# G2 GOLDFIELDS INC.

## (Formerly Sandy Lake Gold Inc.)

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

# THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2019

# (EXPRESSED IN CANADIAN DOLLARS)

# (UNAUDITED)

### Notice to Reader

The accompanying unaudited condensed interim financial statements of G2 Goldfields Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

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## G2 Goldfields Inc.

**(Formerly Sandy Lake Gold Inc.)**
**Condensed Interim Consolidated Statements of Financial Position**
**(Expressed in Canadian Dollars)**

| | | As at November 30, 2019 (Unaudited) | | As at May 31, 2019 (Audited) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | $ | **1,479,930** | $ | 1,091,626 |
| Marketable securities (note 3) | | **24,923** | | 10,000 |
| Amounts receivable | | **49,147** | | 122,484 |
| Prepaid expenses and deposits | | **18,035** | | 11,710 |
| **Total current assets** | | **1,572,036** | | 1,235,820 |
| **Non-current assets** | | | | |
| Bartica Investment Ltd. | | **-** | | - |
| Loan to Ontario Inc. (note 9) | | **-** | | 276,749 |
| Fixed Assets | | **316,439** | | - |
| Mining interests (note 4) | | **16,589,335** | | 10,410,411 |
| **Total non-current assets** | | **16,905,774** | | 10,687,160 |
| **Total assets** | $ | **18,477,810** | $ | 11,922,980 |
| | | | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities (note 9) | $ | **197,929** | $ | 803,256 |
| Tax payable | | **(1,118)** | | - |
| Other payable | | **1,376** | | - |
| **Total current liabilities** | | **198,187** | | 803,256 |
| **Long-term liabilities** | | | | |
| Due to related parties (note 9) | | **992,062** | | 163,687 |
| **Total long-term liabilities** | | **992,062** | | 163,687 |
| **Total liabilities** | | **1,190,249** | | 966,943 |
| **Shareholders' equity** | | | | |
| Share capital (note 5) | | **44,148,343** | | 36,344,181 |
| Warrants (note 6) | | **1,015,496** | | 1,588,715 |
| Contributed surplus | | **6,870,041** | | 6,459,786 |
| Deficit | | **(34,181,521)** | | (33,436,645) |
| Net loss | | **(564,798)** | | - |
| **Total shareholders' equity** | | **17,287,560** | | 10,956,037 |
| **Total liabilities and shareholders' equity** | $ | **18,477,810** | $ | 11,922,980 |

**Nature of Operations and Going Concern** (note 1)
**Subsequent Event** (note 11)

## G2 Goldfields Inc
**(Formerly Sandy Lake Gold Inc.)**
**Condensed Interim Consolidated Statements of Comprehensive Loss**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

| | Three Months Ended November 30, 2019 | Three Months Ended November 30, 2018 | Six Months Ended November 30, 2019 | Six Months Ended November 30, 2018 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Income | $ **94,095** | $ - | $ **94,095** | $ - |
| **Operating expenses** | | | | |
| Wages and employee benefits | $ **42,791** | $ 32,317 | $ **62,841** | $ 65,348 |
| Share-based compensation | **154,983** | 15,494 | **410,255** | 36,438 |
| Consulting fees | **-** | 16,381 | **-** | 36,200 |
| Office rent and utilities | **34,956** | 19,712 | **47,762** | 35,045 |
| Professional fees | **53,017** | 12,299 | **63,017** | 20,162 |
| Investor and community relations | **6,081** | 5,337 | **8,280** | 8,883 |
| Transfer agent and filing fees | **26,527** | 2,047 | **43,999** | 7,859 |
| Insurance | **3,163** | 3,105 | **6,325** | 6,270 |
| Office and administrative | **1,019** | 1,388 | **1,019** | 3,803 |
| License / Permits | **929** | - | **929** | - |
| Travel | **8,274** | - | **9,134** | - |
| **Operating loss before the following items** | **(237,644)** | (108,080) | **(559,166)** | (219,918) |
| Unrealized gain (loss) on marketable securities (note 3) | **(2,000)** | 311 | **(2,000)** | (8,424) |
| Interest and bank charges | **(2,499)** | (427) | **(3,633)** | (1,671) |
| Gain (loss) on foreign exchange | **-** | 90 | **-** | 128 |
| **Comprehensive loss for the period** | $ **(242,142)** | $ (108,106) | $ **(564,798)** | $ (229,885) |
| **Basic and diluted net loss per common share (note 8)** | $ **(0.0030)** | $ (0.0011) | $ **(0.0076)** | $ (0.0023) |
| **Weighted average number of common shares outstanding - basic and diluted (note 8)** | **79,909,858** | 102,738,687 | **74,570,823** | 101,115,310 |

## G2 Goldfields Inc.
**(Formerly Sandy Lake Gold Inc.)**
**Condensed Interim Consolidated Statements of Cash Flows**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

| | Three Months Ended November 30, 2019 | Three Months Ended November 30, 2018 | Six Months Ended November 30, 2019 | Six Months Ended November 30, 2018 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net loss for the period | $ **(242,142)** | $ (108,106) | $ **(564,798)** | $ (229,885) |
| Adjustments for: | | | | |
| Share-based compensation | **154,983** | 15,494 | **410,255** | 36,348 |
| Unrealized (gain) loss on marketable securities (note 3) | **2,000** | (311) | **2,000** | 8,424 |
| Changes in non-cash working capital items: | | | | |
| Amounts receivable | **103,424** | (5,978) | **73,337** | 33,357 |
| Prepaid expenses and deposits | **18,497** | (6,895) | **(6,325)** | (19,786) |
| Account payable and accrued liabilities | **4,354** | (38,659) | **(672,992)** | 53,381 |
| Due to related parties | **(314,914)** | - | **201,098** | - |
| **Net cash used in operating activities** | **(273,799)** | (144,455) | **(557,426)** | (118,161) |
| **Investing activities** | | | | |
| Mining interest | **(181,611)** | (216,730) | **(647,285)** | (369,867) |
| Mining property investment | **(254,914)** | - | **(458,413)** | - |
| Purchase of short-term investments | **-** | - | **-** | (10,000) |
| **Net cash used in investing activities** | **(436,525)** | (216,730) | **(1,105,698)** | (379,867) |
| **Financing activities** | | | | |
| Private placements (note 5) | **1,241,000** | 282,000 | **1,241,000** | 282,000 |
| Share issue costs | **-** | (6,690) | **(58)** | (6,690) |
| Proceeds from warrants exercised | **(451,000)** | - | **790,000** | 5,000 |
| **Net cash provided by financing activities** | **790,000** | 275,310 | **2,030,942** | 280,310 |
| **Net change in cash** | **79,676** | (85,875) | **367,819** | (217,718) |
| **Cash, beginning of period** | **1,424,217** | 181,134 | **1,124,105** | 312,977 |
| **Foreign exchange difference** | **-23,963** | - | **-11,993** | - |
| **Cash, end of period** | $ **1,479,930** | $ 95,259 | $ **1,479,930** | $ 95,259 |

## G2 Goldfields Inc.
**(Formerly Sandy Lake Gold Inc.)**
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

| | Number of Common Shares | | Amount | | Warrants | | Contributed Surplus | | Deficit | | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance, May 31, 2018** | 99,427,982 | $ | 33,854,008 | $ | 891,544 | $ | 6,103,975 | $ | (32,418,506) | $ | 8,431,021 |
| | | | | | | | | | | | |
| **Balance, May 31, 2018** | 49,713,991 | $ | 33,854,008 | $ | 891,544 | $ | 6,103,975 | $ | (32,418,506) | $ | 8,431,021 |
| Units issued for private | 16,100,000 | | 3,032,000 | | | | | | | | 3,032,000 |
| placement | | | | | | | | | | | 0 |
| Share issues costs | | | (102,574) | | 23,918 | | | | | | (78,656) |
| Warrants issued for | | | (725,681) | | 725,681 | | | | | | 0 |
| Warrants converted into shares | 1,170,000 | | 286,428 | | (52,428) | | | | | | 234,000 |
| Share-based compensation | | | | | | | 355,811 | | | | 355,811 |
| Net loss for the period | | | | | | | | | (1,018,139) | | (1,018,139) |
| **Balance, May 31, 2019** | 66,983,991 | $ | 36,344,181 | $ | 1,588,715 | $ | 6,459,786 | $ | (33,436,645) | $ | 10,956,037 |
| | | | | | | | | | | | |
| **Balance, May 31, 2019** | 66,983,991 | $ | 36,344,181 | $ | 1,588,715 | $ | 6,459,786 | $ | (34,181,521) | $ | 10,211,161 |
| Warrants converted to shares | 6,205,000 | | 1,519,367 | | (278,367) | | | | | | 1,241,000 |
| Warrants conversion costs | | | (58) | | | | | | | | (58) |
| Share-based compensation | | | | | | | 255,272 | | | | 255,272 |
| Net loss for the period | | | | | | | | | (322,656) | | (322,656) |
| **Balance, August 31, 2019** | 73,188,991 | $ | 37,863,490 | $ | 1,310,348 | $ | 6,715,058 | $ | (34,504,177) | $ | 11,384,719 |
| Warrants converted to shares | 3,950,000 | | 1,084,853 | | (294,852) | | | | | | 790,000 |
| Purchase Bartica Investments Ltd. | 20,000,000 | | 5,200,000 | | | | | | | | 5,200,000 |
| Share-based compensation | | | | | | | 154,983.22 | | | | 154,983 |
| Net loss for the period | | | | | | | | | (242,142) | | (242,142) |
| **Balance, November 30, 2019** | **97,138,991** | **$** | **44,148,343** | **$** | **1,015,496** | **$** | **6,870,041** | **$** | **(34,746,320)** | **$** | **17,287,560** |

## 1. NATURE OF OPERATIONS AND GOING CONCERN

G2 Goldfields Inc. (formerly Sandy Lake Gold Inc.) (the "Company") was incorporated as 7177411 Canada Corporation on May 21, 2009, under the laws of Canada. The Company is primarily engaged in the business of acquiring and exploring mineral properties.

On April 4, 2019, the company filed an article of amendment to (i) change its name form Sandy Lake Gold Inc. to G2 Goldfields Inc. and (ii) consolidate the company's issued and outstanding common shares for one new share for every two existing common shares. The common shares of the Company reflecting the Name Change and Consolidation commenced trading on the TSX Venture Exchange effective of April 8, 2019, under the new symbol "GTWO."
The head office, principal address, and records office of the Company are located at 141 Adelaide Street West, Suite 1101, Toronto, Ontario, Canada, M5H 3L5.

In order to carry out future exploration activities, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company.

These unaudited condensed interim financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from November 30, 2019. However, the Company is exploration-focused and is subject to the risks and challenges of companies in the same sector. These risks include, but are not limited to, the challenges of securing adequate capital given exploration, development and operational risks inherent in the mining industry as well as global economic, precious and base metal price volatility; all of which are uncertain under current market conditions. As a result of these risks, there is no assurance that the Company's funding initiatives will continue to be successful and these unaudited condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material. The Company has an accumulated deficit of $34,746,320 from inception and working capital of $1,373,848.

The Company's financial statements were authorized for issue by the Board of Directors on January 29, 2020.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared following International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of January 29, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended May 31, 2019, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending May 31, 2019, could result in restatement of these unaudited condensed interim consolidated financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### New Accounting Standard Adopted

On July 24, 2014, the IASB issued the completed IFRS 9 - Financial Instruments ("IFRS 9") to come into effect on January 1, 2018, with early adoption permitted.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 - Financial

Instruments: Recognition and Measurement ("IAS 39") for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its unaudited condensed interim financial statements on June 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on June 1, 2019. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

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

| Classification | IAS 39 | IFRS 9 |
|---|---|---|
| Cash | FVTPL | FVTPL |
| Short-term investments | FVTPL | FVTPL |
| Marketable securities | FVTPL | FVTPL |
| Accounts payable and accrued liabilities | Other liabilities | Amortized cost |

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

**(Expressed in Canadian Dollars)**

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### New Accounting Standard

***IFRS 16 Leases ("IFRS 16")*** was issued by IASB in January 2016. IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between one-statement of financial position finance leases and off statement of financial position operating leases. Instead, there is a single, on the statement of financial position accounting model that is similar to current finance lease accounting. The extent of the impact of the adoption of IFRS 16 has not yet been determined.
The Company adopted this standard on February 1, 2019, and it did not have a material impact on the financial statements.

## 3. MARKETABLE SECURITIES

Marketable securities have been designated as FVTPL and are recorded at fair value using the last bid price, with changes recognized in the unaudited condensed interim statement of comprehensive loss. Marketable securities are composed of:

| | Cost | Fair market value May 31, 2019 | Fair market adjustment | Fair market value November 30, 2019 |
|---|---|---|---|---|
| Crusader Resources Limited - 500,000 common shares | $ 211,604 | $ 10,000 | $ (2,000) | $ 8,000 |

**(Expressed in Canadian Dollars)**

## 4. MINING INTERESTS

| | Three Months Ended November 30, 2019 | Six Months Ended November 30, 2019 | Year Ended May 31, 2019 |
|---|---|---|---|
| **G2 Goldfields Property** | | | |
| Balance, beginning of period | $ **11,487,214** | $ **11,021,541** | $ 8,533,346 |
| Accommodation / Meal | **41,512** | **95,393** | 113,425 |
| Acquisition costs | **0** | **0** | |
| Assay | **28,823** | **66,422** | 8,197 |
| Consultation | **40,507** | **40,507** | |
| Consulting | **160,510** | **189,575** | 225,524 |
| Contract fees | **22,328** | **22,328** | |
| Depreciation expense | **17,756** | **17,756** | |
| Donations | **10,215** | **14,855** | |
| Drilling | **482,585** | **857,058** | 768,823 |
| Equipment | **29,175** | **29,175** | |
| Geology | **38,515** | **100,272** | 299,105 |
| Legal | **-898,779** | **-902,806** | 210,531 |
| License & permit | **63,622** | **63,622** | |
| Mapping | **4,744** | **10,930** | |
| Other | **27,593** | **-115,740** | 43,426 |
| Royalty payment | **4,049** | **4,049** | |
| Site work | **58,700** | **61,710** | 78,822 |
| Transportation | **34,023** | **48,660** | 91,910 |
| Travel | **14,430** | **41,978** | 27,775 |
| Wages and salaries | **1,303** | **1,543** | 9,527 |
| Additions for the period | **181,611** | **647,285** | 1,877,065 |
| Bartica Transaction Adjustment | **4,920,510** | **4,920,510** | |
| **Balance, end of period** | $ **16,589,335** | $ **16,589,335** | $ 10,410,411 |

The Company enters into exploration agreements or permits with other companies or foreign governments under which it may explore or earn interests in mineral properties by issuing common shares and making an option or rental payments and incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements or permits.

## 4. MINING INTERESTS (CONTINUED)

### (A) Peters Mine, Guyana

The Company has a 100% interest in the Peters Mine property consisting of 1 Mining Concession covering 8,358.4 acres located in the Puruni District, Guyana.

### (B) Aremu, Guyana

The Company has a 100% interest in the Aremu property consisting of 10 contiguous Mining Permits, covering 9,288.71 acres located in the Puruni District, Guyana.

### (C) Oko, Guyana

The Company holds an option to acquire a 100% interest in the Oko property consisting of 8 contiguous Mining Permits, covering 17,665.72 acres located in the Puruni District, Guyana, subject to a 2.5% net smelter return royalty, in consideration of;

(i) A cash payment of US $50,000 (which has previously been paid)

(ii) Additional aggregated cash payments of US $700,000 to be paid in tranches over four years;

(a). on or before the first anniversary of this Agreement, the payment of the sum of US $100,000 (which has been paid in December 2018).

(b). On or before the second anniversary of this Agreement, the payment of US $200,000 (which has been paid in December 2019).

(c). On or before the third anniversary of this Agreement, the payment of US $200,000,

(d). On or before the fourth anniversary of this Agreement the payment of US $200,000,

(iii) The identification of a gold resource over 250,000 ounces on the property and payment of advance net smelter return royalty of US $1,000,000.

The Optionee may at any time after the exercise of the Option purchase all of the NSR rights of the owner by payment to the Owner of the sum of US $5 million.

### (D) Jubilee Creek Goldfield, Guyana

The Company holds an option to acquire a 100% interest in the Jubilee Creek Goldfields property comprised of contiguous claims covering 7,900 acres, located in the Puruni District, Guyana, subject to a 2% net smelter return royalty, in consideration of aggregated cash payments of US $475,000 to be paid in tranches over four years.
The company has the option to acquire the NSR for US $2 million.

### (E) Sandy Lake Project, Ontario, Canada

The Sandy Lake Project is comprised of approximately 125,000 acres of contiguous mineral claim units.
G2 Goldfields Inc. has the right to earn up to 70% interest in the W series of claims (15,000 acres) and has a 100% interest in mineral claims surrounding the W Group totaling 110,000 acres

On July 6, 2018, the Company received a partial award in the Arbitration Proceedings with Goldeye Explorations Limited) ("Goldeye"). The Arbitral Tribunal has ruled in favour of the Company on all substantive issues.

The two main issues were the amount of first-year expenditures and whether Goldeye exercised an option to participate as a 50% joint venture with the Company in the ownership of a large group of claims staked around the

## 4. MINING INTERESTS (CONTINUED)

original Weebigee project in 2015. Goldeye, which initiated the proceedings, had alleged that the Company had failed to incur minimum first-year expenditures of $500,000 on the Weebigee property as required by the May 2015 option agreement. The Arbitral Tribunal panel ruled that the Company had incurred expenditures of $973,770 in the first year. Significantly, the Tribunal also ruled that Goldeye failed to fulfill the conditions for participating as a joint venture in the surrounding mineral claim land package of approximately 80,000 acres (2,210 claim units), and that Goldeye has no ownership or any other rights over or interests in these claims.

On January 21, 2019, the Arbitral Panel ruled in favor of the Company on all substantive issues. The company has been awarded $926,960 in costs in the Arbitration Proceedings with TMI ("Cost Award").

On May 23, 2019, TMI made a payment of $8,016, which represents 50% of the costs of acquisition of 315 newly staked mining claims that were completed in February 2019 by the Company. However, G2 insisted that Goldeye owes the Company the amount of at least $926,960 according to Cost Award dated January 16, 2019, and any amount paid by Goldeye will be applied first to pay its outstanding debt owing according to the Cost Award and thus, cannot constitute any contribution towards the costs of acquisition of 315 mining claims.

On August 6, 2019, a notice of default was sent by Goldeye insisting that the Company has failed to meet its expenditure obligation under the terms of the original option agreement as the Company did not complete expenditures as defined in the agreement, of $1,000,000 and $1,500,000 on or before the 2nd and 3rd anniversary of the effective date which was subsequently extended by the arbitration panel's ruling to June 28, 2018, for the 2nd-anniversary deadline and March 16, 2019, for the 3rd-anniversary deadline. Besides, Goldeye asserted that general and administrative expenditures were not accurately calculated.

On September 3, 2019, the Company sent the response letter in connection to the notice of default letter dated August 6, 2019, sent by Goldeye rejecting said claims as described above.

On September 13, 2019, Goldeye made payment for the full amount of the Cost Award ($926,960), but Goldeye insisted that its notice of default dated August 6, 2019, is still valid.

On September 19, 2019, the Company responded to the September 13, 2019 letter from Goldeye noting that the Company would like to schedule a meeting to resolve the following disputes:

- the timing for the second and third anniversaries of the effective date particulars of the expenditures incurred by the Company, including the percentage of general and administrative expenditures to be included;
- the amount the Company is required to pay to Goldeye to cure its default;
- and the requirement to communicate all discussions with First Nations as it relates to the Option Agreement.

Additional claim units:
On January 22, 2018, the Company announced that it acquired by staking, an additional 806 claim units adjacent to the Sandy Lake Property.

On May 24, 2018, the Company acquired by map staking, an additional 30 single cell claim units contiguous to the Sandy Lake Property. TMI was notified of the said acquisition under Sec 8.2 of Option Agreement in April 2015 and elected to participate in the 30 cell claim units.

On February 26, 2019, the Company staked an additional 315 mining claim cells contiguous with the existing district-scale land package for an aggregate total of approximately 51,000 hectares. The additional claims extend over an area of 6,122 hectares located on the southern boundary of the Company's contiguous 60 km — east-west claim pack

**(Expressed in Canadian Dollars)**

## 5. SHARE CAPITAL

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

| | Number of common shares | | Amount |
|---|---|---|---|
| **Balance, May 31, 2017** | 30,713,991 | $ | 32,829,583 |
| Common shares issued for private placements | 12,750,000 | | 1,325,000 |
| Special Warrants converted into units | 6,250,000 | | 625,000 |
| Warrants | | | (891,544) |
| Share issue costs | | | (34,031) |
| **Balance, May 31, 2018** | 49,713,991 | $ | 33,854,008 |
| | | | |
| **Balance, May 31, 2018** | 49,713,991 | $ | 33,854,008 |
| Common shares issued for private placements | 16,100,000 | | 3,032,000 |
| Warrants issued for private placements | | | (725,681) |
| Warrants converted into units | 1,170,000 | | 286,428 |
| Cost of issue | | | (102,574) |
| **Balance, May 31, 2019** | **66,983,991** | | **36,344,181** |
| | | | |
| Warrants converted into units | 6,205,000 | | 1,519,367 |
| Cost of issue | | | -58 |
| **Balance, Aug 31, 2019** | 73,188,991 | | 37,863,490 |
| Warrants converted into units | 3,950,000 | | 1,084,853 |
| Bartica Transaction | 20,000,000 | | 5,200,000 |
| | | | |
| **Balance, Nov 30, 2019** | **97,138,991** | | **44,148,343** |

The above and below balances reflect the adjusted (2) to (1) post-share consolidation, as described in note 1 of the financial statements.

## 5. SHARE CAPITAL (CONTINUED)

On January 9, 2018, the Special Warrants were converted into Units without any additional payment since the Company received shareholder approval. Each Special Warrant consisted of one common share of the Company and one share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for 24 months. The fair value of these Warrants was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: share price of $0.14 (as of January 9, 2018); expected dividend yield of 0%; risk-free interest rate of 1.79%; volatility of 225% and an expected life of 1.52 years. The fair value assigned to these warrants was $167,326.

On February 28, 2018, the Company closed a non-brokered private placement under which it issued 5,000,000 units at $0.11 per unit to raise aggregate gross proceeds of $550,000.
Each unit consists of one common share of the Company and one warrant, with each warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for 24 months. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: the share price of $0.17; expected dividend yield of 0%; risk-free interest rate of 1.78%; volatility of 216% and an expected life of 2 years. The fair value assigned to these warrants was $256,160.

On May 15, 2018, the Company closed a non-brokered private placement under which it issued 2,500,000 units at $0.10 per unit to raise aggregate gross proceeds of $250,000.
Each unit consists of one common share of the Company and one warrant, with each warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for 24 months. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: the share price of $0.13; expected dividend yield of 0%; risk-free interest rate of 2.04%; volatility of 215% and an expected life of 2 years. The fair value assigned to these warrants was $114,809.

On September 27, 2018, the Company closed a non-brokered private placement under which it issued 2,350,000 units at $0.12 per unit for gross proceeds of $282,000.
Each unit consisted of one common share of the Company and one share purchase warrant, with each warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.20 for 36 months.

The fair value of these warrants was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: the share price of $0.14, expected dividend yield of 0%; risk-free interest rate of 2.22%; volatility of 194% and an expected life of 3 years. The fair value assigned to these warrants was $133,019.

Between February 25, 2019, and March 28, 2019, the Company closed a series of non-brokered private placements, completed in three tranches. The company issued 13,750,000 units at $0.20 per unit for gross proceeds of $2,750,000. Each unit consisted of one common share of the Company and one-half of a share purchase warrant, with each whole warrant entitling the holder thereof to acquire one additional share at an exercise price of $0.40 for 24 months. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: the share price of $0.22 expected dividend yield of 0%; risk-free interest rate of 1.49% - 1.78%; volatility of 132% - 133% and an expected life of 2 years. The fair value assigned to these warrants was $592,662.

On October 24, the Company announces that it has closed its acquisition of all the issued and outstanding shares of Bartica Investments Ltd (Bartica). The consideration for the acquisition consisted of an aggregated of 20,000,000 common shares of Corporation at $0.26 per share on October 24, 2019.

**(Expressed in Canadian Dollars)**

## 6. WARRANTS

The following table reflects the continuity of warrants for the following periods and reflects the adjusted (2) to (1) post-share consolidation as described in note 1 of the financial statements:

| | Number of Warrants | Weighted Averaged Exercised Price ($) |
|---|---|---|
| **Balance, May 31, 2017** | - | |
| Issued | 38,000,000 | 0.1 |
| **Balance, May 31, 2018** | 38,000,000 | 0.1 |
| | | |
| **Balance, May 31, 2018** | 19,000,000 | 0.2 |
| Issued | 9,377,730 | 0.35 |
| Exercise | (1,170,000) | 0.2 |
| Expired | | |
| **Balance, May 31, 2019** | **27,207,730** | 0.25 |
| Warrants conversion to common share | (6,205,000) | 0.2 |
| Warrants Expired | (175,000) | 0.2 |
| **Balance, August 31, 2019** | **20,827,730** | **0.25** |
| Warrants conversion to common shares | (3,950,000) | 0.2 |
| | | |
| **Balance, Nov 30, 2019** | **16,877,730** | **0.2826** |

The following table reflects the warrants issued and outstanding as of November 30, 2019:

| Number of Warrants Outstanding | Black Scholes / Fair value ($) | Exercise Price ($) | Expiry date |
|---|---|---|---|
| 5,000,000 | 215,189 | 0.20 | 2020-02-28 |
| 2,500,000 | 114,809 | 0.20 | 2020-05-15 |
| 2,350,000 | 133,019 | 0.20 | 2021-09-27 |
| 2,962,500 | 210,690 | 0.40 | 2021-02-25 |
| 2,260,250 | 160,576 | 0.40 | 2021-03-04 |
| 152,730 | 19,900 | 0.32 | 2021-03-04 |
| 1,652,250 | 161,214 | 0.40 | 2021-03-28 |
| **16,877,730** | **1,015,496** | | |

**(Expressed in Canadian Dollars)**

## 7. STOCK OPTIONS

The following table reflects the continuity of options for the following periods and reflects the adjusted (2) to (1) post-share consolidation as described in note 1 of the financial statements:

| | Number of Options | Weighted Averaged Exercise Price ($) |
|---|---|---|
| **Balance, May 31, 2017** | **3,913,000** | **0.23** |
| Issued | 800,000 | |
| Exercised | - | |
| Expired/Canceled | (113,000) | |
| **Balance, May 31, 2018** | **4,600,000** | **0.23** |
| | | |
| **Balance, May 31, 2018** | **2,300,000** | **0.28** |
| Issued on April 12, 2019, @0.40 | 2,700,000 | 0.4 |
| Exercised | - | |
| Expired/Canceled | (100,000) | 0.28 |
| **Balance, May 31, 2019** | **4,900,000** | **0.34** |
| | | |
| Issued on August 19, 2019 @0.40 | 1,100,000 | 0.4 |
| **Balance on August 31, 2019** | **6,000,000** | **0.35** |
| | | |
| Issued on October 19, | 625,000 | 0.40 |
| **Balance on November 30, 2019** | **6,625,000** | **0.35** |

Details of the stock options outstanding as at November 30, 2019, are as follows:

| Remaining contractual life (Years) | Exercisable Options | Number of Options | Weighted Average Exercise Prices ($) | Expiry Date |
|---|---|---|---|---|
| 1.89 | 1,650,000 | 1,650,000 | 0.3 | October 19, 2021 |
| 3.27 | 550,000 | 550,000 | 0.18 | March 6, 2023 |
| 2.37 | 2,700,000 | 2,700,000 | 0.4 | April 12, 2022 |
| 2.72 | 1,100,000 | 1,100,000 | 0.4 | August 19, 2022 |
| 2.89 | 625,000 | 625,000 | 0.4 | October 19, 2022 |
| **Total** | **6,625,000** | **6,625,000** | **0.36** | |

**(Expressed in Canadian Dollars)**

## 8. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the three and six months ended November 30, 2019, was based on the loss attributable to common shareholders of $242,142 and $564,798, respectively (three and six months ended November 30, 2018 - loss of $108,106 and $229,885, respectively) and the weighted average number of common shares outstanding of 79,909,858 and 74,570,823, respectively (three and six months ended November 30, 2018 – 102,738,687 and 101,115,310, respectively). The diluted loss did not include the effect of stock options, warrants and special warrants for the three and six months ended November 30, 2019, and November 30, 2018, as they are anti-dilutive.

## 9. RELATED PARTY TRANSACTIONS

(a) The Company has identified its directors and certain senior officers as its key management personnel. The compensation cost for key management personnel is as follows:

| | Three Months Ended November 30 | | Six Months Ended November 30 | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Salaries and fee | $ 21,000 | $ 10,000 | $ 45,000 | $ 20,000 |
| Share-based compensation | 97,544 | 0 | 167,609 | 0 |
| Due to Related Parties | 150,510 | 0 | 191,190 | 0 |
| Loan to Ontario Inc. | 0 | 0 | 219,063 | 0 |
| Due to previous shareholders of Bartica Investments Ltd ("Bartica") and corporation controlled by previous shareholders of Bartica | 637,986 | | 637,986 | |
| | **907,040** | **10,000** | **1,260,848** | **20,000** |

i. On November 30, 2019, accounts payable and accrued liabilities and amounts due to related parties include $992,062 (November 30, 2018 - $nil) owing to officers, directors, and companies controlled by officers and directors. $637,986 of total $992,062 is own to previous shareholders of Bartica Investments ltd ("Bartica"), and a corporation controlled by previous shareholders of Bartica.

ii. Of November 30, 2019, there is a loan to Ontario Inc. of $219,063, to advance exploration of the Guyana properties, which happened during the first quarter of the company's financial filing, and before the Bartica acquisition completion dated October 24, 2019.

**(Expressed in Canadian Dollars)**

## 9. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Major shareholder

To the knowledge of the directors and senior officers of the Company, as at November 30, 2019, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

| | Number of common shares | Percentage of outstanding common shares |
|---|---|---|
| Patrick Sheridan | 32,939,074 | 33.91% |

## 10. SEGMENTED INFORMATION

As of November 30, 2019, the Company operates primarily in two reportable geographical segments, being the exploration for minerals in Canada and Guyana. The Company maintains a head office in Toronto, Canada.

**Six months ended November 30, 2019**

| | Canada | Guyana | Total |
|---|---|---|---|
| Revenues | $ - | $ 94,095 | $ 94,095 |
| Net income (loss) and comprehensive income (loss) | $ (638,502) [a] | $ (20,392) | $ (658,893) |

**Three months ended August 31, 2019**

| | Canada | Guyana | Total |
|---|---|---|---|
| Revenues | $ - | $ - | $ - |
| Net income (loss) and comprehensive income (loss) | $ (322,656) [a] | $ - | $ (322,656) |

**Note (a): The company closed the acquisition of Bartica Investment Ltd. (Guyana) on October 24, 2019, this section information will be for this fiscal year only.**

## 11. SUBSEQUENT EVENT

On December 2, 2019 – the Company entered into an option agreement to acquire a 100% interest in the historic Jubilee Creek Goldfield, Puruni District, Guyana. The property is comprised of contiguous claims totaling 7,900 acres and is located approximately 4.5 miles south-east of the Company's Peters Mine Property (8,800 acres). The Company may earn a 100% interest by making payments totaling $US 475,000.00 over four years, with the vendor retaining a 2% Net Smelter Return (NSR). The Company has the option to acquire the NSR for $US 2 million.