

NEW DIMENSION RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2020

(Expressed in Canadian Dollars)

New Dimension Resources Ltd.

Consolidated Statements of Financial Position

Expressed in Canadian Dollars

As at

	Note	May 31, 2020 \$	May 31, 2019 \$
ASSETS			
Current			
Cash		43,219	73,773
Receivables	4	28,594	25,433
Prepaid expenses		14,763	13,516
		<u>86,576</u>	<u>112,722</u>
Non-current			
Exploration and evaluation assets	7	1,501,591	5,591,894
		<u>1,501,591</u>	<u>5,591,894</u>
TOTAL ASSETS		<u>1,588,167</u>	<u>5,704,616</u>
LIABILITIES			
Current			
Accounts payable, accrued & other liabilities	5	1,024,737	455,102
Contractual obligation payable	8	961,504	791,504
Provision	9	208,451	-
Loans	10	506,717	-
		<u>2,701,409</u>	<u>1,246,606</u>
Non-current			
Contractual obligation payable	8	757,848	1,125,702
Loans	10	40,000	-
		<u>797,848</u>	<u>1,125,702</u>
TOTAL LIABILITIES		<u>3,499,257</u>	<u>2,372,308</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	11	14,454,766	14,224,766
Reserves – warrants	11	336,180	336,180
Reserves – options	11	1,480,402	1,413,451
Reserves – foreign currency translation		(498,670)	(476,981)
Accumulated deficit		(17,683,768)	(12,165,108)
		<u>(1,911,090)</u>	<u>3,332,308</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		<u>1,588,167</u>	<u>5,704,616</u>
Nature of operations and going concern	1		
Basis of presentation	2		
Subsequent events	19		

APPROVED ON BEHALF OF THE BOARD ON September 28, 2020:

Eric Roth
Director

Glen Parsons
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, 2020 \$	May 31, 2019 \$
General and administrative expenses			
Management and administrative fees		365,414	572,971
Salaries and benefits		239,588	223,866
Office and general		102,207	167,828
Professional fees		140,727	134,286
Share-based payments	11	66,951	650,154
Shareholder information and meetings		41,915	74,646
Regulatory and transfer agent fees		15,852	23,461
		(972,654)	(1,847,212)
Interest and other income -net	13	64,005	11,206
Provision against deferred exploration and evaluation costs	7	(4,528,887)	-
Property investigation costs	7	(3,247)	-
Depreciation	12	-	(17,369)
Contractual obligation payable interest	8	(32,147)	(38,396)
Loan interest	10	(22,496)	-
Write off of IVA receivable	4	(19,621)	(603,674)
Foreign exchange gain		(3,613)	30,819
Loss for the year		(5,518,660)	(2,464,626)
Other comprehensive gain/(loss)			
Net monetary gain	2	851,996	289,615
Foreign currency translation		(873,685)	(768,318)
Comprehensive loss for the year		(5,540,349)	(2,943,329)
Loss per share – basic and diluted	\$	(0.08)	(0.05)
Weighted average number of shares outstanding – basic and diluted			
		66,337,336	51,472,477

- 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

	Note	May 31, 2020 \$	May 31, 2019 \$
Cash provided by (used in):			
Operating activities			
Loss for the year		(5,518,660)	(2,464,626)
Items not affecting cash:			
Share-based payments	11	66,951	650,154
Write off of IVA receivable	4	19,621	603,674
IVA received	13	(17,914)	-
Provision against deferred exploration and evaluation costs	7	4,528,887	-
Gain on sale of truck	13	(18,037)	-
Contractual obligation payable interest	8	32,147	38,396
Loan interest	10	22,496	-
Depreciation	12	-	17,369
Foreign exchange		3,613	(30,819)
Changes in non-cash working capital	17	565,496	(400,531)
		<u>(315,400)</u>	<u>(1,586,383)</u>
Financing activities			
Loan proceeds	10	524,221	-
Shares issued		-	735,575
Financing costs		-	(82,280)
		<u>524,221</u>	<u>653,295</u>
Investing activities			
Exploration and evaluation costs		(331,737)	(2,089,399)
Proceeds from sale of equipment	13	18,037	-
IVA refunded	13	17,914	-
Acquisition of subsidiaries		-	(315,414)
Acquisition of plant & equipment		-	(17,369)
		<u>(295,786)</u>	<u>(2,422,182)</u>
Change in cash		(86,965)	(3,355,270)
Effect of fluctuations in exchange rates on cash		56,411	(208,506)
Cash – beginning of year		73,773	3,637,549
Cash – end of year		43,219	73,773
Supplemental cash flow information	17		

– See accompanying notes to the consolidated financial statements –

New Dimension Resources Ltd.

Consolidated Statement of Shareholders' Equity (Deficiency)

Expressed in Canadian Dollars

	Share capital (Number of Shares) (i)	Share capital (Amount)	Reserves – Warrants	Reserves – Options	Reserves- Foreign Currency Translation	Accumulated Deficit	Total
		\$	\$	\$	\$	\$	\$
May 31, 2018	48,499,732	13,508,352	322,680	763,297	1,722	(9,700,482)	4,895,569
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 and evaluation interests	300,000	15,000	-	-	-	-	15,000
Net monetary gain	-	-	-	-	289,615	-	289,615
Foreign currency translation	-	-	-	-	(768,318)	-	(768,318)
May 31, 2019	62,173,832	14,224,766	336,180	1,413,451	(476,981)	(12,165,108)	3,332,308
Share-based payments	-	-	-	66,951	-	-	66,951
Loss for the year	-	-	-	-	-	(5,518,660)	(5,518,660)
Shares issued – contractual obligation payable	4,600,000	230,000	-	-	-	-	230,000
Net monetary gain	-	-	-	-	851,996	-	851,996
Foreign currency translation	-	-	-	-	(873,685)	-	(873,685)
May 31, 2020	66,773,832	14,454,766	336,180	1,480,402	(498,670)	(17,683,768)	(1,911,090)

–See accompanying notes to the consolidated financial statements –

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

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 and 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. Subsequent to the year ending, May 31, 2020 the Company entered into an option and purchase agreement to acquire 100% interests in the Southern Gold Line Project located in central Sweden, and the Løkken and Kjølvi copper-zinc-gold projects located in central Norway (Note 19).

These consolidated financial statements for the year ended May 31, 2020 (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 \$17,683,768 at May 31, 2020 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.

During the year ended May 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

We have seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they are expected to have an impact on our exploration activities, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

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 28, 2020.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

2. Basis of Presentation- continued

Hyperinflationary reporting

During the years ended May 31, 2020 and 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”).

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

Month	Wholesale Price Index
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
Jun-2019	225.54
Jul-2019	230.49
Aug-2019	239.61
Sep-2019	253.71
Oct-2019	262.07
Nov-2019	273.22
Dec-2019	283.44
Jan-2020	289.83
Feb-2020	295.67
Mar-2020	305.55
Apr-2020	310.12
May-2020	314.91

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current as at May 31, 2020. Non-monetary assets and liabilities (items which are not already expressed in terms of the monetary unit as at May 31, 2020) are restated by applying the relevant index.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

2. Basis of Presentation- continued

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 \$851,996 (2019: \$289,615); resulting from a monetary gain of \$837,080 (2019: \$494,003) in relation to the restatement of non-monetary assets and liabilities, and a monetary gain of \$14,916 (2019: \$204,388 loss) 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, 2020.

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.

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.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. We have seen an impact on our business to date, with some delays in corporate and operational activities being experienced as a result of restrictions imposed by governments in dealing with the pandemic. The scale and duration of these developments continue to remain uncertain as at the date of this report creating ongoing uncertainty and as a result certain assumptions and estimates used in the preparation of these financial statements are subject to greater volatility than normal.

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.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

2. Basis of Presentation- continued

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.

(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) 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.

(vi) 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. Refer Note 8. 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. The terms of this payable were amended subsequent to May 31, 2020. Refer Note 19.

(vii) 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.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

2. Basis of Presentation- continued

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, 2020 are outlined below:

Amendments to IFRS 3: Definition of a Business - In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material - In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

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 Group's financial statements

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, 2020 and May 31, 2019, outstanding stock options and warrants are anti-dilutive.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

3. Significant Accounting Policies – continued

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.

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.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

3. Significant Accounting Policies – continued

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
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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.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

3. Significant Accounting Policies – continued

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.

k) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification and measurement of financial assets: IFRS 9 contains three principal classification categories for financial assets: measured at amortized 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.

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 amortized cost. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

3. Significant Accounting Policies – continued

De-recognition: The Company derecognizes 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: Financial assets measured at amortized cost and FVOCI, the Company is required to record an allowance for expected credit loss (“ECL”) upon initial recognition of the financial instrument.

The Company recognizes an allowance for expected credit losses. ECLs 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 recognized 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 amortized 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.

For trade receivables, contract assets and lease receivables held at amortized cost, the Company measures the loss allowance using the simplified approach. Cash and other receivables are assessed under a general approach.

At each reporting date, the Company assesses whether financial assets carried at amortized 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 recognized 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.

The Company’s financial liabilities include trade and other payable and loans.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

3. Significant Accounting Policies – continued

De-recognition and subsequent remeasurement: The Group derecognizes its financial liabilities when its contractual obligations are discharged, cancelled or expire. After the commencement date, the amount of lease liabilities is increased to

reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Trade and other payables are subsequently measured at amortized cost.

1) 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. Several amendments and interpretations, as well as IFRS 16 – Leases, were 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.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed in Note 2. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

4. Receivables

	May 31, 2020	May 31, 2019
	\$	\$
HST/GST receivable	1,518	13,764
Other receivables	27,076	11,669
	28,594	25,433

During the year the Company wrote off IVA receivable of \$19,621(2019 - \$603,674). The Company recognises IVA when it is refunded by the Argentinean tax authority. During the period, \$17,914 was refunded to the Company by the Argentinean tax authority. Refer to Note 13.

5. Accounts payable, accrued & other liabilities

	May 31, 2020	May 31, 2019
	\$	\$
Accounts payable	328,236	147,264
Accrued liabilities	696,501	307,838
	1,024,737	455,102

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

6. Financial Instruments

Categories of financial instruments

	May 31, 2020	May 31, 2019
	\$	\$
Financial assets		
FVTPL		
Cash	43,219	73,773
	43,219	73,773
Financial liabilities		
Amortized cost		
Accounts payable, accrued & other liabilities	1,024,737	455,102
Loans	546,717	-
Contractual obligation payable	1,719,352	1,917,206
	3,290,806	2,372,308

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, 2020	May 31, 2019
	\$	\$
Level 1		
Cash	43,219	73,773
Level 2	-	-
Level 3	-	-

The carrying value of accounts payable, accrued and other liabilities, loans 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.

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

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

6. Financial Instruments (continued)

May 31, 2020	Cash	Accounts payable and accrued liabilities
	\$	\$
US dollars	860	137,441
Argentinean peso	7,727	239,450
Australian dollars	-	81,632

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

At May 31, 2020 with other variables unchanged a +/- 10% change in exchange rates would decrease/increase pre-tax loss by \$44,993 (2019: \$7,800).

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, 2020 and May 31, 2019 the Company did not hold any short-term investments or cash equivalents.

Receivables consist of goods and services tax and taxes 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, 2020, the Company had cash of \$43,219 (May 31, 2019 - \$73,773) to settle current liabilities of \$2,701,409 (May 31, 2019 - \$1,246,606). Included in current liabilities is a balance owed to related parties of \$1,052,114, subsequent to the period these balances were settled. Refer to Note 19 for further details. Also included in current liabilities is a balance of \$961,504 for the contractual obligation payable to SSL. Subsequent to the year, this payable was renegotiated and terms amended. Refer to Note 19 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, 2020

7. Exploration and Evaluation Assets

	Las Calandrias Santa Cruz, Argentina	Los Cisnes, Santa Cruz, Argentina	Sierra Blanca, Santa Cruz, Argentina	Savant Lake, Ontario, Canada	Total
	\$	\$	\$	\$	\$
Balance, May 31, 2018	1,723,786	290,793	281,041	1,156,533	3,452,153
Acquisition and tenure	-	-	-	48,375	48,375
Camp, travel, administration and other costs	277,952	77,837	30,191	55,624	441,604
Geologists and data 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
Balance May 31, 2019	3,065,267	880,419	358,840	1,287,368	5,591,894
Acquisition and tenure	-	-	-	30,000	30,000
Camp, travel, administration and other costs	102,707	15,220	12,681	17,556	148,164
Geologists and data collection	329,410	4,687	6,161	-	340,258
Drilling and assay costs	-	-	421	-	421
Provision against exploration and evaluation assets	(3,443,371)	(876,059)	(209,457)	-	(4,528,887)
IAS 29 adjustment	535,008	237,117	14,749	-	786,874
Foreign exchange movement	(589,021)	(261,384)	(16,728)	-	(867,133)
Balance May 31, 2020	-	-	166,667	1,334,924	1,501,591

Included in the exploration and evaluation additions in Argentina for the twelve months ending May 31, 2020 is an IAS 29 adjustment of \$50,207. 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, 2020. Refer to Note 2 for further details.

During the year, the Company recognised a write down provision of \$4,528,887 against its Las Calandria, Los Cisnes and Sierra Blanca projects to reflect the Company's change in exploration strategy, as subsequent to May 31, 2020 the Company moved its focus from its Argentinean portfolio to its newly acquired Swedish and Norwegian projects. The Company continues to explore varying strategies to extract value from its Argentinean portfolio. Refer to note 19 for further details.

The Company also expensed \$3,247 in relation to property investigation costs during the year as it looked for new exploration opportunities.

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. During the year, the Company recognized a write down provision of \$3,443,371 in relation to the Las Calandrias project.

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. During the year, the Company recognized a write down provision of \$876,059 in relation to the Los Cisnes project.

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. During the year, the Company recognized a write down provision of \$209,457 in relation to the Sierra Blanca project. Subsequent to the year end, the Company signed an agreement, subject to certain requirements

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

7. Exploration and Evaluation Assets - continued

with Austral Gold ("Austral") whereby Austral will purchase an 80% interest in the Sierra Blanca project from the Company. Refer to Note 19 for further details.

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, 2020, the Company completed the third and final anniversary cash payment of \$30,000 under the terms of the option agreement. As at May 31, 2020, the Company has met all of its share and cash commitments and has now earned its 100% interest in the Savant Lake property.

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

On September 21, 2020 the Company announced that it had executed an earn-in agreement with Ethos Gold Corp. (TSX.V: ECC)("Ethos") in which Ethos may earn-in to a 70% interest in the Savant Lake project in return for staged cash and share payments to the Company and C\$2,000,000 of work commitments. Refer to Note 19 for further details.

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.

8. Contractual Obligation Payable

The Company has a contractual obligation payable of \$1,719,352 in relation to its acquisition on May 14, 2018 of its interests in the Las Calandrias, Los Cisnes and Sierra Blanca gold-silver projects in Santa Cruz province, Argentina.

	May 31, 2020	May 31, 2019
	\$	\$
Current	961,504	791,504
Non-current	757,848	1,125,702
	1,719,352	1,917,206

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 balance of the first annual payment in relation to the contractual obligation of \$400,000 in shares. As agreed with SSL this payment was 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, 2020 the Company recorded interest expense of \$32,147 (2018: \$38,396) in relation to the contractual obligation payable.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

8. Contractual Obligation Payable- continued

On June 4, 2020 the Company and SSL renegotiated the annual payments due under the agreement with SSL. Annual payments will now become due by applying the following criteria:

- No annual payment due if market capitalization of the Company is less than C\$10 million on the anniversary date of payment.
- Annual payment of C\$200,000 due if market capitalization is between C\$10 million and C\$20 million on the anniversary date of payment; and
- Annual payment of C\$400,000 due if market capitalization is above C\$20 million on the anniversary date of payment.

These criteria will be applied for all future annual payment obligations. No adjustment to the value of the contractual obligation payable has been recorded as at May 31, 2020.

The annual payments described above are payable in Company Shares, however the Company may elect to make a payment in cash. If the payments are made in Company Shares, the number of shares to be issued will be based on a price per Company Share equal to the greater of: (i) the 20-day trailing volume weighted average trading price of the Company Shares on the Exchange as at the due date for the applicable payment; and (ii) the minimum price that is acceptable to the Exchange.

9. Provision

In February 2020, four employees of the company's subsidiary company in Argentina, Minera Mariana Argentina SA were made redundant, resulting in a redundancy provision being recorded.

	May 31, 2020	May 31, 2019
	\$	\$
Opening balance	-	-
Provision	255,971	-
Payments	(59,029)	-
Foreign exchange movement	11,509	-
Closing balance	208,451	-

The full balance of the provision is expected to be paid within 12 months from the date the redundancy was agreed. The amount of the provision to be paid increases by 25% every 6 months (commencing from the date of the signed agreement) on the balance that remains unpaid.

10. Loans

	May 31, 2020	May 31, 2019
	\$	\$
Other liabilities	546,717	-
	546,717	-
Current (i) & (ii) & (iii)	506,717	-
Non-current (iv)	40,000	-
	546,717	-

- (i) On August 8, 2019, the Company received a cash injection of \$200,000 by entering into a short-term loan agreement with SSL. The loan and interest of 10% per annum, compounding quarterly, carried an initial 3 month term but may be rolled over by mutual agreement for successive three month periods until such time as payment is made. An additional cash injection of \$115,000 was received from SSL in February 2020 on the same terms as the earlier loan. A further cash injection of \$100,000 was received from SSL in March 2020 on the same terms as the earlier loans. Interest of \$22,496 has been accrued on the SSL loans for the year ending May 31, 2020. Subsequent to the May 31, 2020 the total debt and interest owing to SSL was settled. Refer to Note 19.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

10. Loans (continued)

- (ii) In July 2019, the Company received an unsecured, interest-free loan, with no pre-set repayment terms of \$30,000 from director E Roth a further \$5,000 in October 2019 and a further \$14,221 in February 2020 on the same terms. Subsequent to May 31, 2020 the total debt owing to E Roth was settled as part of the debt conversion completed on September 16, 2020. Refer to Note 19.
- (iii) In September 2019, the Company received an unsecured, interest-free loan, with no pre-set repayment terms of \$20,000 from director, M. Little. Subsequent to May 31, 2020, the total debt owing to M Little was settled as part of the debt conversion completed on September 16, 2020. Refer to Note 19.
- (iv) In April 2020, the Company received \$40,000 as part of the Bank of Montreal's Canada Emergency Business Account ("CEBA") program introduced as part of the Canadian Government's COVID-19 relief measures. The Company entered into an interest-free loan of \$40,000 with the Bank of Montreal, guaranteed by the Government of Canada, to help cover operating costs for businesses which may have been impacted by COVID-19. The Government program payment timelines are as follows:
 - The Canada Emergency Business Account will be funded as a revolving line of credit and is interest free until Dec. 31, 2020
 - Any outstanding balance will be converted to a term loan on Jan. 1, 2021 and remains interest free until Dec. 31, 2022
 - If repaid by Dec. 31, 2022, 25% of balance will be forgiven
 - If outstanding on Jan. 1, 2023, 5% interest starts
 - The remaining balance is to be paid in full no later than Dec. 31, 2025

The repayment of the loan will be through the Bank of Montreal, not the Canadian Government.

11. Share Capital and Reserves

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

Share issuances

- a) 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 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.
- b) 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.
- c) On September 26, 2019 the Company issued 4,600,000 shares at \$0.05 per share 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.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

11. Share Capital and Reserves (continued)

a) Movements in stock options during the year:

	Options Outstanding	Weighted Average Exercise Price
Balance, May 31, 2018	524,000	\$0.30
Expired	(40,000)	\$0.25
Granted	3,600,000	\$0.24
Balance, May 31, 2019	4,084,000	\$0.25
Expired	(282,600)	\$0.25
Balance, May 31, 2020	3,801,400	\$0.25

b) Fair value of options granted

During the year ended May 31, 2020 a total value of \$66,951 (2019 - \$650,154) 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

c) Stock options outstanding

Options Outstanding	Options Exercisable	Price per Share	Remaining contractual life (years)	Expiry date
141,400	141,400	\$ 0.38	0.97	May 19, 2021
60,000	60,000	\$ 0.34	1.82	March 27, 2022
3,350,000	3,350,000	\$ 0.25	3.01	June 4, 2023
250,000	250,000	\$ 0.15	3.39	October 18, 2023
3,801,400	3,801,400			

The weighted average exercise price of the options exercisable at May 31, 2020 is \$0.25.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

11. Share Capital and Reserves (continued)

(iii) Share purchase warrants

a) Movements in warrants during the year:

	Warrants Outstanding	Weighted Average Exercise Price
Balance, May 31, 2018	1,287,260	\$0.50
Expired	(1,287,260)	\$0.50
Issued	7,062,350	(0.125)
Balance, May 31, 2019	7,062,350	\$0.125
Balance, May 31, 2020	7,062,350	\$0.125

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 11 (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, 2020 a total value of \$Nil (2018 - \$13,500) 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.

12. Property, Plant & Equipment

Office and camp equipment

<i>At cost</i>	\$
Balance May 31, 2018	-
Additions	17,369
Balance, May 31, 2020 and 2019	17,369

Accumulated depreciation

Balance May 31, 2018	-
Depreciation	(17,369)
Balance, May 31, 2020 and 2019	(17,369)

Net book value	-
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New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

12. Property, Plant & Equipment (continued)

During the year, the Company sold one of its trucks in Argentina for \$18,037. The asset had been fully depreciated and no value had been recognised on the plant and equipment acquired as part of Argentinean subsidiaries acquired in May 2018. The gain on sale has been recognised in the Statement of Loss for the year ending May 31, 2020. Refer to Note 13.

13. Interest and Other Income

	May 31, 2020	May 31, 2019
	\$	\$
Interest and other	4,274	11,206
Gain on sale of securities	23,780	-
Gain on sale of equipment	18,037	-
IVA received	17,914	-
	64,005	11,206

14. 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 May 31, 2020	Year ended May 31, 2019
	\$	\$
Rent	-	4,800
Consulting	290,682	441,896
Salary costs	49,519	154,489
Share-based payments	54,559	527,609

b) Related party balances

	May 31, 2020	May 31, 2019
	\$	\$
ER Global – Eric Roth - Chief Executive Officer	278,247	92,648
Genco Professional Services Sharon Cooper – Chief Financial Officer	81,632	21,120
Scott Heffernan	27,414	26,603
Perihelion Inc - Mary Little	43,987	16,627
Glen Parsons	38,636	26,603
John Wenger	28,785	26,603
Charles Russell	-	27,083
Cameron McLean	88,467	3,901
Marketworks Inc Kathryn Witter -Corporate Secretary	27,450	3,177

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

14. Related Party Transactions (continued)

- 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 May 31, 2020	Year ended May 31, 2019
		\$	\$
Salary/Exploration/Consulting	(i)	326,494	459,644
Share based payments		27,390	279,940

- (i) One key management personnel was paid a termination of \$5,769 in the twelve months ending May 31, 2020, no other paid post-employment benefits or other long-term benefits were paid during the twelve months ended May 31, 2020 and May 31, 2019.

- d) Other

The Company took out short term loans with SSL totalling \$415,000 during the period ending May 31, 2020 and recorded interest of \$22,496 for the twelve months ending May 31, 2020 in relation to these loans. Refer to Note 10 for further detail. The Company also has a contractual obligation payable balance of \$1,719,352 to SSL. Refer Note 8 for further detail.

15. 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, 2020	May 31, 2019
	\$	\$
Total Non-current long-lived assets		
Canada	1,334,924	1,287,368
South America	166,667	4,304,526
	1,501,591	5,591,894

Subsequent to the period ending, May 31, 2020 the Company entered into an option and purchase agreement to acquire 100% interests in the Southern Gold Line Project located in central Sweden, and the Løkken and Kjølø copper-zinc-gold projects located in central Norway. Refer Note 19 for further details.

16. Income Taxes

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

	May 31, 2020	May 31, 2019
	\$	\$
Loss before taxes	(5,518,660)	(2,464,626)
Expected income tax recovery	(1,381,000)	(641,000)
Changes in statutory and foreign exchange rates	50,000	205,000
Non-deductible expenditures	1,258,000	334,000
Change in unrecognized deductible temporary differences and other	73,000	102,000
Total income tax expense (recovery)	-	-

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

16. Income Taxes (continued)

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:

	2020 \$	Expiry dates	2019 \$
Share issue costs	163,000	2034 to 2043	219,000
Allowable capital losses	32,000	No expiry	32,000
Non-capital losses	4,665,000	2020 to 2039	4,221,000
Capital assets	2,000	No expiry	2,000
CEC	5,000	No expiry	5,000
Mineral properties	766,000	No expiry	717,000
	5,631,000		5,196,000

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

17. Supplemental Cash Flow Information

	Year ended May 31, 2020 \$	Year ended May 31, 2019 \$
Changes in non-cash working capital		
Movement in receivables	(3,161)	(19,613)
Movement in prepaid expenses	(1,246)	(12,879)
Movement in accounts payable and accrued liabilities and provisions	569,903	(368,039)
	565,496	(400,531)

	Year ended May 31, 2020 \$	Year ended May 31, 2019 \$
Schedule of non-cash investing and financing transactions:		
Exploration and evaluation expenditures included in accounts payable	276,247	85,926
Contractual obligation interest payable	32,147	38,396
Shares issued for contractual obligation payable	230,000	-
Share issue costs on finders' warrants	-	13,500
Shares issued in acquisition of exploration and evaluation assets	-	15,000
Supplementary disclosure of cash flow information:		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

18. 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 (deficiency) and loans.

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. During the year the Company accepted loans from related parties. 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.

19. Subsequent events

On June 4, 2020, the Company and SSL renegotiated the annual payments due under the agreement with SSL. Annual payments will now become due by applying the following criteria:

- No annual payment due if market capitalization of the Company is less than C\$10 million on the anniversary date of payment.
- Annual payment of C\$200,000 due if market capitalization is between C\$10 million and C\$20 million on the anniversary date of payment; and
- Annual payment of C\$400,000 due if market capitalization is above C\$20 million on the anniversary date of payment.

These criteria will be applied for all future annual payment obligations. No adjustment to the value of the contractual obligation payable has been recorded as at May 31, 2020.

On August 11, 2020, the Company announced that it had entered into an option and purchase agreement with EMX Royalty Corporation (NYSE American: EMX; TSX Venture: EMX) for the acquisition of 100% interests in the Southern Gold Line Project in central Sweden, and the Løkken and Kjølvi copper-zinc-gold projects in central Norway. The Southern Gold Line project consists of a group of licences adjacent to Dragon Mining Limited's Fäboliden gold development project, whilst the Løkken and Kjølvi licences cover both past-producing, high-grade copper(-zinc-gold) mines as well as drill-ready regional exploration targets. The Company was required make initial payments to EMX US\$25,000 and issue to EMX 3,000,000 common shares of the Company. The Company made the required cash payment on September 2, 2020 but has not issued the required shares to date. The Company is also required to pay an additional US\$68,000 and issue common shares equal to 9.9% equity ownership on a non-diluted basis. The agreements also contain a 2.5% royalty provided

On September 8, 2020, the Company announced the completion of a non-brokered private placement, for proceeds of \$3,624,992. The Company successfully completed the sale and conversion of 60,416,531 units. The units are comprised of one common share and one share purchase warrant entitling the holder to acquire one additional common share at \$0.12 until expiry September 3, 2023. Proceeds will be used for exploration activities and general working capital. The Company's immediate priorities will be to advance its recently acquired Scandinavian projects. The Company paid an aggregate of \$128,503 in broker fees and issued 2,081,730 brokers warrants under the same terms and conditions of the unit warrants. All securities issued under the placement are subject to a four month hold period trade restriction expiring January 4, 2021.

New Dimension Resources Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2020

19. Subsequent events (continued)

On September 16, 2020 the Company announced that in an effort to conserve its capital it has agreed to settle \$162,303 of outstanding indebtedness to current and former insiders of the Company with the issuance of 2,705,047 common shares of the Company at a deemed price of \$0.06 per share. All proposed shares issued in settlement of debt will be subject to a hold period trading restriction expiring 4 months and 1 day after issuance. The Company has not made the share issuance to settle the debt as of the date of these financials.

On September 18, 2020, the Company settled the balance of its loan payable to SSL as at August 25, 2020 of \$447,320 (including principal and interest) through the debt conversion of \$223,660 completed on September 16, 2020 and cash repayment of \$223,660.. The Company has made the cash payment subsequent to May 31, 2020 but has not made the share issuance to settle the debt as of the date of these financials.

On September 21, 2020 the Company announced that it had executed an earn-in agreement with Ethos Gold Corp. (TSX.V: ECC)(“Ethos”) in which Ethos may earn-in to a 70% interest in the Savant Lake project in return for staged cash and share payments to the Company and C\$2,000,000 of work commitments. Ethos may earn-In to a 70% interest in the Savant Lake property in return for the following cash and share payments to the Company and associated work. The C\$50,000 cash payable by Ethos on signing was receipted by the Company on September 21, 2020.

Terms of agreement are as follows:

	Cash \$	Ethos Number of shares	Work Commitment \$
On signing	50,000	2,000,000	
September 20, 2021	50,000	2,000,000	500,000
September 20, 2022	50,000	2,000,000	1,500,000
September 20, 2023	50,000	2,000,000	500,000
TOTAL	200,000	8,000,000	2,000,000

In addition, in the event of a National Instrument 43-101 (“NI-43-101”) compliant mineral resource of >1 million ounces of gold being defined on the property, then Ethos will make a further payment to the Company of \$50,000 in cash and 2 million Ethos shares.

On September 24, 2020 the Company signed an agreement, subject to certain requirements, for the sale of its Sierra Blanca project located in Santa Cruz Argentina to Austral. Austral has agreed to purchase the first 80% interest in the Company’s Argentine subsidiary that owns the Sierra Blanca project in two tranches through a combination of cash payments and project-level work commitments as follows:

- Tranche 1: Austral will acquire a 51% interest for US\$100,000 in cash payments to the Company plus the expenditure of US\$100,000 in work commitments at the project over the 12-month period following closing.
- Tranche 2: Austral will acquire an additional 29% interest for US\$600,000 in work commitments on the project over the second- and third-years following closing (US\$200,000 during the second year and US\$400,000 during the third year).

Austral has also agreed to pay up to US\$10,000 per year towards the cost of maintaining the Sierra Blanca mining properties in good standing over the three-year term. Austral plans to fund the cost of the transaction from cash flow generated from operations. After it has acquired its 80% interest in the project, Austral will have the option to acquire the remaining 20% as follows:

- 10% in Year 4 for the expenditure of an additional US\$400,000 in work commitments on the project over the 12-month period following payment to the Company of US\$500,000.
- 10% in Year 5 for the expenditure of an additional US\$400,000 in work commitments on the project over the 12-month period following payment of \$US1,000,000 to the Company.