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 loss and comprehensive loss in the year in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 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 loss and comprehensive 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.

3.8 Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.9 Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting year. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of non-financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3.10 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3.11 Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting years. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value of the options, as determined using the Black-Scholes Option Valuation Model, which incorporates all market vesting conditions are expensed to profit or loss. The corresponding amount is recorded to the stock options reserve. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting year such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

3.12 Foreign currency translation

The Company's reporting currency and the functional currency of all of its operations, including that of its subsidiary, is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Foreign currency translation (continued)

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the year in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3.13 Earnings (loss) per share

Basic per share amounts are calculated by dividing the earnings or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted per share amounts are determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of share purchase warrants and stock options.

3.14 Change in accounting policy

The IASB issued a new and revised IFRSs, amendments and related IFRIC interpretations which are effective for the Company's financial year beginning on 1 July 2019. For the purpose of preparing and presenting the consolidated financial statements, the Company has consistently adopted all these new standards for the year ended 30 June 2020.

IFRS 16 Leases ("IFRS 16")

IFRS 16 has replaced IAS 17 – Leases ("IAS 17") and IFRIC 4 – Determining whether an arrangement contains a lease. The Company adopted IFRS 16 effective 1 July 2019. The standard was applied usingthe modified retrospective method, which does not require restatement of prior year financial information, as it recognized the cumulative effect, if any, as an adjustment to opening retained earnings and applies the standard prospectively. Accordingly, comparative information in the consolidated financial statements are not restated and continue to be reported under IAS 17.

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Change in accounting policy (continued)

IFRS 16 Leases (continued)

Transition

On adoption of IFRS 16, a right-of-use (“ROU”) asset and a corresponding lease liability has been recognized in relation to all lease arrangements, excluding commitments in relation to arrangements not containing leases (such as service agreements) and excluding short-term leases, leases of low-value assets, and variable lease payments. Leases were measured at the present value of the remaining lease payments as at 1 July 2019, using the Company’s incremental borrowing rate as of 1 July 2019, which is 4.29% per annum (Notes 6 and 8).

The following table summarizes the impact of adopting IFRS 16 on the consolidated financial statements:

	Balance 30 June 2019 $	Adoption of IFRS 16 $	Balance 1 July 2019 $
Right-of-use asset	-	65,004	65,004
Current portion of lease liability	-	21,110	21,110
Lease liability	-	43,896	43,896

Significant accounting policy

The Company assesses new contracts at inception to determine whether a lease is present. This assessment involves significant judgement about whether an asset is specified for the Company, whether the Company obtains substantially all the economic benefits from use of that asset, and whether the Company has the right to control the use of the asset.

Leases are recognised as ROU assets with a corresponding liability at the date the leased asset becomes available for use by the Company. Each lease payment is allocated between the lease liability and finance expense. The finance expense is charged to the statement of comprehensive loss over the lease term to present a constant yearic rate of interest on the remaining balance of the liability for each reporting year. ROU assets are depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Change in accounting policy (continued)

IFRS 16 Leases (continued)

Significant accounting policy (continued)

Assets and liabilities arising from leases are initially measured at present value. Lease liabilities include the net present value of fixed payments less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, extension, or termination option that is within the control of the Company. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or at the Company’s incremental borrowing rate.

ROU assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, or any initial direct costs and restoration costs.

Payments associated with short-term leases (term of 12 months or less) of low-value assets are recognised on a straight -line basis as an expense in the statement of comprehensive loss. The Company applies a single discount rate to portfolios of leases with similar characteristics.

Lease modifications will be accounted for as a separate lease, if the modification increases the scope of the lease, and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For modifications that don’t justify a separate lease, or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will remeasure the lease liability with a corresponding adjustment to the ROU asset using the rate implicit to the lease, if that rate can be determined, or the Company’s incremental borrowing rate. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognising a gain or loss in the net loss and comprehensive loss that reflects the proportionate decrease in scope.

Finance expense comprises interest expense on the bank indebtedness and interest on the lease liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Change in accounting policy (continued)

IFRS 16 Leases (continued)

Significant accounting judgements, estimates, and assumptions – Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment.

IFRIC 23 Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation provides guidance on the accounting for current and deferred income tax liabilities and assets when there is uncertainty over income tax treatments. IFRIC 23 was applicable for annual years beginning on or after January 1, 2019.

IFRIC 23 requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If the treatment is likely to be accepted, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If not, the entity should reflect the effect of uncertainty in determining its accounting tax position. The Interpretation is effective for annual years beginning on or after January 1, 2019.

The Company adopted IFRIC 23 in its consolidated financial statements for the annual year beginning on 1 July 2019, with no impact on the consolidated financial statements.

3.15 Standards, amendments and interpretations issued but not yet effective

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been early adopted by the Company.

Information on new standards, amendments and interpretations that are expected to be relevant to the Company’s consolidated financial statements is provided below. The Company is evaluating the impact of these standards. Certain other new standards, amendments, and interpretations have been issued but are not expected to have a material impact on the Company’s consolidated financial statements.

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Standards, amendments and interpretations issued but not yet effective (continued)

Conceptual Framework and References to the Conceptual Framework in IFRS Standards

On 29 March 2018, the IASB issued its revised Conceptual Framework for Financial Reporting. The revised Conceptual Framework does not constitute a substantial revision from the previously effective guidance but does provide additional guidance on topics not previously covered such as presentation and disclosure. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards to amend certain IFRS, IAS, IFRIC and SIC. These amendments are effective for annual years beginning on or after 1 January 2020.

IFRS 3 Business Combinations

As part of the annual improvements 2015-2017 cycle, this is an amendment to clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. A further amendment is made regarding the definition of a business, to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The effective date for the former amendment is for annual years beginning on or after 1 January 2019. The effective date for the latter amendment is for annual years beginning on or after 1 January 2020. Earlier application is permitted.

IFRS 10 Consolidated Financial Statements

This is an amendment to sale or contribution of assets between an investor and its associate or joint venture. The effective date for the amendment of IFRS 10 is for annual years beginning on or after a date to be determined by IASB. Earlier application is permitted.

4. AMOUNTS RECEIVABLE

The Company's amounts receivable are as follows:

	As at 30 June 2020	As at 30 June 2019
	$	$
GST/HST receivable	**8,356**	15,718
Other amounts receivable	**13,072**	-
Total amounts receivable	**21,428**	15,718

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION PROPERTIES

For the year ended 30 June 2020	Teels Marsh West	Clayton Valley BFF-1	Total
	$	$	$
Balance, 30 June 2019	154,987	16,148	171,135
Claims and fees	-	9,313	9,313
Impairment	(154,987)	(8,179)	(163,166)
Net change for the year	(154,987)	1,134	(153,853)
Balance, 30 June 2020	-	17,282	17,282

For the year ended 30 June 2019	Teels Marsh West	Clayton Valley BFF-1	Total
	$	$	**$**
Balance, 30 June 2018	131,292	-	**131,292**
Maintenance	23,695	16,148	**39,843**
Net increase for the year	23,695	16,148	**39,843**
Balance, 30 June 2019	154,987	16,148	**171,135**

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION PROPERTIES (continued)

5.1 Teels Marsh West

The Company staked claims located in Teels Marsh, Mineral County, Nevada. (the "Teels Marsh West Property").

Teels Marsh West is a prospective Lithium exploration project, 100% owned without any royalties.

During the year ended 30 June 2020, the Company dropped all the claims. An impairment of $154,987 (2019: Nil) with respect to the Teels Marsh West Project was recorded during the year ended 30 June 2020.

5.2 Clayton Valley BFF-1

The Company staked claims located in Clayton Valley, Esmeralda County, Nevada (the "Clayton Valley BFF-1 Property").

On 31 May 2016, the Company entered into an option agreement with 1074654 Nevada Ltd whereby 1074654 Nevada Ltd. has the option to acquire an undivided 70% interest in the Clayton Valley BFF-1 Property.

In order to earn a 70% interest in the Clayton Valley BFF-1 Property, 1074654 Nevada Ltd. is required to issue shares, make payments and incur exploration expenditures as follows:

		Payments	Shares	Exploration Expenditures
		USD$		USD$
Payment on or before 2 June 2016	(received)	$10,000	-	-
Payment on or before 30 June 2016	(received)	$15,000	-	-
Payment on 19 July 2016	(received)	$75,000	100,000	-
On or before 19 July 2017		$100,000	100,000	$100,000
On or before 19 July 2018		$100,000	100,000	$300,000
On or before 19 July 2019		-	-	$600,000
		$300,000	300,000	$1,000,000

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On 19 July 2017, the option agreement with 1074654 Nevada Ltd. expired without being exercised. During the year ended 30 June 2020, the Company dropped 39 claims and recorded an impairment of $8,179 (2019: Nil).

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION PROPERTIES (continued)

5.3 Dixie Valley

The Company staked placer claims located in Churchill County, west central Nevada (the "Dixie Valley Project").

On 14 July 2016, the Company entered into an option agreement with LiCo Energy Inc. ("LiCo") whereby LiCo can acquire a 100% interest, subject to a 3% net smelter return, in 80 mineral claims located in Dixie Valley, Churchill County, Nevada. The option agreement is "non arm's length" and is a related party transaction due to an officer and director in common between LiCo and the Company (Note 13). The TSXV approved the transaction on 10 August 2016. Pursuant to the terms of the Option Agreement, LiCo has 36 months within which to exercise the option:

On 30 August 2017, the Company amended the terms of the option agreement as follows:

		Cash Payments	Share issuances	Exploration Expenditures
		USD$		USD$
Upon signing	(received)	20,000	-	-
Upon TSX Venture approval	(received)	180,000	2,000,000	-
On or before 30 August 2017	(received)	-	2,000,000	-
On or before 14 July 2018	(received)	-	2,000,000	-
On or before 14 July 2019		-	-	250,000
		$200,000	6,000,000	$250,000

On 31 August 2018, LiCo did not pay the annual property sustaining fees and dropped all the claims.

5.4 Black Rock Desert

The Company staked claims in Washoe County, Nevada (the "Black Rock Desert Project").

On 10 November 2016, the Company entered into an option agreement with LiCo whereby LiCo can acquire an undivided 70% interest, subject to a 3% Net Smelter Royalty, in the Black Rock Desert Project. The option agreement is "non-arm's length" and is a related party transaction due to an officer and director in common between LiCo and the Company (Note 13).

In order to earn a 70% interest in the Black Rock Desert Project, LiCo is required to issue shares, make payments and incur exploration expenditures.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION PROPERTIES (continued)

5.4 Black Rock Desert (continued)

On 30 August 2017**,** the Company amended the terms of the option agreement. In order to earn a 100% interest in the Black Rock Desert Project, LiCo is required to issues shares, make payments and incur exploration expenditures as follows:

		Payments	Shares	Exploration Expenditures
		USD$		USD$
Cash Payment upon execution	(received)	20,000	-	-
Cash Payment upon Exchange approval	(received)	150,000	1,500,000	-
On or before 30 August 2017	(received)	-	3,000,000	
On or before 10 November 2019		-	-	250,000
		$170,000	4,500,000	$250,000

During the year ended 30 June 2018, the Company recorded a recovery of $300,000 as a result of the option payments received from LiCo.

5.5 San Emidio Li

The Company staked claims located in the San Emidio Desert, Washoe County, Nevada (the “San Emidio Li Project”).

On 31 August 2017, the Company did not renew and dropped all the claims. An impairment of $112,583 with respect to the San Emidio Li Project was recorded during the year ended 30 June 2018.

5.6 Big Smokey Valley

The Company stalked claims located in Nye County, Nevada (the “Big Smokey Valley Project”).

On 31 August 2017, the Company did not renew and dropped all the claims. An impairment of $145,966 with respect to the Big Smokey Valley Project was recorded during the year ended 30 June 2018.

(Expressed in Canadian dollars)

6. RIGHT-OF-USE ASSET

On adoption of IFRS 16, the Company identified its office rental agreement as a lease containing a right-of-use asset ("ROU asset"), and has elected to record the value of the ROU asset based on the corresponding lease liability (Note 8). On transition to IFRS 16, the Company elected to use the current term of the office lease as the lease term. The lease liability was measured at the present value of the estimated remaining lease payments and discounted using the Company's incremental borrowing rate as of 1 July 2019, which is 4.29%.

The changes in the Company's ROU asset for the year ended 30 June 2020 are as follows:

	30 June 2020
	$
Recognition of office lease at 1 July 2019	**65,004**
Depreciation for the year	**(21,700)**
Balance at 30 June 2020	**43,304**

7. TRADE AND OTHER PAYABLES

The Company's trade payables and accrued liabilities are principally comprised of amounts for administrative activities. These are broken down as follows:

	30 June 2020	30 June 2019
	$	$
Trade payables	**4,308**	7,181
Accrued liabilities (Note 13)	**74,000**	116,006
Total trade and other payables	**78,308**	123,187

8. LEASE LIABILITY

On adoption of IFRS 16, the Company identified its office rental agreement as a lease containing a ROU asset (Note 6), and recognized a corresponding lease liability.

The changes in the Company's lease liability for the year ended 30 June 2020 are as follows:

	30 June 2020
	$
Recognition of office lease at 1 July 2019	**65,004**
Lease payments	**(23,409)**
Finance charge	**2,301**
Balance at 30 June 2020	**43,896**
Less: current portion	**(22,110)**
Balance at 30 June 2020	**21,786**

9. SHARE CAPITAL

9.1 Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

As at 30 June 2020, the Company had 10,459,153 common shares outstanding (30 June 2019: 10,459,153 common shares).

9.2 Common shares issuances

a) Private Placements

On 16 January 2019, the Company issued 4,320,000 units at a price of $0.075 per unit for gross proceeds of $324,000. Each unit consists of one common share and one non-transferrable share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share for two years. Finder's fees in the amount of 400,000 common shares and 200,000 share purchase warrants were paid in connection with the private placement. These warrants were calculated to have a fair value of $17,129 using the Black-Scholes option pricing model with the following assumptions:

- Risk-free interest rate 1.92%
- Expected term (in years) 2
- Estimated dividend yield 0%
- Weighted-average estimated volatility 199%

On 25 September 2018, the Company issued 1,000,000 units at a price of $0.12 per unit for gross proceeds of $120,000. Each unit consists of one common share and one non-transferrable share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of $0.16 per share for two years. Finder's fees in the amount of 50,000 common shares and 25,000 share purchase warrants were paid in connection with the private placement. These warrants were calculated to have a fair value of $4,000 using the Black-Scholes option pricing model with the following assumptions:

- Risk-free interest rate 0.54%
- Expected term (in years) 2
- Estimated dividend yield 0%
- Weighted-average estimated volatility 296%

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

9.3 Share purchase warrants (continued)

The following is a summary of the changes in the Company's share purchase warrants for the years ended 30 June 2020 and 2019:

	30 June 2020		30 June 2019	
	Number of warrants	**Weighted-average exercise price**	Number of warrants	Weighted-average exercise price
		$		$
Outstanding, beginning of year	**5,545,000**	**0.11**	-	-
Granted	-	-	5,545,000	0.11
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding, end of Year	**5,545,000**	**0.11**	5,545,000	0.11

9.4 Stock options

Effective 29 September, 2016, the Company has adopted a stock option plan whereby it is authorized to grant options to executive officers and directors, employees and/or consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company. The aggregate maximum number of common shares issuable under the plan is 2,091,831 common shares. The aggregate number of options granted to one optionee in a 12-month year is limited to 5% of the issued common shares of the Company.

The exercise price of any options granted under the plan will be determined by the Board of Directors, at its sole discretion, but shall not be less than the last closing price of the Company's common shares on the day before the date on which the Directors grant such options.

The following is a summary of the changes in the Company's stock option activities for the years ended 30 June 2020 and 2019:

	30 June 2020		30 June 2019	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
Outstanding, beginning of year	**797,500**	**0.174**	321,500	1.470
Granted	-	-	730,000	0.075
Expired	-	-	(9,000)	1.600
Cancelled	-	-	(245,000)	1.889
Outstanding, end of year	**797,500**	**0.174**	797,500	0.174

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

9.4 Stock options (continued)

On December 19, 2018, the Company granted 730,000 stock options to consultants, directors and officers of the Company. These stock options have an exercise price of $0.075 per share and expire on December 19, 2023. The fair value of these options was determined as $54,181 using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.54%
Expected term (in years)	5
Estimated dividend yield	0%
Weighted-average estimated volatility	228.79%

The following table summarizes information regarding stock options outstanding and exercisable as at 30 June 2020:

Exercise price	Number of options outstanding	Number of options exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price
Options				
$0.075	730,000	730,000	3.18	$0.069
$0.667	45,000	45,000	0.03	$0.038
$2.400	22,500	22,500	0.02	$0.068
Total	**797,500**	**797,500**	**2.91**	**$0.174**

10. INCOME (LOSS) PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Year ended 30 June 2020	Year ended 30 June 2019
	$	$
Net income (loss) for the year	(759,467)	(804,502)
Weighted average number of shares – basic and diluted	10,459,153	7,622,578
Income (loss) per share, basic and diluted	(0.073)	(0.110)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. All of the stock options and share purchase warrants were anti-dilutive for the years ended 30 June 2020 and 2019.

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS

11.1 Categories of financial instruments

	30 June 2020	30 June 2019
	$	$
FINANCIAL ASSETS		
FVTPL		
Cash	**409,303**	1,063,313
Other amounts receivable	**13,072**	-
Total financial assets	**422,375**	1,063,313
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade payables	**4,308**	7,181
Total financial liabilities	**4,308**	7,181

11.2 Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.

- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

As at 30 June 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets at fair value				
Cash	**409,303**	**-**	**-**	**409,303**
Total financial assets at fair value	**409,303**	**-**	**-**	**409,303**

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (continued)

11.2 Fair value (continued)

As at 30 June 2019	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets at fair value				
Cash	1,063,313	-	-	1,063,313
Total financial assets at fair value	1,063,313	-	-	1,063,313

There were no transfers between Level 1 and 2 and 3 in the years ended 30 June 2020 and 2019.

11.3 Management of financial risks

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash. The Company deposits cash with high credit quality financial institutions as determined by rating agencies. As a result, the Company is not subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they become due (Note 1.1). The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has no source of revenue and has obligations to meet its administrative overheads, maintain its mineral investments and to settle amounts payable to its creditors. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at 30 June 2020, the Company had a working capital of $346,018 (30 June 2019: $973,150) (Note 1.1).

Interest rate risk

The Company's interest rate risk is primarily related to the Company's cash and cash equivalents for which amounts were invested at interest rates in effect at the time of investment. Changes in market interest rates affect the fair market value of the cash and cash equivalents. However, as these investments come to maturity within a short year of time, the impact would not be significant.

11. FINANCIAL INSTRUMENTS (continued)

11.3 Management of financial risks (continued)

Currency Risk

The Company is exposed to currency risk by incurring certain expenditures and holding assets denominated in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company's operations.

Commodity price risk

The Company is not exposed to commodity price risk as it is still in exploration stage.

12. CAPITAL RISK MANAGEMENT

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements.

The Company is dependent on external financing to fund its activities. In order to carry out its planned business strategy, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

As at 30 June 2020, the Company's capital structure consists of the equity of the Company (Note 9). The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

As at 30 June 2020, the Company's available capital resources, consisting of cash and cash equivalents, totaled $409,303 (30 June 2019: $1,063,313). As at 30 June 2020, the Company's total payables are $78,308 (30 June 2019: $123,187). The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future.

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS

For the year ended 30 June 2020 and 2019, the Company had related party transactions with the following companies related by way of management, directors or shareholders in common:

- LiCo, a company with management and directors in common with the Company. The Company provides office and consulting services to LiCo.
- TCF Ventures Corp., a company controlled by the former Chief Operating Officer of the Company.
- Zeus Capital Ltd., a company controlled by the Chief Financial Officer of the Company.

As at 30 June 2020, included in accrued liabilities is a balance of $24,000 (30 June 2019: $89,600) due to related parties as follows:

Year ended	**As at 30 June 2020**	As at 30 June 2019
	$	$
TCF Ventures Corp.	**-**	60,000
Director	**-**	5,600
Corporate Secretary	**24,000**	24,000
CEO	**3,008**	-
Total trade payable and accrued liabilities due to related parties	**27,008**	89,600

During the year ended 30 June 2020, a director forgave $60,000 (2019: Nil) in debt owing by the Company.

13.1 Related party expenses

The Company's related party expenses are summarized as follows:

	Year ended 30 June 2020	Year ended 30 June 2019
	$	$
Shared office and administration recoveries from LiCo	**-**	(3,328)
Shared rent recoveries from LiCo	**-**	(4,864)
Consulting fees to the fomer CFO	**-**	29,750
Consulting fees to Zeus Capital Ltd.	**24,000**	9,000
Consulting fees to the Corporate Secretary	**52,000**	48,000
Consulting fees to TCF Ventures Corp.	**43,000**	48,000
Consulting fees to a former director	**12,000**	-
Consulting fees to a director	**20,787**	-
Consulting fees to the CEO	**2,865**	-
Corporate development fees to Corporate Secretary	**-**	48,000
Corporate development fees to TCF Ventures Corp.	**-**	90,000
Total related party expenses	**154,652**	264,558

(Expressed in Canadian dollars)

14. KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration of directors and other members of key management for the years ended 30 June 2020 and 2019 were as follows:

	30 June 2020	30 June 2019
	$	$
Short-term benefits – management and consulting fees	**154,652**	134,750
Accrued costs – corporate development	-	138,000
Total key management personnel compensation	**154,652**	272,750

15. TAXES

15.1 Provision for income taxes

Year ended 30 June	**2020**	2019
	$	$
Loss before tax	**(759,467)**	(804,502)
Statutory tax rate	**27.00%**	27.00%
Expected tax recovery	**(205,056)**	(217,216)
Non-deductible items	-	8,588
Change in future tax rates	-	(14,560)
Change in unrecognized deductible temporary differences	**205,056**	223,188
Tax recovery for the year	**-**	-

The change in tax rate is due to British Columbia increased its general corporate income tax rate from 11% to 12%, effective 1 January 2018.

15.2 Deferred tax balances

As at 30 June	**2020**	2019
	$	$
Tax loss carry-forwards	**839,893**	676,948
Share issue costs	**5,832**	7,776
Mineral properties	**176,422**	132,367
Total deferred tax assets	**1,022,147**	817,091
Less: Unrecognized deferred tax assets	**(1,022,147)**	(817,091)
Net deferred tax assets	**-**	-

15. TAXES (continued)

(Expressed in Canadian dollars)

15.3 Expiry dates

The Company's recognized and unrecognized deferred tax assets related to unused tax losses have the following expiry dates:

As at 30 June	2020
	$
Non-capital losses	
2031	**708**
2032	**6,643**
2033	**86,248**
2034	**236,681**
2035	**189,887**
2036	**635,899**
2037	**454,985**
2038	**138,643**
2039	**757,521**
2040	**603,501**
Total non-capital losses	**3,110,716**

16. COMMITMENTS AND CONTINGENCIES

As at 30 June 2020, the Company had the following commitments and contingent liabilities:

a) Effective 1 June 2019, the Company renewed a rental agreement with an unrelated third party to lease office space for a term of three years. The Company has the following commitments relating to its operating lease:

	< 1 year	2-5 years	> 5 years	Total
	$	$	$	$
Rent	43,359	40,475	-	83,834

b) The Company's exploration and evaluation activities are subject to various Canadian federal and provincial laws and regulations governing the protection of the government. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(Expressed in Canadian dollars)

16. COMMITMENTS AND CONTINGENCIES (continued)

c) As at 30 June 2020, the Company owns various exploration and evaluation properties (Note 5). Management does not consider that any amounts related to decommissioning liabilities are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these obligations in the future.

17. SEGMENTED INFORMATION

The Company's only business activity is exploration and development of exploration and evaluation properties. This activity is carried out in the USA.

The breakdown of geographic area for the year ended 30 June 2020 and 30 June 2019 is as follows:

Year ended 30 June 2020	**Canada**	**USA**	**Total**
	$	**$**	**$**
Net loss	**(759,467)**	**-**	**(759,467)**
Current assets	**446,436**	**-**	**446,436**
Exploration and evaluation properties	**-**	**17,282**	**17,282**
Right-of-use asset	**43,304**	**-**	**43,304**
Total assets	**489,740**	**17,282**	**507,022**

Year ended 30 June 2019	Canada	USA	Total
	$	$	$
Net loss	(770,568)	(33,934)	(804,502)
Current assets	1,096,337	-	1,096,337
Exploration and evaluation properties	-	171,135	171,135
Total assets	1,096,337	171,135	1,267,472

18. SUBSEQUENT EVENTS

On 17 September 2020 granted stock options to certain directors, officers, and consultants of the Company to purchase an aggregate 4,000,000 common shares in the capital of the Company. The stock options are exercisable for a term of five years from the date of grant at an exercise price of $0.05 per share. All stock options are granted in accordance with the terms of the Company's Stock Option Plan and the policies of the TSXV.

18. SUBSEQUENT EVENTS (continued)

On 25 September 2020, 1,025,000 warrants with an exercise price of $0.16 expired unexercised.

On 29 September 2020, the Company closed a non-brokered private placement of 20,000,000 units at a price of $0.05 per unit for gross proceeds of $1,000,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one additional common share at an exercise price of $0.06 per share for 5 years. The Company paid finder's fees of 1,850,000 common shares and 925,000 finder warrants.

On 15 October 2020, the Company entered into an option agreement to earn 100% interest in the Klone Group of mineral claims located in Fort St. James in British Columbia. The Company may exercise the option by making a total of $305,000 cash payments, issuing 550,000 common shares and incurring $1,200,000 in exploration expenditures over 5 years. The agreement is subject to TSXV approval.

On 23 October 2020, the Company entered into two purchase and sale agreements with John Malcolm Bell to acquire 100% interest, subject to a 2% net smelter royalty, in each of two nickel exploration projects located in British Columbia, Canada. Pursuant to the terms of the agreement the company will pay cash in the amount of $8,500 and issue five million common shares. The agreement is subject to TSXV approval.

19. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year ended 30 June 2020 were approved and authorized for issue by the Board of Directors on 28 October 2020.