



Transition Metals

Transition Metals Corp.

Consolidated financial statements for the nine months ended May 31, 2020 and 2019
(expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Transition Metals Corp

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Transition Metals Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	May 31, 2020 \$	August 31, 2019 \$
Assets			
Current assets			
Cash		527,629	594,104
Restricted cash equivalents	4	49,704	49,574
Amounts receivable	6,7,10	172,748	101,997
Investment in marketable securities	5	540,000	490,583
Prepaid expenses		18,073	19,139
Total current assets		1,308,154	1,255,397
Non-current assets			
Investment in SPC	6	1,738,678	1,959,473
Investment in CGM	7	1,994,030	2,055,962
Mineral exploration property acquisition costs	11	221,005	221,005
Equipment	8	11,468	14,136
Total assets		5,273,335	5,505,973
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	378,793	227,969
Total liabilities		378,793	227,969
Equity			
Share capital	9(b)	10,269,696	9,909,668
Warrants	9(d)	115,960	304,521
Share-based payment reserve	9(c)	277,050	277,050
Deficit		(5,768,164)	(5,213,235)
Total shareholders' equity		4,894,542	5,278,004
Total liabilities and shareholders' equity		5,273,335	5,505,973
Going concern (Note 2)			
Commitments and contingencies (Notes 11 and 14)			

Please see accompanying notes to the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on July 23, 2020 and signed on its behalf by:

"Scott McLean", Director

"Jason Marks", Director

**Condensed Interim Consolidated Statements of loss and Comprehensive loss
(Unaudited and Expressed in Canadian dollars)**

	Notes	Three Months Ended May 31,		Nine Months Ended May 31,	
		2020	2019	2020	2019
		\$	\$	\$	\$
Revenues					
Revenues from strategic alliances		-	-	-	-
Management fee	10	1,519	11,328	41,120	40,216
Total revenues		1,519	11,328	41,120	40,216
Expenses					
Exploration and evaluation expenditures	11	(30,184)	(82,188)	152,894	105,043
Consultant fees		67,525	42,478	151,518	123,572
Depreciation		890	795	2,668	3,213
Investor relations		11,421	59,696	38,315	125,637
Professional fees		26,509	32,275	120,045	103,028
Stock based compensation	9	-	-	-	136,500
Office and general		62,298	31,808	183,012	169,995
Rent		12,037	12,939	37,955	39,912
Total expense		150,496	97,803	686,407	806,900
Other Items					
Loss of investments accounted for using the equity method		(34,514)	(129,613)	(282,727)	(305,574)
Write down of investment in CGM		-	-	-	(85,677)
Unrealized gain (loss) on marketable securities		(40,000)	25,500	58,310	(320,500)
Realized gain on sale of marketable securities		822	-	3,858	-
Interest and other income		4,998	1,025	6,396	11,590
Total other items		(68,694)	(103,088)	(214,163)	(700,161)
Net (loss) and comprehensive (loss) for the period		(217,671)	(189,564)	(859,450)	(1,466,845)
Basic and diluted net (loss) per share					
Net Income (loss) per share		(0.00)	(0.00)	(0.02)	(0.03)
Weighted average number of shares outstanding:					
Basic and diluted		46,542,223	43,354,906	45,362,778	42,563,888

Please see accompanying notes to the condensed interim consolidated financial statements

Transition Metals Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Note	Common shares #	Share capital \$	Options reserve \$	Warrants reserve \$	Deficit \$	Total \$
Balance, August 31, 2018		41,507,131	9,706,852	906,760	304,521	(4,257,722)	6,660,411
Shares issued for property acquisitions	9(b)	108,775	15,000	-	-	-	15,000
Issuance of shares net of costs	9(b)	1,739,000	137,816	-	-	-	137,816
Stock based compensation	9(c)			136,500			136,500
Options expired		-	-	(766,210)	-	766,210	-
Net loss for the period		-	--	-	-	(1,466,845)	(1,466,845)
Balance, May 31, 2019		43,354,906	9,859,668	277,050	304,521	(5,218,600)	(5,482,882)
Balance, August 31, 2019		43,614,756	9,909,668	277,050	304,521	(5,213,235)	5,278,004
Shares issued for property acquisitions	9(b)	117,647	29,000	-	-	-	29,000
Issuance of shares net of costs	9(b)	2,927,167	446,988	-	-	-	446,988
Warrants Issued	9(b)		(115,960)		115,960		
Warrants expired	9(d)	-	-	-	(304,521)	304,521	-
Net loss for the period		-	-	-	-	(859,450)	(859,450)
Balance, May 31, 2020		46,659,570	10,269,696	277,050	115,960	(5,768,164)	4,894,542

Transition Metals Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For The Nine Months Ended May 31,

	Notes	2020 \$	2019 \$
Operating Activities			
Net loss for the period		(859,450)	(1,466,845)
Add items not affecting cash			
Shares issued for property acquisitions	9(b)	29,000	15,000
Depreciation	8	2,668	3,213
Stock based compensation	9(c)	-	136,500
Property option payments received in shares		(100,000)-	(100,000)
Unrealized (gain) loss on marketable securities		(58,310)	320,500
Gain on sale of marketable securities		(3,858)	-
Loss of investment accounted for using the equity method	6,7	282,727	305,574
Write down of investment in CGM		-	85,677
Net change in non-cash working capital		81,139	(24,078)
Cash flows from operating activities		<u>(626,084)</u>	<u>(724,459)</u>
Investing Activities			
Proceeds on sale of marketable securities	5	112,751	-
Restricted cash equivalents		(130)	(266)
Cash flows from investing activities		<u>112,621</u>	<u>(266)</u>
Financing Activities			
Issuance of common shares	9(b)	468,910	199,995
Cost of issuance	9(b)	(21,922)	(10,009)
Cash flows from financing activities		<u>446,988</u>	<u>189,986</u>
(Decrease) in cash		(66,475)	(534,739)
Cash, beginning of period		<u>594,104</u>	<u>1,155,873</u>
Cash, end of period		<u><u>527,629</u></u>	<u><u>621,134</u></u>

Please see accompanying notes to the consolidated financial statements

Transition Metals Corp.
Notes to the Consolidated Financial Statements
May 31, 2020 and 2019
(Expressed in Canadian Dollars)

1. Nature of Operations

Transition Metals Corp. (“TMC” or the “Company”) and its Canadian subsidiaries, HTX Minerals Corp. (“HTX”), Sudbury Platinum Corp. (“SPC”) to the date of loss of control, and Canadian Gold Miner Corp. (“CGM”) to the date of loss of control (collectively referred to as the “Company”) are engaged in the acquisition and exploration of mineral exploration properties in Canada and the United States. The Company’s registered office is 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, Ontario, M5X 1B8.

On August 14, 2013, TMC completed a plan of arrangement with HTX pursuant to which TMC acquired all of the issued and outstanding shares of HTX in exchange for 15,391,200 common shares of TMC. As a result of the transaction, the former shareholders of HTX became the majority shareholders of TMC and the transaction was accounted for as a reverse acquisition with HTX identified as the accounting acquirer. The consolidated entity continued under the name of Transition Metals Corp.

On September 9, 2013, the Company incorporated a private company, SPC and transferred to it two properties being Aer Kidd and Owen Nickel in exchange for 15,000,000 common shares in SPC, representing 100% of the common stock of SPC. SPC issued a further 24,653,331 common shares to outside parties since incorporation resulting in the Company owning 30% of SPC at May 31, 2020 (August 31, 2019 - 30%).

On October 27, 2015, the Company incorporated a wholly owned subsidiary CGM and on February 15, 2016, transferred five property groupings that are part of the Abitibi Greenstone Belt Gold portfolio including; West Matachewan, Jumping Moose, Elephant Head, Golden Elk and New Kirkland to CGM in consideration of 15,000,100 common shares of CGM. CGM issued a further 25,539,767 common shares to outside parties since incorporation resulting in the Company owning 37% of CGM at May 31, 2020 (August 31, 2019-37%). CGM was included in the consolidated financial statements until November 22, 2017 at which time it was deconsolidated and became an associate.

2. Going Concern

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they become due. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programmes will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves and the achievement of the Company’s ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest in accordance with industry standards to the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. Accordingly, they do not give effect to adjustments that 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 and commitments in other than the normal course of business and at amounts different from those presented in these consolidated financial statements.

2. Going Concern - Continued

The Company raises capital and equity for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent on its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. Management believes that it has sufficient working capital to support operations for the next 12 months. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

3. Summary of Significant Accounting Policies

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The accounting policies are based on the IFRS standards and International Reporting Interpretations Committee ("IFRIC") interpretations and are in compliance with IAS 34 Interim Financial Reporting

Basis of Measurement and Presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are presented in Canadian dollars which is also the Company's functional currency.

The preparation of 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. These consolidated financial statements reflect the following accounting policies which have been applied consistently to all periods presented, except where disclosed.

Principles of Consolidation

These consolidated financial statements include the accounts of HTX and CGM until November 22, 2017 (the date of loss of control). All intercompany transactions and resulting balances have been eliminated on consolidation. As at May 31, 2020, the Company held a 100% interest in HTX (August 31, 2019 – 100%).

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

3. Summary of Significant Accounting Policies - Continued

Principles of Consolidation (Continued)

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as “non-controlling interests” in the equity section of the consolidated statement of financial position. Profit for the period that is attributable to non-controlling interests is calculated based on the ownership of the minority shareholders in the subsidiary. Warrants and stock options issued by subsidiaries, exercisable into subsidiary shares, are presented as a component of non-controlling interest in the consolidated statement of financial position.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The partial disposal of an interest resulting in loss of control meets the definition of a disposal group. A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and: Represents a separate major line of business or geographical area of operations; Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of income or loss. .

Cash and Cash Equivalents

Cash and cash equivalents include cash-on-hand and balances with banks and short-term investments with original maturities of three months or less.

Revenue Recognition

Revenues received from strategic alliances are recognized in the period in which they are earned and collectability is reasonably assured. The strategic alliance agreements allow for either the Company or the strategic partner to terminate the agreement at any time.

Management fee revenue is recognized when the services are rendered and collectability is reasonably assured.

Interest income is recognized on the Statement of (Loss) Income and Comprehensive (Loss) income for all financial assets measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument back to the net carrying amount of the financial asset. The application of the method has the effect of recognizing revenue of the financial instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

Transition Metals Corp.
Notes to the Consolidated Financial Statements
May 31, 2020 and 2019
(Expressed in Canadian Dollars)

Investments in Associates

Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments over which the Company has the ability to significantly influence are initially recorded at cost. When the initial recognition of the investment in the associate occurs as a result of a loss of control of a former subsidiary, the fair value of the retained interest in the former subsidiary on the date of the loss of control is deemed to be the cost on initial recognition. Investment income (loss) is calculated using the equity method.

The Company's share of the associate's profit or loss is recognised in the statement of (loss) income and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of income.

Profits and losses resulting from upstream and downstream transactions between the Company and its associate are recognised in the Company's financial statements only to the extent of unrelated investors' interests in the associate. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognised in the statement of income.

The investment account of the investor reflects:

- i) the cost of the investment in the investee;
- ii) the investment income or loss (including the investor's proportionate share of discontinued operations and extraordinary items) relating to the investee subsequent to the date when the use of the equity method first became appropriate; and
- iii) the investor's proportion of dividends paid by the investee subsequent to the date when the use of the equity method first became appropriate.

Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred other than property interests acquired in a business combination, which are capitalized. Exploration and evaluation expenditures include acquisition costs of mineral exploration properties, property option payments and exploration and evaluation activity. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

3. Summary of Significant Accounting Policies – Continued

Joint Ventures

A joint arrangement is defined as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. There are two types of joint arrangements, joint operations (“JO”) and joint ventures (“JV”). A JO is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A JV is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Interest in JV’s are accounted for using the equity method.

The Company recognizes its direct right to the assets, liabilities, revenues and expenses of the JO and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

As at May 31, 2020 and August 31, 2019, the Company did not have any JV’s or JO’s.

Equipment

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Equipment – Continued

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss. Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit or loss over the estimated useful lives as follows:

Computer equipment and software	- 2 year straight line
Exploration equipment	- 30% diminishing balance
Furniture	- 20% diminishing balance
Vehicles	- 30% diminishing balance

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3. Summary of Significant Accounting Policies – Continued

Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets, including equipment and mineral exploration property acquisition costs are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of individual assets, the impairment test is carried out on the asset's cash-generation unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely dependent of the cash inflows from other assets. An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive (loss) income.

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 directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to taxes payable with regards to previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized for 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 enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized tax deferred assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Share-Based Payments and Warrants

Where equity-settled share options are awarded to employees and consultants, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

3. Summary of Significant Accounting Policies – Continued

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period. When stock options and warrants are granted by TMC the corresponding increase is recorded to share based payment reserve and when granted by a subsidiary the corresponding increase is recorded to non-controlling interest and classified as stock options and warrants.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company's estimate of options that will eventually vest. The number of forfeitures likely to occur is estimated on the grant date.

Where equity instruments are granted to employees, they are recorded at the fair value at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the transaction is measured at the fair value of the equity instrument granted.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, the shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital for any consideration paid.

Where cash-settled share-based payments are granted, the goods or services acquired and the liability incurred is measured at the fair value of the liability. Until the liability is settled, the fair value is re-measured at the end of each reporting period and at the date of settlement, by applying an option pricing model, with any changes in fair value recognized in profit or loss for the period. The measurement of the liability takes into account, the terms and conditions on which the share appreciation rights were granted and to the extent to which the employees or consultants have rendered service to the date of measurement. Unexercised expired stock options and warrants are transferred to deficit.

Foreign Currency Transactions and Translation

The functional currency and reporting currency is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates in effect on the date of the transactions. Exchange gains and losses arising on translation are included in net (loss) income.

Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognized as interest expense.

3. Summary of Significant Accounting Policies - Continued

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under contract. At each statement of financial position reporting date, provisions are reviewed and adjusted to reflect the current best estimate of the expenditure required to settle the present obligation. The Company had no material provisions as at May 31, 2020 and August 31, 2019.

Decommissioning Liabilities

A legal or constructive obligation to incur decommissioning liabilities may arise when environmental disturbance is caused by the exploration, development or mining of a mineral property interest. Such costs arising from the decommissioning of plant and other site work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount 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 had no material decommissioning liabilities as at May 31, 2020 and August 31, 2019.

Income (Loss) per Share

Basic income (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted income (loss) per share is calculated by assuming that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted income (loss) per share calculation. The diluted income (loss) per share calculation excludes any potential conversion of options and warrants that would decrease income (loss) per share or increase income per share. Options and warrants have a dilutive effect only when the average market price of the shares exceeds the exercise price of the options or warrants. The diluted income per share is the same as basic loss per share for the periods ended May 31, 2020 and 2019 as the effects of including all outstanding options and warrants would be anti-dilutive.

Flow-through Shares

The Company may, from time to time, issue flow through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource properties to investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the fair value of the Company's common shares is allocated to premium on flow-through shares liability. If renouncement is retrospective, the Company derecognizes the premium liability when the paperwork to renounce is filed. If the renouncement is prospective, the Company derecognizes the premium liability as qualifying flow-through expenditures are incurred. The reduction to the premium liability in the period of renunciation is recognized through operations.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is reflected as a financial expense.

3. Summary of Significant Accounting Policies - Continued

Company as Lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals are recognized as expenses in the periods in which they are incurred.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Impairment of Mineral Exploration Property Acquisition Costs

While assessing whether any indications of impairment exist for mineral exploration property acquisition costs, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral exploration property acquisition costs.

3. Summary of Significant Accounting Policies - Continued

Income, Value Added, Withholding and Other Taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company is also subject to tax regulations as they relate to flow-through financing arrangements. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Determination of Significant Influence and Impairment of Investment in Associate

Effective March 23, 2016, the Company has classified SPC as an associate based on management's judgment that the Company has significant influence through board representation and 30% of the voting rights as of May 31, 2020 (August 31, 2019 - 30%).

Effective November 22, 2017, the Company has classified CGM as an associate based on management's judgment that the Company has significant influence through board representation and 37% of the voting rights as of May 31, 2020 (August 31, 2019 - 37%).

Impairment exists when the carrying value of the investment in associate exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The determination of impairment requires significant judgement and can be triggered by significant adverse changes in the market, economic or legal environment in which the associate operates.

Share-Based Payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates. The assumptions and models used for estimating fair value for share-based payment transactions is disclosed in Note 9. The expected volatility assumptions for TMC option and warrant grants was based on the historical volatility of TMC shares.

Contingencies

Refer to Note 11 and 14.

Existence of Decommissioning and Restoration Costs and the Timing of Expenditure

Decommissioning, restoration, and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration, or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations with regulatory authorities.

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3. Summary of Significant Accounting Policies - Continued

Changes in accounting policies

Financial Instruments

Effective September 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers*, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in both standards, the Company adopted these standards retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at September 1, 2018. There were no effects on opening balances at September 1, 2018 with respect to the adoption of these policies.

IFRS 9 replaces International Accounting Standard (“IAS”) 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss (“FVPL”) or through other comprehensive income (“FVOCI”); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company’s financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Restricted cash equivalents	FVPL	FVPL
Amounts receivable	Loans and receivables	Amortized cost
Investment in marketable securities	FVPL	FVPL
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either FVPL or FVOCI, and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

3. Summary of Significant Accounting Policies - Continued

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of (loss) income. The Company’s investments in marketable securities are classified as financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of (loss) income when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company’s only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

3. Summary of Significant Accounting Policies - Continued

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of (loss) income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statement of (loss) income.

New standards not yet adopted and interpretations issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 3 – Business Combinations (“IFRS 3”) and IFRS 11 – Joint Arrangements (“IFRS 11”) were amended in December 2017. IFRS 3 was amended to clarify that when a party to a joint arrangement obtains control of a business that is a joint operation, it re-measures previously held interests in that business. IFRS 11 was amended to clarify that when a party that participates in, but does not have joint control of, a joint operation obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

3. Summary of Significant Accounting Policies - Continued

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

4. Restricted Cash Equivalents

As at May 31, 2020, the Company held GICs in the aggregate amount of \$49,704 (August 31, 2019 - \$49,574) as security for its corporate credit cards.

5. Investment in Marketable Securities

The Company holds nil common shares (August 31, 2019: 416,667) of YSS Corp. (formerly Solo Growth Corp.) pursuant to an option agreement (Note 11(a)). The YSS shares held at August 31, 2019 were valued at 2019 - \$0.335 based on their quoted market price. The Company holds 6,000,000 common shares (August 31, 2019 - 5,400,000) of Forum Energy Metals Corp. ("Forum") pursuant to an option agreement (Note 11(d)). The Forum shares have been valued at \$0.09 per share as at May 31, 2020 (August 31, 2019 – \$0.065) based on their quoted market price. The Company realized a gain on sale of marketable securities of \$3,858 (August 31, 2019 - \$Nil).

6. Investment in Sudbury Platinum Corp. (“SPC”)

TMC has entered into a multi-year operating agreement with SPC to provide exploration services related to the Aer Kidd property, the terms of the agreement allow for the Company to earn a 10% management fee on all exploration costs incurred by SPC other than drilling costs for which it receives a 3% fee. Included in management fees is \$34,124 (2019 - \$15,583) charged to SPC during the period ended May 31, 2020. Included in amounts receivable as at May 31, 2020, is \$114,434 (August 31, 2019 - \$27,681) due from SPC.

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6. Investment in Sudbury Platinum Corp. (“SPC”) - Continued

The Company deconsolidated SPC on March 23, 2016, the date at which TMC’s shareholdings were diluted to 36%. As at May 31, 2020, the Company’s ownership is 30%.

A continuity of the investment in SPC as an associate is as follows:

Balance, August 31, 2018	\$ 2,161,862
Share of the loss for the year	<u>(202,389)</u>
Balance, August 31, 2019	\$1,959,473
Share of the loss for the period	<u>(220,795)</u>
Balance, May 31, 2020	<u><u>\$1,738,678</u></u>

Summarized financial information for SPC as at May 31, 2020 and 2019 and for the periods then ended is as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Current and total assets	103,211	1,020,281
Current and total liabilities	290,075	433,665
Total equity	(186,864)	586,616
Net loss and comprehensive loss	(747,190)	(608,611)
Cash flows from operating activities	(779,539)	(625,644)
Cash flows from investing activities	(77)	(76)
Cash flows from financing activities	-	-

7. Investment in Canadian Gold Miner Corp.

TMC entered into a multi-year operating agreement with CGM to provide exploration services, the terms of which allow for the Company to earn a 10% management fee on all exploration costs incurred by CGM and administered through the operating agreement with the Company.

The Company consolidated CGM for the period from incorporation to November 22, 2017, the date at which TMC’s shareholdings were diluted to 40%. As at May 31, 2020, the Company’s ownership is 37%.

Included in management fees is \$6,997 (2019 – \$24,632) charged to CGM during the period. Included in amounts receivable as at May 31, 2020 is \$12,729 (August 31, 2019 - \$18,000) due from CGM.

A continuity of the investment in CGM as an associate is as follows:

Balance, November 22, 2018	\$2,370,517
Write down	(85,677)
Share of the loss for the year	<u>(228,878)</u>
Balance August 31, 2019	\$2,055,962
Share of the loss for the period	<u>(61,932)</u>
Balance, May 31, 2020	<u><u>\$1,994,030</u></u>

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7. Investment in Canadian Gold Miner Corp. - Continued

Summarized financial information for CGM as at May 31, 2020 and 2019 and for the periods then ended is as follows:

	2020	2019
	\$	\$
Current and total assets	117,832	547,284
Current and total liabilities	107,918	90,967
Total equity	9,915	456,318
Net loss and comprehensive loss	(167,381)	(337,092)
Cash flows from operating activities	5,948	(413,765)
Cash flows from investing activities	38,700	-
Cash flows from financing activities	-	125,000

8. Equipment

	Furniture	Vehicles	Computer Equipment and Software	Exploration Equipment	Total
	\$	\$	\$	\$	\$
Cost					
Balance August 31, 2018	32,906	107,514	269,453	53,270	463,143
Additions	-	-	-	-	-
Balance August 31, 2019	32,906	107,514	269,453	53,270	463,143
Additions	-	-	-	-	-
Cost at May 31, 2020	32,906	107,514	269,453	53,270	463,143
<i>Accumulated depreciation and impairment</i>					
Balance at August 31, 2018	27,443	99,012	269,453	48,262	444,170
Additions	711	2,551	-	1,575	4,837
Balance at August 31, 2019	28,154	101,563	269,453	49,837	449,007
Additions	656	1,339	-	673	1,778
Balance at May 31, 2019	28,810	102,902	269,453	50,510	451,675
Net book value August 31, 2019	4,752	5,951	-	3,433	14,136
Net book value May 31, 2020	4,096	4,612	-	2,760	11,468

9. Share Capital

a) Authorized

An unlimited number of common shares with no par value

An unlimited number of preferred shares, non-voting, non-participating, retractable, redeemable

9. Share Capital - Continued

b) Transactions

(i) Period ended May 31, 2020

On December 20, 2019 the Company closed a private placement resulting in the Issuance of 1,932,667 units at a price of \$0.15 per unit, for proceeds of \$289,900 and 994,500 flow-through common shares at a price of \$0.18 per flow-through share, for proceeds of \$179,010. Each unit consisted of one common share of the Corporation and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share for a period of 24 months from closing at a price of \$0.25. . The proceeds from the sale of units has been prorated to common shares and warrants based on the relative fair value of each component, with \$115,960 being allocated to warrants. The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following assumptions: expected dividend yield – nil; expected volatility 114%; risk free interest rate 1.5%; and an expected life of 2 years. Total share subscriptions by directors and key management personnel were 102,000 units for proceeds of \$15,300.

A finder's fee that consisted of a cash fee in the aggregate amount of \$21,388, representing an aggregate commission of 6% of the units and flow-through shares sold to investors introduced by finders. All securities issued in connection with the private placement are subject to a four month restricted resale period that expires on April 21, 2020.

On February 28, 2020 the Company issued 117,647 shares at \$0.17 per share based on the quoted market price (total value of \$20,000) in satisfaction of an exploration property option payment see Note 11(l).

On May 15, 2020 the Company issued 50,000 shares at \$0.18 per share based on the quoted market price (total value of \$9,000) in satisfaction of an exploration property option payment see Note 11(m).

(ii) Year ended August 31, 2019

On October 15, 2018 the Company issued 108,775 shares at \$0.138 per share based on the quoted market price (total value of \$15,000) in satisfaction of an exploration property option payment see Note 11(h)

On December 28, 2018, the Company completed a flow through private placement for gross proceeds of \$199,985. The Company issued 1,739,000 common shares at \$0.12 per share. Share issue costs related to the offering were \$10,010. The flow-through common shares were issued at a premium in recognition of the tax benefits accruing to subscribers. The Company recorded a premium of \$52,170 which was subsequently reversed through the statement of (loss) income as all flow through obligations had been met.

On June 28, 2019 the Company issued 127,600 shares at \$0.196 per share based on the quoted market price (total value of \$25,000) in satisfaction of an exploration property option payment see Note 11(j).

On August 14, 2019 the Company issued 132,550 shares at \$0.189 per share based on the quoted market price (total value of \$25,000) in satisfaction of an exploration property option payment see Note 11(h).

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9. Share Capital – Continued

c) Stock Options

The Company has a stock option plan (the "Plan") for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of 10% of the total issued and outstanding common shares of the Company. These options are non-transferrable and are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of the options is fixed by the Board of Directors of the Company at the time of the grant at a minimum of the market price of the common shares, subject to all regulatory requirements. Expected volatility has been determined using the share price of the Company for the period equivalent to the life of the options prior to grant date.

On January 9, 2019, the Company granted 1,950,000 incentive stock options to directors, management and employees of the Company, exercisable at \$0.10 per share for a period of 5 years. The grant date fair value of \$0.07 per option was estimated using the Black-Scholes option pricing model based on the following assumptions: expected life of 5 years, expected volatility of 121%, expected dividend yield of 0%, and a risk free interest rate of 1.91%. The options vested immediately. Management and directors were granted 1,740,000 incentive stock options.

At May 31, 2020, the following options were outstanding and available to be exercised:

Grant Date	Number	Exercise Price	Expiration	Remaining Years	Grant Date Fair Value
March 30, 2016	275,000	\$0.15	March 30, 2021	0.83	\$0.13
May 3, 2017	655,000	\$0.20	May 3, 2022	1.92	\$0.16
January 9, 2019	1,950,000	\$0.10	January 9, 2024	3.61	\$0.07
	2,880,000	\$0.13		2.96	

A summary of stock option activity during the period ended May 31, 2020 and August 31, 2019 is as follows:

	Number of Outstanding Options	Weighted Average Exercise Price
Outstanding – August 31, 2018	2,332,500	\$0.31
Issued	1,950,000	\$0.10
Expired	(1,402,500)	\$0.39
Outstanding – August 31, 2019	2,880,000	\$0.13
Issued	-	-
Expired	-	-
Outstanding – May 31, 2020	2,880,000	\$0.13

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9. Share Capital – Continued

d) Warrants

At May 31, 2020, warrants to purchase common shares were outstanding and available to be exercised as follows:

Issue Date	Number	Exercise Price	Expiration	Remaining Years
December 20, 2019	1,932,667	\$0.25	December 20, 2021	1.56

A summary of warrant activity during the period ended May 31, 2020 and August 31, 2019 is as follows:

	Number of Outstanding Warrants	Weighted Average Exercise Price
Outstanding - August 31, 2018	7,946,388	\$0.20
Issued	-	-
Outstanding - August 31, 2019	7,946,388	\$0.20
Expired	(7,946,388)	\$0.20
Issued	1,932,667	\$0.25
Outstanding - May 31, 2020	1,932,667	\$0.25

e) Basic and Diluted (Loss) Per Share

The total number of shares issuable from options and warrants are excluded from the computation of diluted (loss) per share for the period ended May 31, 2020 because their effect would be anti-dilutive was 4,812,667 (August 31, 2019 – 10,826,388).

10. Related Party Transactions

a) In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key management of the Company for the periods ended May 31, 2020 and 2019 was as follows:

	2020	2019
	\$	\$
Short term benefits	222,566	222,520
Share based payments	-	136,500
	222,566	359,020

Short term benefits are included in: consultant fees and exploration and evaluation expenditures. Included in accounts payable and accrued liabilities as at May 31, 2020, is \$68,186 (August 31, 2019 - \$41,111) owing to officers and management of TMC. The amounts are unsecured, non-interest bearing, and are due on demand.

Included in amounts receivable as at May 31, 2020 is \$127,163 (August 31, 2019 - \$45,681) due from SPC and CGM in total. These amounts are unsecured, non-interest bearing and due on demand.

b) See also Notes 6, 7 and 9(c).

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11. Exploration Properties

As at May 31, 2020, the capitalized balance of mineral exploration property acquisition costs totalling \$221,005 (August 2019 – \$221,005) related to the acquisition of TMC by HTX, are allocated to the former TMC properties as follows: Gowganda Gold \$140,505, Pipestone - \$23,500, Homathko - \$52,000, Doherty Lake - \$5,000.

Summary of exploration and evaluation expenditures for the periods ended May 31, 2020 and 2019:

Property		2020 \$	2019 \$
New project generation expenditures		121,128	134,999
Gowganda Gold	a	(98,957)	(96,895)
Janice Lake	d	(148,488)	(103,084)
Sunday Lake	f	3,333	4,764
Saturday Night	g	-	17,454
Eva Kitto		5,628	47
Highland Gold	h	81,573	212,446
Bear Lake		-	3,676
Maude Lake	i	905	-
Cryderman	j	64,242	-
Duntara	k	16,175	-
Fostung	l	60,266	-
Aylmer	m	25,303	-
Other	n	21,431	(68,364)
Totals		152,894	105,043

During the period ended May 31, 2019, gross proceeds of \$250,000 (2019 - \$205,000) were recorded by the Company from the sale of, and option payments received on, mineral exploration properties.

Abitibi Gold – Ontario (a -c)

a) Gowganda Gold

The Company holds an interest in certain mining claims in Nicol, Haultain, and Van Hise townships in the Larder Lake Mining District near the town of Gowganda, Ontario.

On March 12, 2019, the Company executed an option and joint venture agreement with Battery Minerals Resources Limited (“Battery”) whereby Battery can earn a up to an 80% interest in the Gowganda Gold project. To earn a 60% interest, Battery must provide option payments totaling \$600,000 over 3 years that includes a \$75,000 payment received upon execution of the Agreement and \$25,000 that was received by the Company upon execution of a binding term sheet. In addition, Battery must complete \$3,400,000 of exploration expenditures over 3 years including a commitment of \$400,000 during the first year. Upon vesting a 60% interest, Battery may increase its interest to 80% by delivering a feasibility study within three years subject to certain time extension provisions. After earning its 60% or 80% interest in the property, a joint venture would be formed, with each party funding its proportionate share of future work programs or suffering dilution of interest.

Pursuant to a First Nations Memorandum of Understanding (MOU) there is a 2% commitment to the First Nations on all exploration and evaluation expenditures and up to a \$15,000 commitment per year to fund an Environmental/Elders Committee.

11. Exploration Properties – Continued

b) Pipestone – Optioned to Gowest Gold Ltd.

This group of properties located in the Wark, Prosser, Little and Evelyn townships in Ontario and consists of a joint venture between the Company and Gowest. On April 27, 2011 and as amended February 3, 2014, the Company entered into an option and joint venture agreement with Gowest Gold Ltd. (“Gowest”) that provided Gowest with the option to acquire a 60% interest or 75% interest in the Pipestone Property. To earn a 60% in the Pipestone Property, Gowest would be required to make cash payments of \$100,000 (\$100,000 received), issue 500,000 common shares of Gowest to the Company (500,000 issued) and incur exploration expenditures of \$1,000,000 by the fourth-year anniversary of the agreement. Furthermore, Gowest retained the one-time option upon vesting its 60% interest to increase its ownership to 75% by issuing an additional 150,000 Gowest common shares to the Company and incurring an additional \$2,000,000 in exploration expenditures within two years. On April 25, 2016, Gowest vested its initial 60% interest in the property and notified the Company that it would not be increasing its interest to 75%. In 2017, the Company declined its right to maintain its 40% participating right in the project and may have its interest diluted accordingly.

c) Nunavut Resources Corporation Strategic Alliance

On August 12, 2019, the NRC Alliance was formally terminated and all projects generated under the Alliance were assigned to West Kitikmeot Gold, (“WKG”) a private subsidiary of Nunavut Resources Corporation. The Company’s wholly owned subsidiary, HTX converted its interest in the projects for 1,000,000 shares (to be received) of WKG that represents 10% of the seed shares of WKG which have been valued at \$Nil at this time.

Saskatchewan Copper

d) Janice Lake, Saskatchewan

The Company currently holds a 100% interest in the Janice Lake property in Saskatchewan. On February 5, 2018, the Company entered into an option agreement with Forum Energy Metals Corp. (“Forum”) that provides Forum with the option to acquire a 100% interest in the Janice Lake Property. To earn 100%, Forum would be required to make cash payments of \$250,000 over four years (\$100,000 received), issue 8,000,000 common shares of Forum to the Company (6,000,000 issued) and incur exploration expenditures of \$250,000 within six months (completed). The agreement also provides for a payment to the Company of \$1,000,000 on completion of a Feasibility Study and a \$5,000,000 payment within twelve months of commercial production. Upon exercise of the option the property is subject to a 2% NSR to the Company of which Forum can purchase 0.75% of the NSR for \$1,500,000. On May 9, 2019 Forum announced that it had entered into a \$30 million dollar option agreement with Rio Tinto Exploration Canada (RTEC) to explore the Janice Lake project. Under the terms of the Forum – RTEC agreement, RTEC will commit to spending \$3 Million within 18 months on the Property with the option to vest a 51% interest by spending \$10 Million over 4 years. Upon vesting its interest, RTEC can, at its option, earn a further 29% interest (for a total 80% interest) by spending a further \$20 million over 3 years.

e) Wollaston Copper, Saskatchewan

On May 22, 2019, the Company announced that it had staked approximately 15,144 hectares in the Wollaston Basin Copper Belt, northern Saskatchewan. The new claims were staked to cover known copper showings and on-strike equivalents that are interpreted to have potential to host sedimentary-hosted copper mineralization similar to that at Janice Lake. The property is located within the Wollaston Domain, a Proterozoic-aged, northeast trending package of tightly folded amphibolite grade metasediments.

Thunder Bay - Ni-Cu-PGM's

f) Sunday Lake

On February 1, 2014, the Company entered into an agreement with Impala Platinum Holdings Inc. ("Implats"), which assigned 100% of rights and interests in properties generated under a strategic alliance to the Company, with the exception of the Sunday Lake Property subject to a 1.0% to 1.5% NSR royalty held by Implats. Currently the Sunday lake property is held 25% (free carried interest to completion of a feasibility study) by the Company and 75% by Implats.

The property is subject to a number of underlying agreements noted below:

Parcels 19889, 19890 and eight claims are subject to an option agreement between the Company and Rio Tinto Explorations Canada Inc. ("RTEC") dated May 10, 2013. Under the terms of the option agreement, the Company can acquire a 100% interest in the properties by making payments to RTEC totaling \$350,000 (\$350,000 paid) by the third anniversary of the agreement, subject to a payment of \$3,500,000 upon commercial production with an additional payment of \$1,500,000 on or before the first anniversary of commercial production. The Company's interest in the optioned properties is also subject to a 1.5% NSR held by RTEC, of which 0.5% can be purchased for \$1,000,000. On April 23, 2016, the final payment to RTEC was made thus vesting the joint venture's 100% interest in the property grouping subject to the pre-production royalty payments and associated NSR noted above.

Parcel 19889, is subject to an underlying agreement between RTEC and a vendor that allows the Company to conduct mineral exploration on the property by making annual rental payments of \$1,132 with an option to purchase the surface and mineral rights by paying the vendors 1.5 times the fair market value of the premises subject to a 1% NSR, of which the Company can purchase 0.5% for \$250,000. This agreement has been extended to January 1, 2021. Under the terms of extension, the Company made a \$50,000 payment on signing.

Parcel 19890, is subject to an underlying agreement between RTEC and vendors that allows the Company to conduct mineral exploration on the property by making annual rental payments of \$1,000, with an option to purchase the surface and mineral rights by paying the vendors 1.5 times the fair market value of the premises subject to a 1% NSR, of which the Company can purchase 0.5% for \$250,000. Subsequent to the end of this reporting period, Implats has advised that they have terminated the Lease Agreement on this property.

Parcel 6056 and one claim are subject to an assignment agreement between the Company and RTEC dated March 25, 2013 and underlying agreements between RTEC, Peter DeRozea and the Sunday Lake Syndicate. Under the terms of this agreement, the Company can earn a 100% interest by making cash payments totaling \$448,000 by March 31, 2016, subject to a 3% NSR held by the vendors. Upon vesting, pre-production royalty payments of \$40,000 per year to a total of \$200,000 are due (\$120,000 paid), the total of which will be deducted from future production based NSR payments. The Company maintains the right to purchase 2% of the NSR from DeRozea and the Sunday Lake Syndicate for \$2,000,000. During the year ended August 31, 2016, a \$140,000 payment to the Sunday Lake Syndicate was made thus vesting the Joint Venture's 100% interest in the property grouping subject to the pre-production royalty payments and associated NSR noted above. Subsequent to the end of this reporting period, Implats has advised that they have terminated the Lease Agreement on this property.

On December 27, 2013, the Company entered into an option to purchase agreement with a private land (Parcel 10083) owner near Sunday Lake. Under the terms of the agreement, the Company must make bi-annual lease payments of \$3,000 until June 2016. The Company retains the right during the option period to purchase a 100% interest in the surface and mineral rights of the property for 1.5 times the fair market value of the unimproved property, subject to a 1% NSR.

11. Exploration Properties – Continued

On January 23, 2014, the Company entered into an option to purchase agreement with a private land owner near Sunday Lake. Under the terms of the agreement, the Company must make bi-annual lease payments of \$3,725 until July 2018. The Company retains the right during the option period to purchase a 100% interest in the surface and mineral rights of the property for 1.5 times the fair market value of the unimproved property, subject to a 1% NSR, of which the Company can purchase back 0.5% for \$500,000. This Agreement has been extended by 3 years until July 23, 2021. Under the terms of the extension the bi-annual payments of \$3,725 have been extended for 36 months.

In June of 2017, the Company entered into an option agreement with joint venture partner Implats and North American Palladium Ltd. ("NAP") whereby NAP has the right to acquire Implats' 75% ownership in the Sunday Lake Project by completing work commitments totaling \$4,500,000 and making cash payments of \$3,500,000 over a five year period according to the following schedule: Stage 1: NAP may acquire a 51% controlling interest in the property by completing \$1,500,000 of exploration expenditures (completed) and making cash payments of \$75,000 to TMC (completed) and \$675,000 to Implats (completed) within a two year period; Stage 2: NAP may increase its interest from 51% to 65% by completing an additional \$2,500,000 of exploration expenditures and making further cash payments of \$125,000 to TMC and \$1,125,000 to Implats within a two year period; and Stage 3: NAP may further increase its interest from 65% to 75% by completing an additional \$500,000 of exploration expenditures and making final cash payments of \$150,000 to TMC and \$1,350,000 to Implats within a one year period. TMC retains a 25% free carried interest until the completion of Feasibility Study.

In December, 2019 Impala Canada Limited (Implats Canada), a 100% owned subsidiary of Impala Platinum Holdings Limited (Implats), purchased North American Palladium including NAP's interest in the Sunday Lake project.

g) Thunder Bay Area – Saturday Night, Eva Kitto, Hele, Owl Lake, Fraser Lake, Empire Lake, Revell and Garden Lake

At May 31, 2020 and August 31, 2019, the Company maintained a 100% interest in property groupings in the Thunder Bay Mining District for which it is seeking partners. These properties include Saturday Night, Eva Kitto, Hele, Owl Lake, Fraser Lake, Revell, Garden Lake, Nabish Lake, Wagner and Maude Lake.

h) Highland Gold, Nova Scotia

On August 20, 2018, the Company entered into an option agreement to acquire a 100% interest in the Highland Gold property located in Nova Scotia. Additional staking was also done and as at May 31, 2019, the project consists of 21 staked and optioned claims.

To earn a 100% interest, in the optioned claims, the Company is required to make cash payments of \$170,000 over four years (\$35,000 paid), issue \$175,000 worth of common shares of the Company (\$40,000 worth of shares issued) over four years and incur exploration expenditures of \$1,500,000 over five years. The agreement also provides for a milestone payment by the Company of \$500,000 in cash or shares within 90 days after a commercial production decision. If by the 8th anniversary of the agreement no production decision has been made, a milestone prepayment of \$25,000 per year to the optionee capped at \$500,000. Upon exercise of the option the property is subject to a 2.0% NSR of which the Company can purchase 1.0% of the NSR for \$1,250,000. The optionee will be granted a 1.0% NSR on the adjacent company staked Claims. The Company retains the right to purchase from the optionee the Company granted 1.0% NSR on the adjacent properties for \$500,000.

11. Exploration Properties – Continued

i) Maude Lake

On December 3, 2018, the Company entered into an option agreement to acquire a 100% interest in the Maude Lake property located in Ontario. Pursuant to the terms of the option agreement, TMC earned a 100% interest in the property by issuing \$25,000 in cash (completed) and \$25,000 in shares (issued) to the vendor over a 6-month period (see note 9(b)). The vendor retains a 2% Net Smelter Return royalty (“NSR”) with TMC retaining the right to buy back 1.5% NSR for \$2,000,000.

j) Cryderman

On April 18, 2019 the Company entered into an option agreement to acquire a 100% interest in the Cryderman Lake property in Ontario. Pursuant to the terms of the option agreement, TMC retains the right and option to earn a 100% interest in the property by issuing \$60,000 in cash (paid) on signing and an additional \$110,000 in shares over a 3 year period and incurring work expenditures of \$300,000 over a 3 year period. If the Company vests its interest, the Vendor would retain a 2% NSR with TMC retaining the right to buy back 1.0% NSR for \$1,000,000.

k) Duntara

The Company staked a new copper property known as the Duntara Copper in Eastern Newfoundland, covering 2,440 hectares along the northwestern tip of the Bonavista Peninsula in Eastern Newfoundland. The Company retains a 100% interest in this property

l) Fostung

On November 14, 2019, the Company announced that it had acquired a 100% interest in the Fostung property located near the town of Espanola approximately 70 kilometres southwest of Sudbury, Ontario. The property was acquired by staking and 2 separate purchase and sale agreements. The CJP purchase, of a 100% interest in 16 staked mining claims for 356 hectares was secured by issuing \$20,000 in cash and \$20,000 in shares (issued) to the Vendor. The Vendor retains a 1% Net Smelter Return royalty (NSR) on the property with the Company retaining the right to buy back 0.5% NSR for \$500,000. The Daxl purchase of a 100% interest in 3 mining claims was purchased for \$5,000.

m) Aylmer

On May 11, 2020 the Company announced that it had entered into an agreement to earn a 100% interest in the Aylmer IOCG property by making aggregate cash payments of \$102,000; issuing an aggregate total of 625,000 common shares; and incurring exploration work expenditures totalling \$900,000 by May 4, 2024. If the Company exercises its option the vendors will retain a 2.0% Net Smelter Return Royalty (NSR) from any Commercial Production from the property for which Transition may purchase 1.0% of the NSR for \$1,000,000 at any time

n) Other

As at May 31, 2019, the Company maintained ownership interests located in Ontario, New Brunswick, Saskatchewan and British Columbia.

11. Exploration Properties – Continued

Dundonald, Ontario

The Dundonald property near Timmins consists of 29 freehold patents, mining leases and claims. On August 27, 2018 the Company announced that it had signed a binding letter of Intent with VaniCom Limited (“VaniCom”) of Perth, Western Australia for the sale of a 100% interest in the Dundonald Nickel Project located near Iroquois Falls, Ontario. The purchase terms include a payment of \$50,000 by VaniCom to the Company on signing the binding letter of intent. The formal agreement was signed on November 9, 2018 and included a further payment of \$100,000 to the Company. In addition, VaniCom issued the Company 1,750,000 shares with a value of \$350,000. TMC received a 2.5% NSR on any future production from the property. The Agreement also includes a requirement that VaniCom incur expenditures of at least \$750,000 on exploration and development on the property over a 36-month period.

On August 2, 2019, VaniCom converted its shares to Legendary Ore Mining Corporation (“Legendary”) on the basis of 1 Legendary share for each 1.14 VaniCom shares held). Subsequently, Legendary completed a reverse take-over of Lakefield Marketing Corp. which was renamed Class 1 Nickel and Technologies Inc. (“Class 1”) on a basis of 1 Legendary shares for 1 Class 1 share.

Subsequent to August 31, 2019, the Company received 1,529,720 Class 1 shares.

Bancroft (NI-CU-PGM’s)

The Bancroft project is a greenfield exploration project.. The property consists of approximately 2,621 hectares of mining claims located in the Southern Mining district near Bancroft, Ontario.

Homathko, British Columbia

The Homathko Property consists of 3, 100% owned staked claims in the Caribou Regional District, British Columbia, approximately 200 km west of Williams Lake British Columbia.

Doherty Lake Property – Gold and Base Metals – Ontario

The Doherty Lake Property consists of 48 converted map-based mining claims for 1,056 hectares located in central Demorest Township, Sudbury Mining District, Ontario.

Bass Lake – Gold - Ontario

The mining rights only of three patents located on the south shore of Bass Lake totaling 48 hectares are 100% owned by Transition Metals.

Porterville and Lewisporte, Newfoundland

The Porterville Property consists of staked claims (475 hectares) located along the south shore of the Bay of Exploits, Newfoundland.

The Lewisporte Property consists of staked claims(925 hectares) located to the east of the Porterville Property extending from the Bay of Exploits south to Burnt Bay.

Dungarvon, New Brunswick

The Dungarvon Property consists of staked claims covering approximately 819 hectares located in central New Brunswick approximately 15 km northwest of the Burnthill Tungsten Mine.

12. Capital Management

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the current size of the Company. There were no changes to its capital management approach during the periods ended May 31, 2020 and August 31, 2019. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. The Company is not subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is dependent on its strategic alliance partners as well as on the capital markets to finance exploration and development activities.

13. Financial Instruments and Financial Risk Factors

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts the Company's current financial assets and liabilities approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no material changes in these risks, objectives, policies and procedures during the periods ended May 31, 2020 and August 31, 2019.

Credit Risk

The Company's credit risk is primarily attributable to its amounts receivable. Amounts receivable consist primarily of sales taxes due from the Federal Government of Canada. The Company has no significant concentration of credit risk arising from its operations. Management believes that the credit risk concentration with respect to financial instruments included in other assets is low. The Company also received funding from exploration partners including CGM, SPC and the government of Nova Scotia. The Company believes that the credit risk associated with all of these corporations is low.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2020, the Company has current assets totalling \$1,308,154 (August 31, 2019 – \$1,255,397) to settle current liabilities of \$378,793 (August 31, 2019 - \$227,969).

Price Risk

The Company is exposed to price risk with respect to commodity prices. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

Interest Rate Risk

The Company does not currently have any outstanding variable interest bearing loans and, therefore, the Company is not exposed to interest rate risk through fluctuation in the prime interest rate.

14. Commitments and Contingencies

Environmental Contingencies

The Company's exploration activities are subject to various federal, state, provincial, and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through Expenditures

From time-to time, the Company and its associates enter into flow-through financings and indemnify the subscribers of flow-through shares for any tax related amounts that become payable by the subscriber (see Note 9). In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. There are many transactions and calculations for which the ultimate tax determination is uncertain. While the Company believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. .

15. Subsequent event

- a) On June 3, 2020 the Company announce that it has closed a non-brokered private placement. The private placement was for a total of 7,910,331 units (the "Units") at a price of \$0.15 per Unit, for proceeds of \$1,186,549.65 and 1,061,188 flow-through common shares (the "FT Shares") at a price of \$0.18 per FT Share, for proceeds of \$191,013.84 (collectively, the "Offering"). Units consist of a common share and a common share purchase warrant. Each Warrant will entitle the holder to purchase one additional Common Share for a period of 24 months from closing at a price of \$0.22.
- b) The global outbreak of COVID-19 (coronavirus), has had a significant impact on businesses through restrictions put in place by the Canadian government regarding travel, business operations and isolations/quarantine orders. At this time it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate that this outbreak may cause supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Company's business and financial condition.