AGUILA AMERICAN GOLD LIMITED

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
APRIL 30, 2020 AND 2019

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
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Independent Auditor's Report

To the Directors of Aguila American Gold Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Core Assets Corp. (the "Company"), which comprise the statements of financial position as at April 30, 2020 and 2019, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has not yet achieved profitable operations, has limited working capital as at April 30, 2020 and is dependent upon the future receipt of equity financing to maintain its operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
July 15, 2020

AGUILA AMERICAN GOLD LIMITED
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	April 30, 2020 $	April 30, 2019 $
ASSETS			
Current assets			
Cash		21,759	11,140
GST receivable		8,668	10,386
Prepaids		1,678	6,467
TOTAL ASSETS		32,105	27,993
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	245,850	257,136
Advances	4	118,856	113,500
TOTAL LIABILITIES		364,706	370,636
SHAREHOLDERS' DEFICIENCY			
Share capital	5	26,055,130	25,917,290
Share-based payments reserve		1,477,619	1,477,619
Deficit		(27,865,350)	(27,737,552)
TOTAL SHAREHOLDERS' DEFICIENCY		(332,601)	(342,643)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		32,105	27,993

Nature of Operations and Going Concern - see Note 1

Events after the Reporting Period - see Note 10

These financial statements were approved for issue by the Board of Directors on July 15, 2020 and are signed on its behalf by:

/s/ ***Blair Way***	/s/ ***Nick DeMare***
Blair Way	Nick DeMare
Director	Director

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

AGUILA AMERICAN GOLD LIMITED
STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME
(Expressed in Canadian Dollars)

	Note	Year Ended April 30 2020 $	Year Ended April 30 2019 $
Expenses			
Accounting and administration	6(b)(ii)	15,800	17,300
Audit		7,000	7,500
Executive and director compensation	6	48,000	48,000
Legal		-	535
Office and administration		1,057	421
Regulatory fees		11,446	7,918
Share-based compensation	5(d)	38,220	18,291
Shareholder costs		-	1,334
Transfer agent		2,787	5,234
		124,310	106,533
Loss before other items		(124,310)	(106,533)
Other items			
Recovery of amounts previously recorded	4(b), 6(a)(ii)	-	224,800
Interest income		331	183
Interest expense	4(a)	(3,856)	-
Foreign exchange gain		37	32
		(3,488)	225,015
Net (loss) income and comprehensive (loss) income for the year		(127,798)	118,482
Basic and diluted (loss) income per common share		$(0.04)	$0.05
Basic and diluted weighted average number of common shares outstanding		3,098,711	2,482,410

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

AGUILA AMERICAN GOLD LIMITED
STATEMENTS OF CHANGES IN (DEFICIENCY) EQUITY
(Expressed in Canadian Dollars)

	Year Ended April 30, 2020				
	Common Shares				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity (Deficiency) $
Balance at April 30, 2019	2,744,985	25,917,290	1,477,619	(27,737,552)	(342,643)
Common shares issued:					
- share options exercised	294,000	67,620	-	-	67,620
- warrants exercised	200,000	32,000	-	-	32,000
Transfer on exercise of share options	-	38,220	(38,220)	-	-
Share-based compensation	-	-	38,220	-	38,220
Net loss and comprehensive loss	-	-	-	(127,798)	(127,798)
Balance at April 30, 2020	3,238,985	26,055,130	1,477,619	(27,865,350)	(332,601)

	Year Ended April 30, 2019				
	Common Shares				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity (Deficiency) $
Balance at April 30, 2018	2,424,985	25,846,799	1,477,619	(27,856,034)	(531,616)
Common shares issued for cash:					
- private placement	200,000	24,000	-	-	24,000
- share options exercised	120,000	28,200	-	-	28,200
Transfer on exercise of share options	-	18,291	(18,291)	-	-
Share-based compensation	-	-	18,291	-	18,291
Net income and comprehensive income	-	-	-	118,482	118,482
Balance at April 30, 2019	2,744,985	25,917,290	1,477,619	(27,737,552)	(342,643)

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

AGUILA AMERICAN GOLD LIMITED
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended April 30,	
	2020	2019
	$	$
Operating activities		
Net (loss) income for the year	(127,798)	118,482
Adjustments for:		
Recovery of amounts previously recorded	-	(224,800)
Share-based compensation	38,220	18,291
Interest expense	3,856	-
Changes in non-cash working capital items:		
GST receivable	1,718	741
Prepaids	4,789	(2,977)
Accounts payable and accrued liabilities	(11,286)	7,938
Net cash used in operating activities	(90,501)	(82,325)
Financing activities		
Issuance of common shares	99,620	52,200
Advances received	48,500	70,000
Repayment of advances	(47,000)	(38,000)
Net cash proivded by financing activities	101,120	84,200
Net change in cash during the year	10,619	1,875
Cash at beginning of year	11,140	9,265
Cash at end of year	21,759	11,140

Supplemental cash flow information - See Note 8

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

1. Nature of Operations and Going Concern

Aguila American Gold Limited (the "Company") is listed and traded on the TSX Venture Exchange ("TSXV") under the symbol "AGL", the OTCBB under the symbol "AGLAF" and the Frankfurt Stock Exchange under the Symbol "AGP". The Company's principal and executive office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

During fiscal 2020 the Company incurred a net loss of $127,798 and, as at April 30, 2020, the Company had a working capital deficit of $332,601 and an accumulated deficit of $27,865,350. The Company has no significant assets and is dependent on ongoing advances from its officers and shareholders. Further funding will be required to fund existing levels of operations and administration, retire its indebtedness as they come due and conduct due diligence on identifying and evaluating potential mineral interest acquisitions or other business opportunities. The Company will need to raise additional capital from the sale of common shares or other equity or debt instruments. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to the adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to identify, acquire and develop properties and to establish future profitable production.

Recently there was a global outbreak of a novel coronavirus identified as "COVID-19", which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries in which the Company may conduct future mineral interests or business acquisitions to fight the virus.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments which could be material to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern. In addition, these financial statements do not reflect any adjustments related to conditions that occurred subsequent to April 30, 2020.

See also Note 10.

2. Basis of Preparation

Statement of Compliance

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 IFRS Interpretations Committee ("IFRIC").

Basis of Presentation

The functional and presentation currency of the Company is the Canadian dollar. The financial statements are presented in Canadian dollars ("CAD") unless otherwise specified. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

3. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these financial statements 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 7.

(iii) The determination that the Company has the ability to continue as a going concern.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

(ii) The cost estimates are updated periodically during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company’s interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

3. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at April 30, 2020 and 2019 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and classified as amortized cost. Receivables are subsequently measured at amortized cost using the effective interest method, less expected credit losses. At each reporting date, the Company records a credit losses at an amount equal to the lifetime expected credit losses using a present value and probability-weighted model.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as amortized cost initially at fair value and are subsequently measured at amortized cost using the effective interest method

Exploration and Evaluation Assets

Resource Interests

Resource interests include acquired mineral use rights for mineral property held by the Company. The amount of consideration paid (in cash or share value) for resource interests is capitalized. The amounts shown for resource interests represent costs of acquisition incurred to date, less recoveries or write-offs, and do not necessarily reflect present or future values. These costs will be amortized against revenue from future production or written off if the resource interest is abandoned or sold.

Depletion of costs capitalized on projects put into commercial production will be recorded using the unit-of-production method based upon estimated proven and probable reserves.

The carrying values of resource interests are reviewed by management at least annually to determine if they have become impaired. If impairment is determined to exist, the resource interest will be written down to its net recoverable value.

Ownership in resource interests involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control.

The ultimate recoverability of the amounts capitalized for the resource interests is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its resource interests have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of resource interest carrying values.

3. Summary of Significant Accounting Policies (continued)

Exploration and Development Costs

Mineral exploration and development costs are expensed as incurred until such time as either mineral reserves are proven or permits to operate the mineral resource property are received and financing to complete development has been obtained. Following confirmation of mineral reserves or receipt of permits to commence mining operations and obtaining necessary financing, development expenditures are capitalized as deferred development expenditures included within resource interests.

Property Option Agreements

Property option payments are recorded as resource interest costs or recoveries when the payments are made or received, respectively.

Property, Plant and Equipment

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

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets of three to five years.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of comprehensive income or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment

At each financial position reporting date, 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. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's 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 or cash generating unit 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.

3. Summary of Significant Accounting Policies (continued)

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 so that the increased carrying amount 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.

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. During fiscal 2018 the Company disposed of its exploration and evaluation assets as described in Note 2 and, accordingly, had no decommissioning obligations as at April 30, 2020 and 2019.

Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at FVTPL; (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

3. Summary of Significant Accounting Policies (continued)

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company adopted a residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in the private placements is determined by the closing quoted bid price on the price reservation date, if applicable, or the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. 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.

For employees the fair value is measured at grant date and each tranche is recognized on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the income tax is also recognized in other comprehensive income or directly in equity, respectively.

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(Unaudited - Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Earnings and Loss Per Share

Basic earnings and loss per share is computed by dividing earnings and loss attributable to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings and 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 loss per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings and loss per share by the treasury stock method.

Adoption of New Accounting Standards

IFRS 16 - *Leases* (“IFRS 16”)

The Company adopted all of the requirements of IFRS 16, effective May 1, 2019.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

There was no impact on the Company’s financial statements upon the adoption of this new standard.

4. Advances

	April 30, 2020 $	April 30, 2019 $
Advances	115,000	113,500
Accrued interest	3,856	-
	118,856	113,500

(a) Advances have been previously provided from private companies controlled or affiliated with the Company’s interim CEO. During fiscal 2020 the Company received further advances of $48,500 and repaid $47,000. Effective January 20, 2020 the Company agreed to commence accruing interest at the rate of 12% per annum. During fiscal 2020 the Company recorded $3,856 interest expense. The advances and accrued interest are without specific terms of repayment.

During fiscal 2019 the Company repaid $14,500 of advances owing to the estate of the former CEO of the Company and received advances totalling $70,000 from a private company owned by the interim CEO of the Company.

(b) On June 9, 2015 the Company received a $50,000 bridge loan from a shareholder of the Company. The bridge loan was without interest and was unsecured. During fiscal 2018 the Company repaid $3,000 of the bridge loan. During fiscal 2019 the shareholder agreed to forgive $23,500 of the bridge loan and, accordingly, the Company recognized a recovery of $23,500 and repaid the remaining balance of $23,500 to the shareholder.

(Unaudited - Expressed in Canadian Dollars)

5. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

Fiscal 2020

No financings were conducted by the Company during fiscal 2020. See also Note 10.

Fiscal 2019

During fiscal 2019 the Company completed a non-brokered private placement of 200,000 units at $0.12 per unit for $24,000. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of $0.16 per share expiring April 30, 2020.

A private company owned by an officer and director of the Company purchased 150,000 units for $18,000.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at April 30, 2020 and 2019 and the changes for the years ended those dates is as follows:

	2020		2019	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	542,500	0.37	581,260	0.71
Exercised	(200,000)	0.16	200,000	0.16
Expired	-	-	(238,760)	1.00
Balance, end of year	342,500	0.50	542,500	0.37

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at April 30, 2020:

Number	Exercise Price $	Expiry Date
185,000	0.50	March 10, 2021
157,500	0.50	March 24, 2021
342,500		

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

(Unaudited - Expressed in Canadian Dollars)

5. Share Capital (continued)

During fiscal 2020 the Company granted share options to purchase 294,000 (2019 - 120,000) common shares and recorded compensation expense of $38,220 (2019 - $18,291).

The fair value of share options granted during fiscal 2020 and 2019 was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	2020	2019
Risk-free interest rate	1.42%	2.39%
Estimated volatility	87%	105%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

The weighted average measurement date fair value of all share options granted during fiscal 2020, using the Black-Scholes Option Pricing Model, was $0.13 (2019 - $0.15) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at April 30, 2020 and 2019 and the changes for the years ended on those dates, is as follows:

	2020		2019	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	-	-	49,500	0.50
Granted	294,000	0.23	120,000	0.235
Exercised	(294,000)	0.23	(120,000)	0.235
Expired	-	-	(49,500)	0.50
Balance, end of year	-	-	-	-

6. Related Party Transactions and Balances

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

(i) During fiscal 2020 and 2019 the following amounts were incurred with respect to the Company's sole executive officer who holds the positions of interim Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"):

	2020 $	2019 $
Professional fees	36,000	36,000
Share-based compensation	14,820	18,291
	50,820	54,291

(Unaudited - Expressed in Canadian Dollars)

6. Related Party Transactions and Balances

As at April 30, 2020 $170,100 (2019 - $160,650) was outstanding for past fees and has been included in accounts payable and accrued liabilities.

(ii) During fiscal 2019 the Company negotiated the settlement of $207,012 of accounts payable which was due to the estate of the former CEO of the Company by paying the estate $11,500. The Company accordingly, recorded a recovery of $195,512. The Company also repaid $14,500 of advances owing to the estate of the former CEO of the Company, as described in Note 4(b).

(b) *Transactions with Other Related Parties*

(i) During fiscal 2020 and 2019 the following amounts were incurred by the Company with respect to non-executive directors of the Company:

	2020 $	2019 $
Professional fees	12,000	12,000
Share-based compensation	15,600	-
	27,600	12,000

As at April 30, 2020, $75,482 (2019 - $91,082) was outstanding for past fees and has been included in accounts payable and accrued liabilities.

(ii) During fiscal 2020 the Company incurred $15,800 (2019 - $17,300) for accounting and administration services provided by Chase Management Ltd. (“Chase”), a private company owned by the interim CEO of the Company. As at April 30, 2020 $nil (2019 - $4,924) remained unpaid and has been included in accounts payable and accrued liabilities.

During fiscal 2020 the Company also recorded $7,800 share-based compensation for share options granted to Chase.

(iii) See also Notes 4 and 10.

7. Income Taxes

Deferred income tax assets and liabilities of the Company as at April 30, 2020 and 2019, are as follows:

	2020 $	2019 $
Deferred income tax assets		
Losses carried forward	1,023,200	1,008,500
Mineral resource interests	14,300	19,600
Other	100	200
	1,037,600	1,028,300
Valuation allowance	(1,037,600)	(1,028,300)
Net deferred income tax asset	-	-

(Unaudited - Expressed in Canadian Dollars)

7. Income Taxes (continued)

The recovery of income taxes shown in the statements of income (loss) and comprehensive income (loss) and deficit differs from the amounts obtained by applying statutory rates to the income (loss) before provision for income taxes due to the following:

Income tax rate reconciliation	2020 $	2019 $
Combined federal and provincial income tax rate	27.0%	27.0%
Expected income tax expense (recovery)	(34,500)	32,000
Permanent differences	10,200	4,700
Unrecognized benefit of income tax losses	24,300	-
Application of prior income tax losses	-	(36,700)
Actual income tax expense (recovery)	-	-

As at April 30, 2020 the Company has accumulated non-capital losses of approximately $3,789,600 (2019 - $3,735,000) and accumulated tax pools of approximately $53,100 (2019 - $73,300) carried forward for Canadian income tax purposes which are available to reduce taxable income of future years. The non-capital losses expire commencing in 2028 through 2040.

8. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during fiscal 2020 and 2019 are as follows:

	2020 $	2019 $
Financing activities		
Transfer on exercise of share options	38,220	18,291
Share-based payment reserve	(38,220)	(18,291)
	-	-

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVOCI”); and amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	April 30, 2020 $	April 30, 2019 $
Cash	FVTPL	21,759	11,140
Accounts payable and accrued liabilities	Amortized cost	(245,850)	(257,136)
Advances	Amortized cost	(118,856)	(113,500)

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, accounts payable and accrued liabilities and advances approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy is measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at April 30, 2020				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	21,759	-	-	-	21,759
Accounts payable and accrued liabilities	(245,850)	-	-	-	(245,850)
Advances	(118,856)	-	-	-	(118,856)

	Contractual Maturity Analysis at April 30, 2019				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	11,140	-	-	-	11,140
Accounts payable and accrued liabilities	(257,136)	-	-	-	(257,136)
Advances	(113,500)	-	-	-	(113,500)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents bear floating rates of interest. The interest rate risk on cash and cash equivalents and on the Company's obligations are not considered significant.

9. Financial Instruments and Risk Management (continued)

(b) Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at April 30, 2020 the Company did not have any significant amounts in foreign currencies and considers foreign currency risk insignificant.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties or evaluate business opportunities which may become available. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and cash equivalents. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

10. Events after the Reporting Period

(a) On June 11, 2020 the Company completed a non-brokered private placement of 3,000,000 units at $0.10 per unit, for total proceeds of $300,000. Each unit comprised one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of $0.13 per share on or before June 11, 2022. Directors and officers of the Company purchased a total of 1,205,000 units of the private placement.

(b) On June 25, 2020 the Company completed a non-brokered private placement of 1,905,000 units at $0.105 per unit, for total for proceeds of $200,025. Each unit comprised one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of $0.14 per share on or before June 25, 2022. Directors and officers of the Company purchased a total of 1,260,000 units of the private placement.