

**NEW DIMENSION RESOURCES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MAY 31, 2019**

**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
New Dimension Resources Ltd.

### ***Opinion***

We have audited the accompanying consolidated financial statements of New Dimension Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2019 and 2018 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### ***Basis for Opinion***

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

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a deficit at May 31, 2019 and has no current source of revenue. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

September 30, 2019

**New Dimension Resources Ltd.**  
**Consolidated Statements of Financial Position**  
*Expressed in Canadian Dollars*

As at

|                                          | <b>Note</b> | <b>May 31, 2019</b><br>\$ | <b>May 31, 2018</b><br>\$ |
|------------------------------------------|-------------|---------------------------|---------------------------|
| <b>ASSETS</b>                            |             |                           |                           |
| <b>Current</b>                           |             |                           |                           |
| Cash                                     |             | 73,773                    | 3,637,549                 |
| Receivables                              | 4           | 25,433                    | 172,296                   |
| Prepaid expenses                         |             | 13,516                    | 637                       |
|                                          |             | <u>112,722</u>            | <u>3,810,482</u>          |
| <b>Non-current</b>                       |             |                           |                           |
| Receivables                              | 4           | -                         | 476,576                   |
| Exploration and evaluation assets        | 7           | 5,591,894                 | 3,452,153                 |
|                                          |             | <u>5,591,894</u>          | <u>3,928,729</u>          |
| <b>TOTAL ASSETS</b>                      |             | <u><b>5,704,616</b></u>   | <u><b>7,739,211</b></u>   |
| <b>LIABILITIES</b>                       |             |                           |                           |
| <b>Current</b>                           |             |                           |                           |
| Accounts payable and accrued liabilities | 5           | 455,102                   | 964,932                   |
| Contractual obligation payable           | 8           | 791,504                   | 391,500                   |
|                                          |             | <u>1,246,606</u>          | <u>1,356,432</u>          |
| <b>Non-current</b>                       |             |                           |                           |
| Contractual obligation payable           | 8           | 1,125,702                 | 1,487,210                 |
|                                          |             | <u>1,125,702</u>          | <u>1,487,210</u>          |
| <b>SHAREHOLDERS' EQUITY</b>              |             |                           |                           |
| Share capital                            | 9           | 14,224,766                | 13,508,352                |
| Reserves – warrants                      | 9           | 336,180                   | 322,680                   |
| Reserves – options                       | 9           | 1,413,451                 | 763,297                   |
| Reserves – foreign currency translation  |             | (476,981)                 | 1,722                     |
| Accumulated deficit                      |             | (12,165,108)              | (9,700,482)               |
|                                          |             | <u>3,332,308</u>          | <u>4,895,569</u>          |
| <b>TOTAL LIABILITIES AND EQUITY</b>      |             | <u><b>5,704,616</b></u>   | <u><b>7,739,211</b></u>   |
| Nature of operations and going concern   | 1           |                           |                           |
| Basis of presentation                    | 2           |                           |                           |
| Subsequent events                        | 17          |                           |                           |

APPROVED ON BEHALF OF THE BOARD ON September 30, 2019:

Eric Roth  
Director

John Wenger  
Director

- See accompanying notes to the consolidated financial statements -

**New Dimension Resources Ltd.**

**Consolidated Statements of Loss and Comprehensive Loss**

*Expressed in Canadian Dollars*

*For the years ended*

|                                                                          | Note | May 31, 2019<br>\$ | May 31, 2018<br>\$ |
|--------------------------------------------------------------------------|------|--------------------|--------------------|
| <b>General and administrative expenses</b>                               |      |                    |                    |
| Share-based payments                                                     | 9    | 650,154            | 1,610              |
| Management and administrative fees                                       |      | 572,971            | 154,698            |
| Salaries and benefits                                                    |      | 223,866            | 110,435            |
| Office and general                                                       |      | 167,828            | 81,244             |
| Professional fees                                                        |      | 134,286            | 103,846            |
| Property investigation costs                                             |      | -                  | 55,032             |
| Shareholder information and meetings                                     |      | 74,646             | 59,917             |
| Regulatory and transfer agent fees                                       |      | 23,461             | 19,163             |
| Depreciation                                                             | 11   | 17,369             | -                  |
|                                                                          |      | <b>(1,864,581)</b> | <b>(585,945)</b>   |
| Foreign exchange gain                                                    |      | 30,819             | 8,028              |
| Interest and other income -net                                           |      | 11,206             | 130                |
| Write off of IVA receivable                                              | 4    | (603,674)          | -                  |
| Contractual obligation payable interest                                  | 8    | (38,396)           | -                  |
| <b>Loss for the year</b>                                                 |      | <b>(2,464,626)</b> | <b>(577,787)</b>   |
| <b>Other comprehensive gain/(loss)</b>                                   |      |                    |                    |
| Net monetary gain                                                        | 2    | 289,615            | -                  |
| Foreign currency translation                                             |      | (768,318)          | 1,722              |
| <b>Comprehensive loss for the year</b>                                   |      | <b>(2,943,329)</b> | <b>(576,065)</b>   |
| <b>Loss per share – basic and diluted</b>                                | \$   | <b>(0.05)</b>      | <b>(0.05)</b>      |
| <b>Weighted average number of shares outstanding – basic and diluted</b> |      | <b>51,472,477</b>  | <b>10,560,964</b>  |

- See accompanying notes to the consolidated financial statements -

**New Dimension Resources Ltd.**  
**Consolidated Statements of Cash Flows**  
*Expressed in Canadian Dollars*

*For the years ended*

|                                                         | <b>Note</b> | <b>May 31, 2019</b><br>\$ | <b>May 31, 2018</b><br>\$ |
|---------------------------------------------------------|-------------|---------------------------|---------------------------|
| <b>Cash provided by (used in):</b>                      |             |                           |                           |
| <b>Operating activities</b>                             |             |                           |                           |
| Loss for the year                                       |             | (2,464,626)               | (577,787)                 |
| Items not affecting cash:                               |             |                           |                           |
| Share-based payments                                    | 9           | 650,154                   | 1,610                     |
| Write off of IVA receivable                             | 4           | 603,674                   | -                         |
| Contractual obligation payable interest                 | 8           | 38,396                    | -                         |
| Depreciation                                            | 11          | 17,369                    | -                         |
| Foreign exchange                                        |             | (30,819)                  | -                         |
| Changes in non-cash working capital                     | 15          | (400,531)                 | 387,715                   |
|                                                         |             | <u>(1,586,383)</u>        | <u>(188,462)</u>          |
| <b>Financing activities</b>                             |             |                           |                           |
| Shares issued                                           | 9           | 735,575                   | 3,665,936                 |
| Financing costs                                         | 9           | (82,280)                  | -                         |
|                                                         |             | <u>653,295</u>            | <u>3,665,936</u>          |
| <b>Investing activities</b>                             |             |                           |                           |
| Exploration and evaluation costs                        |             | (2,089,399)               | (133,268)                 |
| Acquisition of subsidiaries                             | 10          | (315,414)                 | (56,659)                  |
| Acquisition of plant & equipment                        | 11          | (17,369)                  | -                         |
| Cash acquired on acquisition                            |             | -                         | 90,441                    |
|                                                         |             | <u>(2,422,182)</u>        | <u>(99,486)</u>           |
| <b>Change in cash</b>                                   |             | <b>(3,355,270)</b>        | <b>3,377,988</b>          |
| <b>Effect of fluctuations in exchange rates on cash</b> |             | <b>(208,506)</b>          | <b>1,722</b>              |
| <b>Cash – beginning of year</b>                         |             | <b>3,637,549</b>          | <b>257,839</b>            |
| <b>Cash – end of year</b>                               |             | <b>73,773</b>             | <b>3,637,549</b>          |

Supplemental cash flow information

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– See accompanying notes to the consolidated financial statements –

# New Dimension Resources Ltd.

## Consolidated Statement of Shareholders' Equity

Expressed in Canadian Dollars

|                                                           | Share capital<br>(Number of<br>Shares) (i) | Share capital<br>(Amount) | Reserves –<br>Warrants | Reserves –<br>Options | Reserves- Foreign<br>Currency<br>Translation | Accumulated<br>Deficit | Total            |
|-----------------------------------------------------------|--------------------------------------------|---------------------------|------------------------|-----------------------|----------------------------------------------|------------------------|------------------|
|                                                           |                                            | \$                        | \$                     | \$                    | \$                                           | \$                     | \$               |
| <b>May 31, 2017</b>                                       | <b>8,702,484</b>                           | <b>9,365,158</b>          | <b>322,680</b>         | <b>761,687</b>        | -                                            | <b>(9,122,695)</b>     | <b>1,326,830</b> |
| Share-based payments                                      | -                                          | -                         | -                      | 1,610                 | -                                            | -                      | <b>1,610</b>     |
| Shares issued for exploration<br>and evaluation interests | 40,000                                     | 4,400                     | --                     | -                     | -                                            | -                      | <b>4,400</b>     |
| Loss for the year                                         | -                                          | -                         | --                     | -                     | -                                            | (577,787)              | <b>(577,787)</b> |
| Shares issued on acquisition                              | 4,972,521                                  | 546,977                   | --                     | -                     | -                                            | -                      | <b>546,977</b>   |
| Shares issued net of share<br>issuance costs              | 34,772,727                                 | 3,585,817                 | --                     | -                     | -                                            | -                      | <b>3,585,817</b> |
| Shares issued on exercise of<br>warrants                  | 12,000                                     | 6,000                     | --                     | -                     | -                                            | -                      | <b>6,000</b>     |
| Foreign currency translation                              | -                                          | -                         | --                     | -                     | 1,722                                        | -                      | <b>1,722</b>     |
| <b>May 31, 2018</b>                                       | <b>48,499,732</b>                          | <b>13,508,352</b>         | <b>322,680</b>         | <b>763,297</b>        | <b>1,722</b>                                 | <b>(9,700,482)</b>     | <b>4,895,569</b> |
| Share-based payments                                      | -                                          | -                         | -                      | 650,154               | -                                            | -                      | 650,154          |
| Loss for the year                                         | -                                          | -                         | -                      | -                     | -                                            | (2,464,626)            | (2,464,626)      |
| Shares issued – net of costs                              | 13,374,100                                 | 701,414                   | 13,500                 | -                     | -                                            | -                      | 714,914          |
| Shares issued for exploration<br>and evaluation interests | 300,000                                    | 15,000                    | -                      | -                     | -                                            | -                      | 15,000           |
| Net monetary gain                                         | -                                          | -                         | -                      | -                     | 289,615                                      | -                      | 289,615          |
| Foreign currency translation                              | -                                          | -                         | -                      | -                     | (768,318)                                    | -                      | (768,318)        |
| <b>May 31, 2019</b>                                       | <b>62,173,832</b>                          | <b>14,224,766</b>         | <b>336,180</b>         | <b>1,413,451</b>      | <b>(476,981)</b>                             | <b>(12,165,108)</b>    | <b>3,332,308</b> |

(i) refer to Note 1 for detail on share consolidation undertaken during the year ended May 31, 2018

–See accompanying notes to the consolidated financial statements –

## **New Dimension Resources Ltd.**

### **Notes to the Consolidated Financial Statements**

**For the Year Ended May 31, 2019**

#### **1. Nature of Operations and Going Concern**

New Dimension Resources Ltd. (the "Company" or "NDR") is incorporated under the laws of the Province of British Columbia, Canada. The Company's corporate office is at Suite 1020, 625 Howe St, Vancouver V6C 1H2 with the registered address and records office being located at 8681 Clay Street, Mission, British Columbia.

The Company engages primarily in the acquisition, exploration and evaluation of mineral properties in Canada and Argentina.

During the year ended May 31, 2018, the Company consolidated its share capital on the basis of 2.5 to 1. All share, per share, stock option, share purchase warrant and other share information has been retroactively presented on a post-consolidated basis.

These consolidated financial statements for the year ended May 31, 2019 (the "financial statements") have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. The Company has incurred a deficit of \$12,165,108 at May 31, 2019 and has no current source of revenue. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and generate funds therefrom and/or raise funds sufficient to meet current and future obligations. There can be no assurances that management's future plans for the Company will be successful. The Company will require additional financing in order to fund working capital requirements and conduct additional acquisitions, exploration and evaluation of mineral properties. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of assets and liabilities that might be necessary, should the Company be unable to continue as a going concern.

#### **2. Basis of Presentation**

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

##### **Historical cost**

These financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value and balances related to the Argentinean subsidiaries that have applied IAS 29 during the year.

##### **Approval**

These financial statements of the Company were approved and authorized for issue by the Board of Directors on September 30, 2019

##### **Hyperinflationary reporting**

During the year ended May 31, 2019 Argentina was officially considered a hyperinflationary economy, and as a result IAS 29 – *Financial Reporting in Hyperinflationary Economies* ("IAS 29") was applied with effect from June 1, 2018 to NDR's subsidiaries Minera Mariana Argentina SA and Sierra Blanca SA, as the standard requires that the financial statements of a subsidiary entity that has the functional currency of a hyper-inflationary economy be restated in accordance with IAS 29 before being included in the consolidated financial statements.

Accordingly, adjustments and reclassifications for the purposes of presentation of IFRS financial statements include restatement, in accordance with changes in general purchasing power of the functional currency (Argentinean pesos), and as a result, are stated in terms of the measuring unit at the end of the reporting period. The measuring unit used is the Wholesale Price Index as published the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE").

## **New Dimension Resources Ltd.**

### **Notes to the Consolidated Financial Statements**

**For the Year Ended May 31, 2019**

#### **2. Basis of Presentation- continued**

The Wholesale Price Index for each month during the period as published by the FACPCE is detailed below:

| <b>Month</b> | <b>Wholesale<br/>Price Index</b> |
|--------------|----------------------------------|
| Jun-2018     | 144.81                           |
| Jul-2018     | 149.30                           |
| Aug-2018     | 155.10                           |
| Sep-2018     | 165.24                           |
| Oct-2018     | 174.15                           |
| Nov-2018     | 179.64                           |
| Dec-2018     | 184.26                           |
| Jan-2019     | 189.61                           |
| Feb-2019     | 196.75                           |
| Mar-2019     | 205.96                           |
| Apr-2019     | 213.05                           |
| May-2019     | 219.57                           |

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current as at May 31, 2019. Non-monetary assets and liabilities (items which are not already expressed in terms of the monetary unit as at May 31, 2019) are restated by applying the relevant index.

The application of IAS 29 results in an adjustment for the loss of purchasing power of the Argentinean peso. The resulting net monetary loss/gain is derived as the difference resulting from restatement of non-monetary assets and liabilities, equity and items in the Statement of Comprehensive Loss. The net monetary gain of \$289,615; resulting from a monetary gain of \$494,003 in relation to the restatement of non-monetary assets and liabilities, offset by a monetary loss of \$204,388 relating to the restatement of income and expenditure items, has been recorded in Other Comprehensive Income in the Consolidated Statement of Loss and Comprehensive Loss for the year ending May 31, 2019.

Under IAS 29, if a group with a subsidiary which has a functional currency that has become hyper-inflationary in the reporting period, there is not a requirement to restate previously issued reports, the inflation adjustment is treated as a non-adjusting post-balance sheet event in relation to prior reporting periods, and as a result comparative balances have not been restated for the effect of inflation.

Balances included in the Statement of Cash Flows have been adjusted to reflect the application of IAS 29, and as a result the balances presented in the cash flow will differ from the actual cash flows at the time of the transaction. The requisite Wholesale Price Index has been applied to relevant movements in the period and the resulting impact is reflected in the foreign exchange movement in the Statement of Cash Flows.

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 2. Basis of Presentation- continued

##### Principles of Consolidation

The financial statements include the accounts of the Company and its 100% controlled entities as follows:

| Entity                         | Country of Incorporation | Functional Currency |
|--------------------------------|--------------------------|---------------------|
| Minera Mariana Argentina S. A. | Argentina                | Argentinean Peso    |
| Sierra Blanca S.A.             | Argentina                | Argentinean Peso    |
| NDR Guernsey Limited           | Guernsey                 | Canadian dollar     |
| NDR Holdings Limited           | Guernsey                 | Canadian dollar     |
| New Dimension Guernsey Limited | Guernsey                 | Canadian dollar     |
| Mariana International Limited  | Guernsey                 | Canadian dollar     |
| Dimension Resources (USA) Inc. | U.S.A.                   | Canadian dollar     |

##### Significant Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experiences and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

The most significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, the valuation of share-based payments, the valuation of other income on deferred premiums, the valuation of the contractual obligation payable, the valuation of amounts receivable from governments and the valuation of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(i) Economic recoverability and probability of future benefits of exploration and evaluation costs.

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

(ii) Valuation of share-based payments

The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and Company's earnings and equity reserves.

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 2. Basis of Presentation- continued

##### (iii) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

##### (iv) Non-cash transactions

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

##### (v) Other income on deferred premiums

The Company calculates the value of the other income on the deferred premiums based on exploration expenditures incurred which qualify for Canadian Exploration Expenses.

##### (vi) Functional currency

The Company has evaluated the economic environment its entities operate in and determined that the functional currency of its Argentinean subsidiaries is the Argentinean peso and that the functional currency of its other entities, including the parent is the Canadian dollar.

##### (vii) Contractual obligation payable

The Company has a contractual obligation to pay up to \$400,000 per year for a period of up to 15 years to acquire certain assets in Argentina. The Company has assessed the contractual obligation payable for the acquisition of the Argentinean assets as being more likely than not to not continue past 5 years.

##### (viii) Hyperinflation reporting

The application of IAS 29 during the year has required the Company to use judgment in the assessment and classification of items as monetary and non-monetary, and the selection and application of the inflation index used to calculate the net monetary impact in the year with regard to its Argentinean subsidiaries.

#### Accounting Standards and Interpretations issued but not yet effective

Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ending May 31, 2019 are outlined in the table below:

| Standard/Interpretation                                                                                                | Effective for the annual reporting period beginning on |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| IFRS 16 Leases                                                                                                         | June 1, 2019                                           |
| IAS 28: Long-term interests in associates and joint ventures                                                           | June 1, 2019                                           |
| Amendment to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | deferred                                               |
| Annual Improvements 2015-17 cycle IFRS 11 Joint Arrangements                                                           | June 1, 2019                                           |
| IAS 12 Income Taxes                                                                                                    | June 1, 2019                                           |
| IAS 23 Borrowing Costs                                                                                                 | June 1, 2019                                           |
| IFRIC 23 Uncertainty over Income Tax Treatments                                                                        | June 1, 2019                                           |

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. At this stage, it is not expected that these new accounting standards will have a material impact on the amounts reported in the Company's financial statements.

## **New Dimension Resources Ltd.**

### **Notes to the Consolidated Financial Statements**

**For the Year Ended May 31, 2019**

#### **3. Significant Accounting Policies**

##### **a) Foreign Currencies**

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company, Dimension Resources (USA) Inc., and the Guernsey subsidiaries is the Canadian Dollar. The functional currency of the Argentinean subsidiaries is the Argentinean Peso. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates ("IAS 21").

Any transactions in currencies other than the functional currency have been translated to the Canadian dollar in accordance with IAS 21.

The Company's presentation currency is the Canadian dollar ("C\$").

##### **b) Loss per Share**

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of convertible securities is reflected in the diluted loss per share by application of the "if converted" method. At May 31, 2019 and May 31, 2018, outstanding stock options and warrants are anti-dilutive.

##### **c) Flow-Through Shares**

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received as follows:

- Deferred premium: recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature; and
- Share capital: the residual balance.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets as explained in Note 3(f).

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures) to have been effectively transferred upon incurring of qualifying resource expenditures as it is the Company's expectation and intention to formally renounce those expenditures.

Additionally, the Company reverses the liability for the deferred premium to income, on a proportionate basis, as an offset to deferred tax expense. To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other tax credits as at the end of the reporting period, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

##### **d) Share-based Payments**

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

## **New Dimension Resources Ltd.**

### **Notes to the Consolidated Financial Statements**

**For the Year Ended May 31, 2019**

#### **3. Significant Accounting Policies – continued**

The fair value of the share purchase options granted to employees or those that provide services similar to employees are measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest. Share purchase options granted to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

##### **e) Warrants**

The Company has adopted a residual value method with respect to the measurement of warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed reserves.

Finders' warrants issued as a private placement share issue cost are valued using the Black-Scholes option pricing model.

##### **f) Exploration and Evaluation Assets**

Exploration costs are capitalized as intangible assets on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Exploration and evaluation assets include overheads on the acquisition, exploration and evaluation of interest in licenses and tangible assets directly related to the mineral properties. When it is determined that such costs will be recovered through successful development and exploitation, expenditures are transferred to tangible assets and depreciated over the expected productive life of the asset. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

##### **g) Property, plant and equipment**

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses.

Depreciation is calculated on following basis over the estimated useful lives of property, plant and equipment:

Office and camp equipment

Straight line over 1 -2 years

**Notes to the Consolidated Financial Statements**

**For the Year Ended May 31, 2019**

**3. Significant Accounting Policies – continued**

**h) Impairment**

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

**i) Income Taxes**

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of loss and comprehensive loss. 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 tax payable with regards to previous years.

Deferred taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities that do not affect accounting or taxable profit
- goodwill

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**j) Environmental Rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment. An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

**Notes to the Consolidated Financial Statements**

**For the Year Ended May 31, 2019**

**3. Significant Accounting Policies – continued**

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred.

**k) New Accounting Policies and Pronouncements**

The Company has adopted all applicable new, revised or amending Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are mandatory for the reporting periods in these consolidated financial statements.

Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year. Some prior year expense balances have been reclassified in order to provide comparability with current year disclosures with no changes to overall loss for the period.

***Financial Instruments***

The Company has adopted IFRS 9 Financial Instruments from June 1, 2018. The Company has applied IFRS 9 retrospectively. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement, hedging and impairment.

The accounting for the Company's financial assets and financial liabilities remains largely the same as under IAS 39 and as a result, there has been no material impact on the Company as a result of adopting IFRS 9, and no comparative balances have been restated.

***Impact on the Company:***

A more detailed analysis of the impact on the Company of the main components of IFRS 9 is as per the below:

Classification and measurement of financial assets: IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company has reviewed and assessed its existing financial assets as at June 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no material impact on the Company's financial assets in regard to their classification and measurement.

Impairment: in relation to the impairment of financial assets measured at amortised cost and FVOCI, IFRS 9 introduces a new forward-looking expected credit loss approach, replacing IAS 39's incurred loss approach whereby the Company will need to record an allowance for expected credit loss upon initial recognition of the financial instrument. For trade receivables, contract assets and lease receivables held at amortised cost, the Company measures the loss allowance using the simplified approach. Cash and other receivables are assessed under a general approach. The Company has assessed the historical credit loss experience and adjusted it for forward looking factors specific to the debtors and economic environment. Based on this assessment, the initial application of the impairment requirements of IFRS 9 has had no material impact on the Company's financial statements.

***Financial Liabilities:***

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss only if the contingent consideration is a financial instrument, it is otherwise treated in accordance with IAS 37.

**Notes to the Consolidated Financial Statements**

**For the Year Ended May 31, 2019**

**3. Significant Accounting Policies – continued**

The requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition.

The gain or loss arising on modification of a financial liability that does not result in derecognition, is calculated by discounting the change in contractual cash flows using the original effective interest rate (“EIR”) and is immediately recognised in profit or loss. The Company has considered the application of IFRS 9 retrospectively, noting that the Company previously treated such modifications as changes to the EIR under IAS 39. There was no material impact of applying IFRS 9 retrospectively to financial liabilities and as such no adjustment was made on transition.

Accounting policy applied from June 1, 2018.

*Financial assets*

**Recognition:** At initial recognition, the Company measures a financial asset at its fair value plus transactions costs in the case of a financial asset not recorded at FVTPL.

**Classification and measurement:** The Company classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through OCI, or profit or loss) and those to be held at amortised cost. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

**De-recognition:** The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

**Impairment:** The Company recognises an allowance for expected credit losses (“ECL”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment including forward-looking information.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 3. Significant Accounting Policies – continued

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

##### *Financial liabilities:*

Recognition: All financial liabilities are recognised initially at fair value.

Classification and measurement: Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

De-recognition: The Company derecognises its financial liabilities when its contractual obligations are discharged, cancelled or expire.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

| Asset /Liability                          | Original classification under IAS 39 | New classification under IFRS 9   |
|-------------------------------------------|--------------------------------------|-----------------------------------|
| Cash                                      | Fair value through profit or loss    | Fair value through profit or loss |
| Receivables                               | Amortized cost                       | Amortized cost                    |
| Accounts payables and accrued liabilities | Amortized cost                       | Amortized cost                    |
| Contractual obligation payable            | Amortized cost                       | Amortized cost                    |

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

Several other amendments and interpretations applied for the first time in this financial period but did not have an impact on the consolidated financial statements of the Company and, hence, have not been disclosed. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. Certain disclosures and presentation may change due to the new or amended standards.

#### 4. Receivables

|                                       | May 31, 2019  | May 31, 2018 |
|---------------------------------------|---------------|--------------|
|                                       | \$            | \$           |
| HST/GST receivable                    | 13,764        | 18,957       |
| Other receivables                     | 11,669        | 34,195       |
| Current portion of IVA receivable     | -             | 119,144      |
|                                       | <b>25,433</b> | 172,296      |
| Non-current portion of IVA receivable | -             | 476,576      |

During the year ended May 31, 2019, the Company wrote off IVA receivable totalling \$603,674 (2018 - \$Nil).

#### 5. Accounts payable and accrued liabilities

|                     | May 31, 2019   | May 31, 2018 |
|---------------------|----------------|--------------|
|                     | \$             | \$           |
| Accounts payable    | 147,264        | 878,412      |
| Accrued liabilities | 307,838        | 86,520       |
|                     | <b>455,102</b> | 964,932      |

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 6. Financial Instruments

##### Categories of financial instruments

|                                          | May 31, 2019     | May 31, 2018     |
|------------------------------------------|------------------|------------------|
|                                          | \$               | \$               |
| Financial assets                         |                  |                  |
| FVTPL                                    |                  |                  |
| Cash                                     | 73,773           | 3,637,549        |
| Amortized cost                           |                  |                  |
| Receivables                              | -                | 648,872          |
|                                          | <b>73,773</b>    | <b>4,286,421</b> |
| Financial liabilities                    |                  |                  |
| Amortized cost                           |                  |                  |
| Accounts payable and accrued liabilities | 455,102          | 964,932          |
| Contractual obligation payable           | 1,917,206        | 1,878,710        |
|                                          | <b>2,372,308</b> | <b>2,843,642</b> |

##### Fair value of financial instruments

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

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

The Company's classifications of financial instruments within the fair value hierarchy are summarized below:

|         | May 31, 2019  | May 31, 2018     |
|---------|---------------|------------------|
|         | \$            | \$               |
| Level 1 |               |                  |
| Cash    | 73,773        | 3,637,549        |
| Level 2 | -             | -                |
| Level 3 | -             | -                |
|         | <b>73,773</b> | <b>3,637,549</b> |

The carrying value of receivables, accounts payable and accrued liabilities and contractual obligation payable approximate their fair value.

##### Financial Risk Management

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

##### a) Currency Risk

The Company is primarily exposed to currency fluctuations relative to the Canadian dollar through expenditures that are predominantly denominated in US dollars and Argentinean Pesos. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities.

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 6. Financial Instruments (continued)

The Company is exposed to foreign currency risk through the following financial assets and liabilities denominated in currencies other than Canadian dollars:

| May 31, 2019       | Cash   | Receivables | Accounts payable and accrued liabilities |
|--------------------|--------|-------------|------------------------------------------|
|                    | \$     | \$          | \$                                       |
| US dollars         | 19,805 | -           | 99,491                                   |
| Argentinean peso   | 45,098 | -           | 142,641                                  |
| Australian dollars | -      | -           | 21,120                                   |

  

| May 31, 2018     | Cash      | Receivables | Accounts payable and accrued liabilities |
|------------------|-----------|-------------|------------------------------------------|
|                  | \$        | \$          | \$                                       |
| US dollars       | 1,083,408 | -           | 308,085                                  |
| Argentinean peso | 16,052    | 629,914     | 180,380                                  |

At May 31, 2019 with other variables unchanged a +/- 10% change in exchange rates would decrease/increase pre-tax loss by \$7,800 (2018: \$124,000).

#### b) Interest rate and credit risk

The Company has a positive cash balance and no interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at May 31, 2019 and May 31, 2018 the Company did not hold any short-term investments or cash equivalents.

Receivables consist of goods and services tax due from the governments of Canada and Argentina. Management believes that the credit risk concentration with respect to receivables is limited.

#### c) Liquidity risk

Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at May 31, 2019, the Company had cash of \$73,773 (May 31, 2018 - \$3,637,549) to settle current liabilities of \$1,246,606 (May 31, 2018 - \$1,356,432). Included in current liabilities is a balance of \$200,671 owing to related parties and a balance of \$791,504 for the contractual obligation payable to SSL, of which \$230,000 was settled by issuing 4,600,000 shares on September 26, 2019 in partial payment of the first year annual obligation. Refer to Note 8 for further details.

#### d) Commodity Price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of gold and silver. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 7. Exploration and Evaluation Assets

|                                                 | Las<br>Calandrias<br>Santa Cruz,<br>Argentina | Los Cisnes,<br>Santa Cruz,<br>Argentina | Sierra<br>Blanca,<br>Santa<br>Cruz,<br>Argentina | Savant Lake,<br>Ontario,<br>Canada | Total            |
|-------------------------------------------------|-----------------------------------------------|-----------------------------------------|--------------------------------------------------|------------------------------------|------------------|
|                                                 | \$                                            | \$                                      | \$                                               | \$                                 | \$               |
| <b>Balance, May 31, 2017</b>                    | -                                             | -                                       | -                                                | 1,125,280                          | <b>1,125,280</b> |
| Acquisition and tenure                          | 1,683,777                                     | 280,630                                 | 280,629                                          | 24,400                             | 2,269,436        |
| Camp, travel, administration<br>and other costs | 30,952                                        | 4,806                                   | 412                                              | 4,196                              | 40,366           |
| Geologists and data collection                  | 9,057                                         | 5,357                                   | -                                                | 2,657                              | 17,071           |
| <b>Balance, May 31, 2018</b>                    | <b>1,723,786</b>                              | <b>290,793</b>                          | <b>281,041</b>                                   | <b>1,156,533</b>                   | <b>3,452,153</b> |
| Acquisition and tenure                          | -                                             | -                                       | -                                                | 48,375                             | 48,375           |
| Camp, travel, administration<br>and other costs | 277,952                                       | 77,837                                  | 30,191                                           | 55,624                             | 441,604          |
| Geologists and data<br>collection               | 407,995                                       | 176,558                                 | 5,522                                            | 14,738                             | 604,813          |
| Drilling and assay costs                        | 655,534                                       | 335,231                                 | 42,086                                           | 12,098                             | 1,044,949        |
| <b>Balance May 31, 2019</b>                     | <b>3,065,267</b>                              | <b>880,419</b>                          | <b>358,840</b>                                   | <b>1,287,368</b>                   | <b>5,591,894</b> |

Included in the exploration and evaluation additions in Argentina for the twelve months ending May 31, 2019 is an IAS29 adjustment of \$492,323. This has been included as a net monetary gain in Other Comprehensive Income/(Loss) in the Statement of Income or Loss as at May 31, 2019. Refer to Note 2 for further details.

#### *Las Calandrias Santa Cruz, Argentina*

The Company has a 100% interest in the Las Calandrias gold-silver property, subject to a 2% Net Smelter Royalty (“NSR”) payable to Sandstorm Gold Limited (“SSL”) and a 0.25% NSR payable to certain employees. Both NSR’s would be payable in the event of future commercial production of gold and/or silver being achieved.

#### *Los Cisnes, Santa Cruz, Argentina*

The Company has a 100% interest in the Los Cisnes gold-silver property, subject to a 2% NSR payable to SSL in the event of future commercial production of gold and/or silver being achieved

#### *Sierra Blanca, Santa Cruz, Argentina*

The Company has a 100% interest in the Sierra Blanca gold-silver property subject to a 2% NSR payable to SSL and a 1.5% NSR payable to IAMGOLD Corporation. Both NSR’s would be payable in the event of future commercial production of gold and/or silver being achieved.

#### *Savant Lake Property, Ontario, Canada*

Effective April 1, 2016, the Company entered into an agreement to earn a 100% interest in the Savant Lake Property, in Ontario.

On March 29, 2019 the Company completed the third anniversary cash payment of \$30,000 and issued the balance of NDR shares owing under the terms of the agreement in order to continue to earn into its 100% interest in the Savant Lake property. (Refer Note 9) The Company has met all of its share commitments and has one final cash payment of \$30,000 which will be due on, or before, April 1, 2020 in order to complete the earn-in.

The property is subject to a 2% NSR, of which 1% can be purchased for \$1,000,000.

#### *Domain Project, Manitoba, Canada*

The Domain Project consists of a three mineral claims in northern Manitoba. The Company currently holds a 29.56% interest in the property, with the remaining interest held by Yamana Gold Inc. Capitalized costs related to the property were written off during the year ended May 31, 2013.

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 8. Contractual Obligation Payable

The Company has a contractual obligation payable of \$1,917,206 in relation to its acquisition of its interests in the Las Calandrias, Los Cisnes and Sierra Blanca gold-silver projects in Santa Cruz province, Argentina.

|             | May 31, 2019     | May 31, 2018     |
|-------------|------------------|------------------|
|             | \$               | \$               |
| Current     | 791,504          | 391,500          |
| Non-current | 1,125,702        | 1,487,210        |
|             | <b>1,917,206</b> | <b>1,878,710</b> |

The contractual obligation requires the Company to make annual payments of up to \$400,000 per year in either cash or shares until the earlier of:

- December 31, 2032,
- commencement of commercial production,
- expropriation of the properties or
- the Company returns a project in accordance with the terms of the acquisition agreement

Annual payments are due on the anniversary date of the acquisition of its interests in the Las Calandrias, Los Cisnes and Sierra Blanca projects, being May 14, 2018. Management has assessed that the contractual obligation period will not extend beyond five years. Management considered the above terms of the agreement and the expected timeline for completion regarding each potential end to the obligation payments in making this judgment. The Company has therefore recognized the net present value of its obligation over five years, using an average discount rate of 2.05%.

As at May 31, 2019 the Company was required to deliver to SSL the first annual payment in relation to the contractual obligation of \$400,000 in shares. As agreed with SSL this payment is to be made in 8,000,000 shares at \$0.05. On September 26, 2019 the Company issued 4,600,000 shares as partial payment of the first annual payment, with the balance continuing to be deferred as the issuance of these shares will cause SSL to hold, directly or indirectly, more than 19.9% of the outstanding shares of the Company. The issuance of these shares will be deferred until five Business Days after SSL delivers written notice to the Company that the issuance of such deferred shares will no longer cause SSL to exceed this threshold.

During the year ended May 31, 2019 the Company recorded interest expense of \$38,396. (2018: nil) in relation to the contractual obligation payable.

The Company and SSL are currently in discussions to revise the contractual obligation payable agreement.

#### 9. Share Capital and Reserves

- (i) Authorized share capital  
Unlimited common shares without par value.

##### Share issuances

- During the year ended May 31, 2018, the Company issued 40,000 common shares with respect to the Company's property option agreement on the Savant Lake property. The shares issued were valued at \$4,400.
- During the year ended May 31, 2018, the Company issued 4,972,521 common shares valued at \$0.11 per share with respect to the Company's acquisition of its Argentinean properties.
- During the year ended May 31, 2018, in conjunction with the acquisition of its Argentinean properties the Company completed a \$3,825,000 private placement consisted of 34,772,727 shares at a price of \$0.11 per share. Finders fees and costs of \$239,183 were paid in connection with the placement.
- During the year ended May 31, 2018, 12,000 shares were issued on the exercise of warrants at a price of \$0.50 per share.
- On March 8, 2019, the Company announced the closing of a private placement of 13,374,100 units at \$0.055. Gross proceeds of \$735,575 were received. The units are comprised of one common share and one half of one share purchase warrant. Each warrant is exercisable at \$0.125 per share for an 18-month period and \$0.25 for an additional 18 months. In connection with the placement the Company paid an aggregate fee of \$20,641 and issued 375,300 finders warrants under the same terms and conditions of the unit warrants, to certain persons who introduced subscribers to the Company; and other charges of \$20. The finders' warrants were valued at \$13,500 and were

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

recognized as share issuance cost during the year ended May 31, 2019. All securities issued under the placement were subject to a four month hold period trade restriction expiring on July 9, 2019.

#### 9. Share Capital and Reserves (continued)

- f) On March 29, 2019 the Company issued 300,000 of NDR shares owing with respect to the Company's Savant Lake project in Ontario, Canada. The shares were valued at \$15,000.
- g) On September 26, 2019 the Company issued 4,600,000 shares to SSL to partially fulfil the first-year annual obligation payment which was due on the anniversary date of acquisition under the original agreement with SSL. Refer to Note 8 for further details.

#### (ii) Stock options

Under the terms of the Company's stock option plan, the maximum number of shares in respect of which options may be outstanding is equivalent to 10% of the issued and outstanding shares of the Company. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or if the optionee is a consultant.

The vesting periods of options outstanding range from immediately to one year and maximum terms of options are set at 5 years from the grant date.

#### a) Movements in stock options during the year:

|                              | Options<br>Outstanding | Weighted Average<br>Exercise Price |
|------------------------------|------------------------|------------------------------------|
| Balance, May 31, 2017        | 550,284                | \$0.40                             |
| Cancelled/expired            | (26,284)               | \$2.63                             |
| <b>Balance, May 31, 2018</b> | <b>524,000</b>         | <b>\$0.30</b>                      |
| Expired                      | (40,000)               | \$0.25                             |
| Granted                      | 3,600,000              | \$0.24                             |
| <b>Balance, May 31, 2019</b> | <b>4,084,000</b>       | <b>\$0.25</b>                      |

#### b) Fair value of options granted

During the year ended May 31, 2019 a total value of \$650,154 (2018 - \$1,610) has been recorded to reserves – options and to share based payments expense. The portion of share-based payments recorded is based on the vesting schedule of the options.

On October 18, 2018 the Company granted an aggregate of 250,000 incentive stock options to one director and one officer of the Company. The fair value of these options granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

|                                 |         |
|---------------------------------|---------|
| Risk-free interest rate         | 1.75%   |
| Expected dividend yield         | nil     |
| Expected stock price volatility | 216.58% |
| Expected life                   | 5       |
| Expected forfeiture rate        | nil     |

On June 4, 2018, the Company granted 3,350,000 stock options to directors, officers, employees and consultants at a price of \$0.25 per share for a period of 5 years. The fair value of the options granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

|                                 |         |
|---------------------------------|---------|
| Risk-free interest rate         | 1.75%   |
| Expected dividend yield         | nil     |
| Expected stock price volatility | 217.79% |
| Expected life                   | 5       |
| Expected forfeiture rate        | nil     |

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 9. Share Capital and Reserves (continued)

##### c) Stock options outstanding

| Options<br>Outstanding | Options<br>Exercisable | Price per<br>Share | Remaining<br>contractual life<br>(years) | Expiry date      |
|------------------------|------------------------|--------------------|------------------------------------------|------------------|
| 282,600                | 282,600                | \$ 0.25            | 0.95                                     | May 11, 2020     |
| 141,400                | 141,400                | \$ 0.38            | 1.97                                     | May 19, 2021     |
| 60,000                 | 60,000                 | \$ 0.34            | 2.82                                     | March 27, 2022   |
| 3,350,000              | 1,675,000              | \$ 0.25            | 4.01                                     | June 4, 2023     |
| 250,000                | 125,000                | \$ 0.15            | 4.39                                     | October 18, 2023 |
| 4,084,000              | 2,284,000              |                    |                                          |                  |

The weighted average exercise price of the options exercisable at May 31, 2019 is \$0.25.

##### (iii) Share purchase warrants

##### a) Movements in warrants during the year:

|                              | Warrants<br>Outstanding | Weighted Average<br>Exercise Price |
|------------------------------|-------------------------|------------------------------------|
| <b>Balance May 31, 2017</b>  | <b>2,246,548</b>        | <b>\$0.50</b>                      |
| Exercised                    | (12,000)                | \$0.50                             |
| Expired                      | (947,288)               | \$0.50                             |
| <b>Balance, May 31, 2018</b> | <b>1,287,260</b>        | <b>\$0.50</b>                      |
| Expired                      | (1,287,260)             | \$0.50                             |
| Issued                       | 7,062,350               | \$0.125                            |
| <b>Balance, May 31, 2019</b> | <b>7,062,350</b>        | <b>\$0.125</b>                     |

The Company issued 6,687,050 warrants and 375,300 finders' warrants as part of the private placement completed in March 2019. The 6,687,050 warrants were valued at \$nil based on the residual value method. Refer Note 9 (i).

##### b) Fair value of finders' warrants issued

On March 8, 2019 the Company issued 375,300 finders' warrants. The fair value of these finders' warrants granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

|                                 |         |
|---------------------------------|---------|
| Risk-free interest rate         | 1.77%   |
| Expected dividend yield         | nil     |
| Expected stock price volatility | 244.45% |
| Expected life                   | 1.5     |
| Expected forfeiture rate        | nil     |

During the year ended May 31, 2019 a total value of \$13,500 (2018 - \$nil) has been recorded to reserves – warrants and to share issue costs.

##### c) Warrants outstanding

The Company issued 7,062,350 warrants (including 375,300 finders' warrants) as part of the private placement completed in March 2019. Each warrant enables the holder to acquire one additional common share at \$0.125 during the first 18 months and \$0.25 thereafter until expiry March 8, 2022. The warrants will be further subject to accelerated expiry terms. Namely, the Company has the right to accelerate expiry of the warrants if the closing price of Company's shares equals or exceeds \$0.25 per common share for 10 consecutive trading days during the first 18 months, or \$0.50 per common share thereafter.

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 10. Acquisition

Effective May 14, 2018, the Company acquired Mariana International Limited, Minera Mariana Argentina S.A. and Sierra Blanca S.A. from Mariana Resources Limited (the "Vendor") to secure 100% of the interests in the Las Calandrias, Los Cisnes and Sierra Blanca gold-silver projects in Santa Cruz province, Argentina. Mariana Resources Limited was a wholly owned subsidiary of SSL. Under the terms of the agreement the Company acquired the interests for a contractual obligation to pay SSL up to \$400,000 per year commencing December 31, 2018, a 2% NSR and the reimbursement of certain costs through the payment of cash and shares.

The Company accounted for the acquisition as an asset acquisition at May 14, 2018 and the purchase price equation for the acquisition is as follows:

##### Total consideration paid

|                                                             |                     |
|-------------------------------------------------------------|---------------------|
| Transaction costs                                           | \$ 343,614          |
| Shares (4,972,521 common shares valued at \$0.11 per share) | 546,977             |
| Contractual obligation (Note 8)                             | 1,878,710           |
|                                                             | <u>\$ 2,769,301</u> |

##### Allocated as follows:

|                                                       |                     |
|-------------------------------------------------------|---------------------|
| Assets acquired Minera Mariana Argentina SA           | \$ 565,976          |
| Assets acquired Sierra Blanca SA                      | 138,825             |
| Liabilities acquired Minera Mariana SA                | (174,778)           |
| Liabilities acquired Sierra Blanca SA                 | (5,758)             |
| Exploration and evaluation assets – Sierra Blanca SA  | 280,629             |
| Exploration and evaluation assets – Minera Mariana SA | 1,964,407           |
|                                                       | <u>\$ 2,769,301</u> |

Transaction costs relating to the asset acquisition of \$315,414 were paid during the year ended May 31, 2019.

#### 11. Property, Plant & Equipment

| <i>Office and camp equipment</i> | <b>May 31, 2019</b> | <b>May 31, 2018</b> |
|----------------------------------|---------------------|---------------------|
|                                  | \$                  | \$                  |
| <i>At cost</i>                   |                     |                     |
| Balance May 31, 2018             | -                   | -                   |
| Additions                        | 17,369              | -                   |
| <b>Balance, May 31, 2019</b>     | <b>17,369</b>       | -                   |
| <i>Accumulated depreciation</i>  |                     |                     |
| Balance May 31, 2018             | -                   | -                   |
| Depreciation                     | (17,369)            | -                   |
| <b>Balance, May 31, 2019</b>     | <b>(17,369)</b>     | -                   |
| <b>Net book value</b>            | <b>-</b>            | <b>-</b>            |

Included in the equipment additions and depreciation for the year ending May 31, 2019 is an IAS 29 adjustment of \$1,680. This has been included as a net monetary gain in Other Comprehensive Gain/(Loss) in the Statement of Loss and Comprehensive Loss as at May 31, 2019. Refer to Note 2 for further details.

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 12. Related Party Transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below.

##### a) Related party transactions

The Company incurred the following transactions in the normal course of operations in connection with an officer and/or director or companies which have or had a director and/or officers in common.

|                      | Year ended<br>May 31, 2019 | Year ended<br>May 31, 2018 |
|----------------------|----------------------------|----------------------------|
|                      | \$                         | \$                         |
| Rent                 | 4,800                      | 9,600                      |
| Consulting           | 441,896                    | 133,289                    |
| Salary costs         | 154,489                    | 58,500                     |
| Share-based payments | 527,609                    | -                          |

##### b) Related party balances

|                                                                      | May 31, 2019 | May 31, 2018 |
|----------------------------------------------------------------------|--------------|--------------|
|                                                                      | \$           | \$           |
| ER Global – Eric Roth - Chief Executive Officer                      | 92,648       | 47,573       |
| Genco Professional Services Sharon Cooper – Chief Financial Officer* | 21,120       | -            |
| Wayne Johnstone – Chief Financial Officer (former)                   | -            | 36,509       |
| Scott Heffernan                                                      | 26,603       | 20,000       |
| Mary Little                                                          | 16,627       | -            |
| Glen Parsons                                                         | 26,603       | -            |
| John Wenger                                                          | 26,603       | 52,500       |
| Charles Russell                                                      | 27,083       | -            |
| Cameron McLean                                                       | 3,901        | -            |
| Marketworks Inc Kathryn Witter -Corporate Secretary                  | 3,177        | -            |
| Brenda Nowak – Corporate Secretary (former)                          | -            | 34,125       |

\* appointed October 18, 2018

##### c) Compensation of key management personnel (which includes management and directors)

The remuneration for the services of key management personnel was as follows:

|                                   | Year ended<br>May 31, 2019 | Year ended<br>May 31, 2018 |
|-----------------------------------|----------------------------|----------------------------|
|                                   | \$                         | \$                         |
| Salary/Exploration/Consulting (i) | 459,644                    | 191,789                    |
| Share based payments              | 279,940                    | -                          |

(i) Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the year ended May 31, 2019 and 2018.

#### 13. Segmented Information

The Company's business consists of one reportable segment – the acquisition, exploration and evaluation of mineral properties. Details on a geographic basis are as follows:

|                                            | May 31, 2019 | May 31, 2018 |
|--------------------------------------------|--------------|--------------|
|                                            | \$           | \$           |
| <b>Total Non-current long-lived assets</b> |              |              |
| Canada                                     | 1,287,368    | 1,156,533    |

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

|               |                  |                  |
|---------------|------------------|------------------|
| South America | 4,304,526        | 2,295,620        |
|               | <b>5,591,894</b> | <b>3,452,153</b> |

#### 14. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

|                                                                   | <b>May 31, 2019</b> | <b>May 31, 2018</b> |
|-------------------------------------------------------------------|---------------------|---------------------|
|                                                                   | <b>\$</b>           | <b>\$</b>           |
| Loss before taxes                                                 | (2,464,626)         | (577,787)           |
| Expected income tax recovery                                      | (641,000)           | (150,000)           |
| Changes in statutory and foreign exchange rates                   | 205,000             | 1,000               |
| Non-deductible expenditures                                       | 334,000             |                     |
| Impact of acquisition of Argentine subsidiaries                   | -                   | (2,556,000)         |
| Change in unrecognized deductible temporary differences and other | 102,000             | 2,705,000           |
| Total income tax expense (recovery)                               | -                   | -                   |

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

|                          | <b>2019</b>      | <b>Expiry dates</b> | <b>2018</b>       |
|--------------------------|------------------|---------------------|-------------------|
|                          | <b>\$</b>        |                     | <b>\$</b>         |
| Share issue costs        | 219,000          | 2034 to 2043        | 205,000           |
| Allowable capital losses | 32,000           | No expiry           | 32,000            |
| Non-capital losses       | 4,221,000        | 2019 to 2039        | 13,223,000        |
| Capital assets           | 2,000            | No expiry           | 2,000             |
| CEC                      | 5,000            | No expiry           | 5,000             |
| Mineral properties       | 717,000          | No expiry           | 1,464,000         |
|                          | <b>5,196,000</b> |                     | <b>14,931,000</b> |

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

#### 15. Supplemental Cash Flow Information

|                                                      | <b>Year ended<br/>May 31, 2019</b> | <b>Year ended<br/>May 31, 2018</b> |
|------------------------------------------------------|------------------------------------|------------------------------------|
|                                                      | <b>\$</b>                          | <b>\$</b>                          |
| <b>Changes in non-cash working capital</b>           |                                    |                                    |
| Movement in receivables                              | (19,613)                           | 51,495                             |
| Movement in prepaid expenses                         | (12,879)                           | (637)                              |
| Movement in accounts payable and accrued liabilities | (368,039)                          | 336,857                            |
|                                                      | <b>(400,531)</b>                   | <b>387,715</b>                     |

## New Dimension Resources Ltd.

### Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2019

#### 15. Supplemental Cash Flow Information (continued)

|                                                                      | Year ended<br>May 31, 2019<br>\$ | Year ended<br>May 31, 2018<br>\$ |
|----------------------------------------------------------------------|----------------------------------|----------------------------------|
| <b>Schedule of non-cash investing and financing transactions:</b>    |                                  |                                  |
| Exploration and evaluation expenditures included in accounts payable | 85,926                           | 50,584                           |
| Contractual obligation interest payable                              | 38,396                           | -                                |
| Share issue costs on finders' warrants                               | 13,500                           | -                                |
| Shares issued in acquisition of exploration and evaluation assets    | 15,000                           | 551,377                          |
| Non cash working capital items obtained via acquisition              | -                                | 146,869                          |
| Contractual obligation issued as part of acquisition                 | -                                | 1,878,710                        |
| Share issue cost in accounts payable                                 | -                                | 61,619                           |
| Transaction costs in accounts payable                                | -                                | 315,414                          |
| <b>Supplementary disclosure of cash flow information:</b>            |                                  |                                  |
| Cash paid for interest                                               | -                                | -                                |
| Cash paid for income taxes                                           | -                                | -                                |

#### 16. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments. There have been no changes to the management of capital during the fiscal year. There are no external requirements imposed on the Company regarding its capital management.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments selected with regards to the expected timing of expenditures from continuing operations.

The Company expects to require additional financings to carry out its exploration and evaluation plans and operations through its current operating period.

#### 17. Subsequent events

On August 8, 2019, the Company entered into a loan agreement with SSL for a principal amount of \$200,000 with interest payable at 10% per annum, compounding quarterly. The loan and any interest outstanding is due and payable on November 8, 2019.

On September 26, 2019, the Company issued 4,600,000 shares at \$0.05 to partially fulfil the first-year annual obligation payment of \$400,000 which was due on the anniversary date of acquisition under the original agreement with SSL. Refer to Note 8 for further details.