

PARALLEL MINING CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020

(Expressed in Canadian dollars)

NOTICE TO READER

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

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

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

VANCOUVER, BC
April 16, 2020

PARALLEL MINING CORP.

Condensed Consolidated Interim Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Notes	February 29, 2020	May 31, 2019
ASSETS			
Current assets			
Cash		\$ 371,752	\$ 4,642
Prepays and advances		25,000	8,724
Receivables		9,518	3,516
Total current assets		406,270	16,882
Exploration and evaluation assets	4	123,857	123,394
TOTAL ASSETS		\$ 530,127	\$ 140,276
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	3	\$ 245,805	\$ 183,026
Loan payable	5	53,497	-
Obligation to issue shares	5	5,000	-
Total liabilities		304,302	183,026
SHAREHOLDER'S EQUITY (DEFICIENCY)			
Share capital	6	7,225,321	6,479,321
Subscriptions receivable	6	(50,000)	(50,000)
Share-based payment reserve	6, 7	79,263	79,263
Deficit		(7,028,759)	(6,551,334)
Total equity (deficiency)		225,825	(42,750)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		\$ 530,127	\$ 140,276

Nature and continuance of operations 1

Approved on behalf of the Board:

"John David Anderson"

Director

"Allan John Fabbro"

Director

PARALLEL MINING CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

		<u>Nine months ended</u>		<u>Three months ended</u>	
	<u>Notes</u>	<u>February 29,</u> <u>2020</u>	<u>February 28,</u> <u>2019</u>	<u>February 29,</u> <u>2020</u>	<u>February 28,</u> <u>2019</u>
EXPENSES					
Consulting		\$ 277,288	\$ 97,219	\$ 139,066	\$ 40,199
Interest	5	3,497	-	2,486	-
Investor relations		50,000	45,000	50,000	15,000
Loan bonuses	5	5,000	-	-	-
Management fees	8	63,000	60,500	21,000	21,000
Office and miscellaneous	8	21,883	15,151	15,637	1,626
Professional fees		32,735	22,962	28,006	1,156
Property investigation		4,912	10,782	-	10,098
Rent	8	9,000	9,000	3,000	3,000
Transfer agent and regulatory		25,610	14,364	20,464	4,310
		(492,925)	(274,978)	(279,659)	(96,389)
OTHER					
Write-off of trade payables		15,500	-	15,500	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD					
		\$ (477,425)	\$ (274,978)	\$ (264,159)	\$ (96,389)
Loss per share - basic and diluted					
		\$ (0.05)	\$ (0.07)	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted					
		9,514,209	4,069,071	10,755,235	4,413,520

The accompanying notes are an integral part of these condensed consolidated interim financial statements

PARALLEL MINING CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	<u>Share capital</u>		Subscriptions received	Subscriptions receivable	Share-based payment reserve	Deficit	Total
	Shares	Amount					
Balance, May 31, 2018	3,570,435	\$ 5,826,061	\$ 56,050	\$ -	\$ 75,813	\$ (6,210,750)	\$ (252,826)
Private placements	876,414	657,310	(56,050)	(90,000)	-	-	511,260
Share issuance costs	-	(4,050)	-	-	3,450	-	(600)
Loss for the period	-	-	-	-	-	(274,978)	(274,978)
Balance, February 28, 2019	4,446,848	6,479,321	-	(90,000)	79,263	(6,485,728)	(17,144)
Subscriptions received	-	-	-	40,000	-	-	40,000
Loss for the period	-	-	-	-	-	(65,606)	(65,606)
Balance, May 31, 2019	4,446,848	6,479,321	-	(50,000)	79,263	(6,551,334)	(42,750)
Private placements	7,700,000	770,000	-	-	-	-	770,000
Share issuance costs	-	(24,000)	-	-	-	-	(24,000)
Loss for the period	-	-	-	-	-	(477,425)	(477,425)
Balance, February 29, 2020	12,146,848	\$ 7,225,321	\$ -	\$ (50,000)	\$ 79,263	\$ (7,028,759)	\$ 225,825

See Note 6.

The accompanying notes are an integral part of these condensed consolidated interim financial statements

PARALLEL MINING CORP.

Condensed Consolidated Interim Statements of Cash Flows

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Nine months ended	
	February 29, 2020	February 28, 2019
Operating activities		
Net loss	\$ (477,425)	\$ (274,978)
Items not involving cash:		
Interest	3,497	-
Loan bonus	5,000	-
Changes in non-cash working capital items:		
Receivables	(6,002)	(7,009)
Prepays	(16,276)	(26,756)
Accounts payable and accrued liabilities	62,779	(87,069)
Net cash flows used in operating activities	(428,427)	(395,812)
Investing activities		
Exploration and evaluation assets	(463)	(115,299)
Net cash flows used in investing activities	(463)	(115,299)
Financing activities		
Loan payable	50,000	-
Due to related party	-	-
Shares issued for cash, net	746,000	480,660
Net cash flows provided by financing activities	796,000	480,660
Change in cash	367,110	(30,451)
Cash, beginning	4,642	53,253
Cash, ending	\$ 371,752	\$ 22,802
Supplemental disclosure of cash flow information		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these condensed consolidated interim financial statements

PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended February 29, 2020 and February 28, 2019

(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Parallel Mining Corp (the “Company”) was incorporated under the Business Corporations Act (B.C.) on April 18, 2007 and its principal activity is the acquisition, exploration and development of exploration and evaluation assets.

The address of the Company’s registered records office, corporate and principal place of business is Suite 804 – 750 West Pender Street, Vancouver, BC, V6C 2T7.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to 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 continuation as a going concern is dependent upon attaining profitable operations and generating funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company will require additional funding to maintain its expenditures and activities for the upcoming fiscal year. These uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

Further, in March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. BASIS OF PRESENTATION

The financial statements were authorized for issue on April 16, 2020 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended May 31, 2019.

Principles of consolidation

These financial statements have been prepared on a consolidated basis and include the accounts of the Company and its wholly-owned inactive Mexican subsidiary, Minera Parallel S.A. de C.V. (“Minera Parallel”) and 0909189 B.C. Ltd. and its wholly-owned subsidiary Transburkina Mining, S.A.RL. All significant inter-company balances and transactions have been eliminated on consolidation. All amounts are expressed in Canadian dollars which is the functional currency of the parent company and its subsidiaries, unless denominated otherwise.

PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended February 29, 2020 and February 28, 2019

(Unaudited – Prepared by Management)

2. BASIS OF PRESENTATION (cont'd)

New accounting standard adopted

IFRS 16 - Leases was issued in January 2016 and 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 is 12 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. This standard was effective for reporting periods beginning on or after January 1, 2019. The adoption of this standard did not result in any impact to the Company's financial statements as the Company has no lease arrangements.

Accounting standard issued but not yet effective

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 29, 2020	May 31, 2019
Trade payables	\$ 225,805	\$ 163,026
Accrued liabilities	20,000	20,000
	\$ 245,805	\$ 183,026

4. EXPLORATION AND EVALUATION ASSETS

Mane II Property

On June 4, 2018, the Company entered into an option agreement to acquire a 100% interest in the Mane II Property located in Burkina Faso, West Africa. As consideration, the Company paid \$6,609 (US\$5,000) upon execution of the option agreement and will make staged payments totaling US\$465,000 as follows:

On or before September 2, 2018	A further US\$15,000 (\$19,641, paid)
On or before June 4, 2019	A further US\$25,000 (unpaid)
On or before June 4, 2020	A further US\$50,000
On or before June 4, 2021	A further US\$125,000
On or before June 4, 2022	A further US\$250,000

To February 29, 2020, the Company has not made the required option payment due on June 4, 2019 and is currently in the process of renegotiating the terms of the option agreement.

The property is subject to a 2% NSR, of which the Company has the option to purchase half of for a one-time payment of US\$500,000.

PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended February 29, 2020 and February 28, 2019

(Unaudited – Prepared by Management)

4. EXPLORATION AND EVALUATION ASSETS (cont'd)

Exploration and evaluation expenditures for the period ended February 29, 2020 comprise:

	Mane II Property
Acquisition:	
As at May 31, 2018	\$ -
Addition	26,250
As at May 31, 2019 and February 29, 2020	\$ 26,250
Exploration:	
As at May 31, 2018	\$ -
Consulting	4,004
Drilling	48,473
Geological	17,611
Other	27,056
As at May 31, 2019	97,144
Other	463
As at February 29, 2020	\$ 97,607
Balance, May 31, 2019	\$ 123,394
Balance, February 29, 2020	\$ 123,857

5. LOAN PAYABLE

On October 24, 2019, the Company entered into a Loan Agreement with an arms-length party for a loan in the amount of \$50,000 (the "Loan"). The Loan is interest bearing at a rate of 10% and due on or before April 24, 2020. As consideration of the Loan, the Company is obligated to pay a loan bonus equal to 10% of the Loan, payable in common shares of the Company. Accordingly, at February 29, 2020, the Company has recorded an obligation to issue shares totaling \$5,000. To February 29, 2020, the Company has accrued \$3,497 in interest expense.

PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended February 29, 2020 and February 28, 2019

(Unaudited – Prepared by Management)

6. SHARE CAPITAL

Authorized:

The authorized share capital of the Company is comprised of unlimited common shares without par value.

Issued:

On October 30, 2019, the Company effected a 1:15 rollback of its common shares. All share and per share amounts have been retroactively restated to reflect the rollback.

On February 7, 2020, the Company completed a non-brokered private placement of 7,700,000 (post-rollback) common shares at a price of \$0.10 per share for gross proceeds of \$770,000. The Company paid share issuance costs of \$24,000 relating to the private placement.

For the year ended May 31, 2019:

On July 12, 2018, the Company completed a non-brokered private placement of 183,400 (post-rollback) units at a price of \$0.75 per unit for gross proceeds of \$137,550, of which \$56,050 was received as at May 31, 2018. Each unit consists of one common share and one non-transferrable common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.75 per common share until July 12, 2023. The Company paid share issuance costs of \$600 relating to the private placement.

On October 12, 2018, the Company completed a non-brokered private placement of 659,681 (post-rollback) units at a price of \$0.75 per unit for gross proceeds of \$494,760, of which \$30,000 was recorded in obligation to issue shares at May 31, 2018, \$40,000 was applied against accounts payable owing to a director and \$50,000 has been recorded in subscriptions receivable at May 31, 2019. Each unit consists of one common share and one non-transferrable common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.75 per common share until October 12, 2023. The Company also issued 6,133 (post-rollback) finder warrants having the same terms as the warrants above. The fair value of the finder warrants was \$3,450 and was determined using the Black Scholes Option Pricing Model assuming an expected life of 5 years, a risk-free interest rate of 2.41%, expected volatility of 123% and a dividend yield of 0%.

On December 28, 2018, the Company completed a non-brokered private placement of 33,333 (post-rollback) units at a price of \$0.75 per unit for gross proceeds of \$25,000. Each unit consists of one common share and one non-transferrable common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.75 per common share until December 28, 2023.

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Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended February 29, 2020 and February 28, 2019

(Unaudited – Prepared by Management)

6. SHARE CAPITAL (cont'd)

Warrants:

As at February 29, 2020, warrants were outstanding for the purchase of common shares as follows:

Number of warrants	Exercise price per warrant	Number of warrants exercisable	Expiry date
183,400	\$ 0.75	183,400	July 12, 2023
665,814	0.75	665,814	October 12, 2023
33,334	0.75	33,334	December 28, 2023
882,548		882,548	

A summary of changes in warrants for the period ended February 29, 2020 is presented below:

	Period ended <u>February 29, 2020</u>		Year ended <u>May 31, 2019</u>	
	Number	Exercise price	Number	Exercise price
Balance, beginning	2,086,241	\$ 3.15	2,097,326	\$ 3.30
Expired	(1,203,693)	3.75	(893,633)	3.00
Granted	-	-	882,548	0.75
Balance, ending	882,548	\$ 0.75	2,086,241	\$ 3.15

7. STOCK OPTIONS AND SHARE-BASED PAYMENT RESERVE

Stock options:

The Company has a stock option plan that allows it to grant options to its directors, officers, employees and consultants, provided that the aggregate number of options granted shall not at any time exceed 10% of the total number of issued and outstanding common shares of the Company. The exercise price of each option may not be less than the fair market price of the Company's shares as traded on a stock exchange at the time of grant. Options have a maximum term of five years and vesting of options is made at the discretion of the Board at the time the options are granted.

As at February 29, 2020 and May 31, 2019, there were no stock options outstanding.

Share-based payment reserve:

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended February 29, 2020 and February 28, 2019

(Unaudited – Prepared by Management)

8. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel. Except as disclosed elsewhere in these financial statements, related party transactions and balances are detailed below.

- a) At February 29, 2020, included in accounts payable and accrued liabilities are amounts owing to Directors and Officers or companies owned by Directors and Officers of \$157,350 (May 31, 2019 - \$76,210).
- b) During the period ended February 29, 2020, the Company incurred management fees of \$63,000 (2019 - \$60,500), rent of \$9,000 (2019 - \$9,000) and secretarial services of \$6,585 (2019 - \$12,713) with key management personnel or companies controlled by them.

Included in subscriptions receivable at February 29, 2020 is \$10,000 (May 31, 2019 - \$10,000) owing from a director of the Company.

9. CAPITAL DISCLOSURES

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The Board determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Directors have not established a quantitative return on capital criteria for capital management.

The Company is dependent upon external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential, provided it has adequate financial resources to do so.

The Board reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in the Shareholders' Equity as capital. 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. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended February 29, 2020 and February 28, 2019

(Unaudited – Prepared by Management)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The Company has various financial instruments comprised of cash, receivables and accounts payable and accrued liabilities.

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company holds cash which is measured at fair value using Level 1 inputs.

Due to the relatively short term nature of receivables and accounts payable and accrued liabilities, the fair value of these instruments approximate their carrying values.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

(a) Credit Risk

The Company's credit risk is primarily attributable to cash and receivables. The cash is primarily held with one reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to cash is minimal.

(b) Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash, and its ability to raise debt and/or equity financings. The Company will require additional funding to meet its short-term liabilities and administrative overhead costs, and to pursue future mineral property interest acquisitions. Accounts payable and accrued liabilities are due in accordance with normal terms of trade and are payable within the current operating period.

(c) Market Risk

i) Interest Rate Risk

The Company had cash balances, and no variable interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended February 29, 2020 and February 28, 2019

(Unaudited – Prepared by Management)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

(c) Market Risk (cont'd)

ii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN\$"). The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations and expenditures in Burkina Faso to minimize exposure to these risks, the Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

The Canadian dollar equivalent of the financial assets denominated in foreign currencies at February 29, 2020 consists of cash held in West African Francs ("XOF") of \$9 (May 31, 2019 - \$199). Assuming all other variables remain constant, a 2% depreciation or appreciation of the XOF against the Canadian dollar would result in a nominal increase or decrease in the Company's loss and comprehensive loss.

The Company is not exposed to significant foreign currency risk.

iii) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

PARALLEL MINING CORP.

Notes to the Condensed Consolidated Interim Financial Statements

Nine months ended February 29, 2020 and February 28, 2019

(Unaudited – Prepared by Management)

11. SEGMENT DISCLOSURES

Operating segments:

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographical segments:

	February 29, 2020	May 31, 2019
Total assets		
Canada	\$ 406,261	\$ 11,959
Africa	123,866	128,317
	\$ 530,127	\$ 140,276
Exploration and evaluation assets		
Canada	\$ -	\$ -
Africa	123,866	123,394
	\$ 123,866	\$ 123,394

All of the Company's exploration and evaluation assets are located in Africa.

12. SUBSEQUENT EVENTS

On April 6, 2020, the Company issued 500,000 common shares at \$0.10 per common share pursuant to a non-brokered private placement for gross proceeds of \$50,000.

The Company also announced that its loan agreement for the principal amount of \$50,000 (the "Loan") where the Lender will receive from the Company 250,000 non-transferable share purchase warrants (the "Warrants") as consideration for the Loan instead of bonus shares as previously announced. Each Warrant will entitle the holder to purchase one common share of the Company at \$0.20 per share for a period of one year. Any shares issued on exercise of the warrants are subject to a four month hold period expiring on August 7, 2020. The warrants are exercisable to purchase common shares of the Company at an exercise price of \$0.20 per common share until April 6, 2021.