PARALLEL MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2019

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Parallel Mining Corp.

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $340,584 during the year ended May 31, 2019 and, as of that date, the Company's total deficit was $6,551,334, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Harris

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

September 30, 2019

PARALLEL MINING CORP.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes		May 31, 2019		May 31, 2018
ASSETS					
Current assets					
Cash		$	4,642	$	53,253
Prepaids and advances			8,724		-
Receivables			3,516		1,953
Total current assets			16,882		55,206
Exploration and evaluation assets	4		123,394		-
TOTAL ASSETS		$	140,276	$	55,206
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	3	$	183,026	$	278,032
Obligation to issue shares	5		-		30,000
Total liabilities			183,026		308,032
SHAREHOLDERS' DEFICIENCY					
Share capital	5		6,479,321		5,826,061
Subscriptions received	5		-		56,050
Subscriptions receivable	5		(50,000)		-
Share-based payment reserve	5, 6		79,263		75,813
Deficit			(6,551,334)		(6,210,750)
Total deficiency			(42,750)		(252,826)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		$	140,276	$	55,206

Nature and continuance of operations 1

Approved on behalf of the Board:

"John David Anderson"	*"Allan Fabbro"*
(Director)	(Director)

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

(Expressed in Canadian dollars)

	Notes		Years ended May 31, 2019		Years ended May 31, 2018
EXPENSES					
Consulting fees		$	155,043	$	195,278
Management fees	7		81,500		83,000
Marketing			6,015		28,480
Office and miscellaneous	7		12,288		27,908
Professional fees			22,962		36,260
Property investigation costs			30,423		29,232
Rent	7		12,000		12,000
Transfer and regulatory			20,353		14,558
			(340,584)		(426,716)
OTHER					
Write-off of exploration and evaluation assets	4		-		(2,668,604)
Write-off of accounts payable			-		12,005
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		$	(340,584)	$	(3,083,315)
Loss per share- basic and diluted		$	(0.01)	$	(0.06)
Weighted average number of shares outstanding- basic and diluted			62,464,378		53,556,521

PARALLEL MINING CORP.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars)

	Share Capital						
	Shares	Amount	Subscriptions Received	Subscriptions Receivable	Share-based Payment Reserve	Deficit	Total
Balance, May 31, 2017	53,556,521	$ 5,826,061	$ -	$ -	$ 75,813	$ (3,127,435)	$ 2,774,439
Subscriptions received	-	-	56,050	-	-	-	56,050
Loss for the year	-	-	-	-	-	(3,083,315)	(3,083,315)
Balance, May 31, 2018	53,556,521	5,826,061	56,050	-	75,813	(6,210,750)	(252,826)
Private placements	13,146,216	657,310	(56,050)	(50,000)	-	-	551,260
Share issuance costs	-	(4,050)	-	-	3,450	-	(600)
Loss for the year	-	-	-	-	-	(340,584)	(340,584)
Balance, May 31, 2019	**66,702,737**	**$ 6,479,321**	**$ -**	**$ (50,000)**	**$ 79,263**	**$ (6,551,334)**	**$ (42,750)**

See Note 5.

PARALLEL MINING CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended May 31, 2019	May 31, 2018
Operating activities		
Loss for the year	$ (340,584)	$ (3,083,315)
Write-off of exploration and evaluation assets	-	2,668,604
Write-off of accounts payable	-	(12,005)
Changes in non-cash working capital items:		
Receivables and prepaid expenses	(10,287)	144,917
Accounts payable and accrued liabilities	45,979	123,627
Net cash flows used in operating activities	(304,892)	(158,172)
Investing activities		
Exploration and evaluation assets	(224,379)	(437,092)
Net cash flows used in investing activities	(224,379)	(437,092)
Financing activities		
Obligation to issue shares	-	30,000
Shares issued for cash, net	480,660	-
Subscriptions received	-	56,050
Net cash flows from financing activities	480,660	86,050
Decrease in cash	(48,611)	(509,214)
Cash, beginning	53,253	562,467
Cash, ending	$ 4,642	$ 53,253
Supplemental disclosure of cash flow information		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

Non-cash transactions:

During the year ended May 31, 2019, the Company:
a) reallocated $30,000 from obligation to issue shares to share capital (Note 5);
b) reallocated $56,050 from subscriptions received to share capital (Note 5);
c) recorded $3,450 in finder’s fees for the fair value of finder’s warrants (Note 5);
d) recorded $50,000 in subscriptions receivable for the issuance of common shares (Note 5); and
e) applied $40,000 of accounts payable against share subscription proceeds receivable.

During the year ended May 31, 2018, the Company recorded $100,985 in exploration expenditures in accounts payable and accrued liabilities.

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 Company is listed on the TSX-Venture Exchange ("TSX-V") and trades under the symbol PAL.

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. The Company has incurred a loss of $340,584 for the year ended May 31, 2019 and as of that date, the Company's total deficit was $6,551,334. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorized for issue on September 30, 2019 by the Directors of the Company.

Statement of compliance to International Financial Reporting Standards

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

Principles of consolidation

These financial statements have been prepared on a consolidated basis and include the accounts of the Company and its wholly-owned subsidiaries, Minera Parallel S.A. de C.V., 0909189 B.C. Ltd. and 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.

Significant accounting estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates and assumptions

Areas requiring a significant degree of estimation relate to the determination of the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the parent company and its subsidiaries.

Exploration and evaluation assets

Upon acquiring the legal right to explore, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written down to its estimated net realizable value. An exploration and evaluation asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Future site restoration costs

Estimated future removal and site restoration costs will be provided for on the unit-of-production method. Costs will be based on estimates in accordance with current legislation and industry practices. Actual removal and site restoration expenditures will be charged to the accumulated provision account as incurred.

Share-based compensation

The Company grants stock option to directors, officers and consultants. The standard requires that all share-based awards be measured and recognized using a fair value based method. The fair value of options and other share-based awards to employees or consultants, issued or altered in the period, are determined using the Black-Scholes Option Pricing Model.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Company adopted all the requirements of IFRS 9 *Financial Instruments* (“IFRS 9”) on a retroactive basis in accordance with the transitional provisions. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company’s financial assets on the transition date; therefore, comparative figures have not been restated.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial asset/ liability	Original classification IAS 39	New classification IFRS 9
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss in the period in which they arise.

Expected Credit Loss Impairment Model

IFRS 9 introduces a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Company’s financial statements.

Foreign currency translation

The Company’s reporting currency and the functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

The Company computes earnings (loss) per share assuming that proceeds received from in-the-money stock options and share purchase warrants are used to repurchase common shares at the prevailing market rate.

Basic loss per share figures are calculated using the weighted average number of shares outstanding during the respective years. Diluted loss per share is computed, by dividing net loss by the weighted average shares outstanding adjusted for additional shares from the assumed exercise of stock options or warrants, if dilutive. The number of additional shares is calculated by assuming the outstanding dilutive stock options are exercised and that the assumed proceeds are used to acquire common shares at the average market price during the year. Diluted loss per share figures for the years presented are equal to those of basic loss per share for the years since the effects of stock options and warrants are anti-dilutive.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share capital

The Company's common shares and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds. Proceeds received on the issuance of units, consisting of common shares and warrants are allocated to share capital.

New accounting standards issued but not yet effective

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 is effective for reporting periods beginning on or after January 1, 2019. Management does not expect the adoption of this standard to result in any impact to the Company's financial statements.

Other 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.

(Expressed in Canadian dollars)

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2019	May 31, 2018
Trade payables (Note 7)	$ 163,026	$ 258,032
Accrued liabilities	20,000	20,000
	$ 183,026	$ 278,032

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditures for the year ended May 31, 2019 comprise:

	Garsay Permit	Sebedougou Property	Mane II Property	Total
Acquisition:				
As at May 31, 2017	$ 1,001,455	$ 31,190	$ -	$ 1,032,645
Write-off	(1,001,455)	(31,190)	-	(1,032,645)
As at May 31, 2018	-	-	-	-
Addition	-	-	26,250	26,250
As at May 31, 2019	$ -	$ -	$ 26,250	$ 26,250
Exploration:				
As at May 31, 2017	$ 811,966	$ 295,916	$ -	$ 1,107,882
Consulting	92,836	87,973	-	180,809
Drilling	174,724	146,377	-	321,101
Other	1,472	24,695	-	26,167
Write-off	(1,080,998)	(554,961)	-	(1,635,959)
As at May 31, 2018	-	-	-	-
Consulting	-	-	4,004	4,004
Drilling	-	-	48,473	48,473
Geological	-	-	17,611	17,611
Other	-	-	27,056	27,056
As at May 31, 2019	$ -	$ -	$ 97,144	$ 97,144
Balance, May 31, 2018	$ -	$ -	$ -	$ -
Balance, May 31, 2019	$ -	$ -	$ 123,394	$ 123,394

(a) Garsay Permit

The Company acquired an underlying option to earn a 100% interest in an exploration permit, known as the Garsay Permit, located in Burkina Faso, West Africa. During the year ended May 31, 2018, the Company elected to discontinue its option on the Garsay Permit and, accordingly, all acquisition and exploration costs were written-off.

(b) Sebedougou Property

On March 20, 2017, the Company entered into an option agreement to acquire a 100% interest in the Sebedougou Property, subject to a 2% net smelter royalty (“NSR”), located in in Burkina Faso, West Africa. During the year ended May 31, 2018, the Company elected to discontinue its option on the Sebedougou Property. Accordingly, all acquisition and exploration costs were written-off at May 31, 2018.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

(c) 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

Subsequent to May 31, 2019, the Company did not make 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.

5. SHARE CAPITAL

Authorized:

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

Issued:

For the year ended May 31, 2019:

On July 12, 2018, the Company completed a non-brokered private placement of 2,751,000 units at a price of $0.05 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 $0.05 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 9,895,216 units at a price of $0.05 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 $0.05 per common share until October 12, 2023. The Company also issued 92,000 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 500,000 units at a price of $0.05 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 $0.05 per common share until December 28, 2023.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

During the year ended May 31, 2018:

The Company received $30,000 in subscriptions towards a future financing and $56,050 in subscriptions towards a financing which closed during the year ended May 31, 2019. Of the $30,000 received, $15,000 was from a director of the Company.

Warrants:

As at May 31, 2019, warrants were outstanding for the purchase of common shares as follows:

Number of Warrants	Exercise Price per Warrant	Number of Warrants Exercisable	Expiry Date
13,392,400	$ 0.25	13,392,400	June 2, 2019 (subsequently expired, unexercised)
1,188,000	0.25	1,188,000	June 13, 2019 (subsequently expired, unexercised)
3,475,000	0.25	3,475,000	July 18, 2019 (subsequently expired, unexercised)
2,751,000	0.05	2,751,000	July 12, 2023
9,987,216	0.05	9,987,216	October 12, 2023
500,000	0.05	500,000	December 28, 2023
31,293,616		31,293,616	

A summary of changes in warrants for the years ended May 31, 2019 and 2018 is presented below:

	Year Ended May 31, 2019			Year Ended May 31, 2018		
	Number		**Exercise Price**	Number		Exercise price
Balance, beginning of year	31,459,900	**$**	0.22	31,459,900	**$**	0.22
Expired	(13,404,500)		0.20	-		-
Granted	13,238,216		0.05	-		-
Balance, end of year	31,293,616	**$**	0.21	31,459,900	**$**	0.22

6. 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 May 31, 2019 and 2018, there were no stock options outstanding.

6. STOCK OPTIONS AND SHARE-BASED PAYMENT RESERVE (continued)

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.

7. 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 May 31, 2019, included in accounts payable and accrued liabilities are amounts owing to Directors and Officers or companies owned by Directors and Officers of $76,210 (May 31, 2018 - $57,041).

b) During the year ended May 31, 2019, the Company incurred management fees of $81,500 (2018 - $78,000), rent of $12,000 (2018 - $12,000) and secretarial services of $14,300 (2018 - $9,317) with key management personnel or companies controlled by them.

Included in subscriptions receivable at May 31, 2019 is $10,000 (May 31, 2018 - $Nil) owing from a director of the Company.

8. 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' Deficiency 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.

9. 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 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.

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Market Risk (continued)

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 May 31, 2019 consists of cash held in West African Francs ("XOF") of $199 (2018 - $1,459). 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.

10. SEGMENT DISCLOSURES

Operating segments:

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

Geographical segments:

		May 31, 2019		May 31, 2018
Total assets				
Canada	$	11,959	$	53,747
Africa		128,317		1,459
	$	140,276	$	55,206
Exploration and evaluation assets				
Canada	$	-	$	-
Africa		123,394		-
	$	123,394	$	-

(Expressed in Canadian dollars)

11. INCOME TAXES

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

	May 31, 2019	May 31, 2018
Loss for the year before income taxes	$ (340,584)	$(3,083,315)
Expected income recovery	(92,000)	(815,000)
Change in statutory, foreign tax, foreign exchange rates and other	(6,000)	(37,000)
Adjustment to prior year estimates	3,000	68,000
Change in unrecognized deductible temporary differences	95,000	784,000
Total income tax expense	$ -	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	Expiry date range	May 31, 2019	May 31, 2018
Temporary differences:			
Share issue costs	2020 to 2023	55,000	84,000
Capital losses and other	No expiry date	75,000	75,000
Exploration and evaluation assets	No expiry date	1,933,000	2,303,000
Allowable capital losses	No expiry date	2,000	3,000
Non-capital losses available for future periods	2027 to 2039	3,031,000	2,661,000