Condensed Interim Financial Statements
(Expressed in Canadian dollars)

VENDETTA MINING CORP.

Three months ended August 31, 2020 and 2019

(Unaudited – prepared by management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by the Company's auditors.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

VENDETTA MINING CORP.

Condensed Interim Statement of Financial Position
(Unaudited - expressed in Canadian dollars)

As at		August 31, 2020		May 31, 2020
Assets				
Current assets:				
Cash	$	40,849	$	157,286
Receivables		6,375		2,358
Prepaid expenses and advances (Notes 4 and 11)		77,007		21,326
		124,231		180,970
Equipment (Note 5)		1,437		1,555
Exploration and evaluation assets (Note 6)		6,011,183		6,011,183
Deferred financing costs (Note 9)		-		-
	$	**6,136,851**	**$**	**6,193,708**
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities (Note 11)	$	732,133	$	537,595
Current portion of long-term debt (Note 7)		2,997,983		3,395,498
Loans from related parties (Note 11)		182,000		182,000
		3,912,116		4,115,093
Shareholders' equity:				
Share capital (Note 9)		19,213,024		18,954,522
Obligation to issue shares (Note 9)		216,000		216,000
Subscriptions received in advance (Notes 9)		4,000		5,000
Subscriptions receivable (Notes 9 and 11)		(20,000)		(20,000)
Reserves (Note 9)		1,553,167		1,553,167
Deficit		(18,741,456)		(18,630,074)
		2,224,735		2,078,615
	$	**6,136,851**	**$**	**6,193,708**

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

Approved on behalf of the Board:

"Michael J. Williams" Director

"Peter Voulgaris" Director

VENDETTA MINING CORP.

Condensed Interim Statement of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

For the three months ended		August 31, 2020		August 31, 2019
Expenses				
Accounting and legal (Note 11)	$	11,522	$	17,775
Amortization (Note 5)		118		240
Business development		2,675		2,943
Consulting (Note 11)		-		-
Director fees (Note 11)		-		8,250
Exploration expenditures (Notes 6 and 11)		81,622		185,717
Filing and transfer agent fees		9,847		3,346
Financing costs (Note 7)		68,258		164,857
Foreign exchange (recovery)		(168,042)		(49,514)
Insurance		2,875		2,500
Investor relations		57,904		123,478
Management fees (Note 11)		19,875		37,500
Office and administration (Note 11)		24,728		23,437
Share-based payments (Notes 9 and 11)		-		79,772
		(111,382)		(600,301)
Gain on settlement of accounts payable (Note 11)		-		78,000
Loss and comprehensive loss for the period	**$**	**(111,382)**	**$**	**(522,301)**
Loss per share – basic and diluted	$	(0.00)	$	(0.00)
Weighted average number of shares outstanding		192,543,935		162,363,419

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

VENDETTA MINING CORP.

Condensed Interim Statement of Changes in Shareholders' Equity
(Unaudited - expressed in Canadian dollars)

	Share Capital					Reserves			
	Shares	Amount	Obligation to issue shares	Share subscriptions received	Share subscription receivable	Share option reserves	Warrant and other reserves	Deficit	Total Equity
May 31, 2019	156,960,612	$ 16,849,192	$ 216,000	$ 270,250	$ -	$ 1,350,066	$ 274,091	$ (16,686,437)	$ 2,273,162
Private placement	17,305,832	1,615,250	-	(270,250)	-	-	-	-	1,345,000
Share subscriptions received in advance	-	-	-	36,318	-	-	-	-	36,318
Share issuance costs	-	(32,723)	-	-	-	-	-	-	(32,723)
Share-based payments	-	-	-	-	-	21,992	57,780	-	79,772
Loss for the period	-	-	-	-	-	-	-	(522,301)	(522,301)
August 31, 2019	174,266,444	18,431,719	216,000	36,318	-	1,372,058	331,871	(17,208,738)	3,179,228
Private placement	13,962,050	558,482	-	(36,318)	(20,000)	-	-	-	502,164
Share issuance costs	-	(35,679)	-	-	-	-	-	-	(35,679)
Share subscriptions received in advance	-	-	-	5,000	-	-	-	-	5,000
Share-based payments (recovery)	-	-	-	-	-	11,238	(162,000)	-	(150,762)
Loss for the period	-	-	-	-	-	-	-	(1,421,336)	(1,421,336)
May 31, 2020	188,228,494	18,954,522	216,000	5,000	(20,000)	1,383,296	169,871	(18,630,074)	2,078,615
Private placement	6,326,138	253,046	-	(5,000)	-	-	-	-	248,046
Warrants exercised	200,000	12,000	-	-	-	-	-	-	12,000
Share issuance costs	-	(6,544)	-	-	-	-	-	-	(6,544)
Share subscriptions received in advance	-	-	-	4,000	-	-	-	-	4,000
Loss for the period	-	-	-	-	-	-	-	(111,382)	(111,382)
August 31, 2020	194,754,632	$ 19,213,024	$ 216,000	$ 4,000	$ (20,000)	$ 1,383,296	$ 169,871	$ (18,741,456)	$ 2,224,735

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

VENDETTA MINING CORP.

Condensed Interim Statement of Cash Flows
(Unaudited - expressed in Canadian dollars)

	Three months ended	
	August 31, 2020	August 31, 2019
Cash flows used in operating activities:		
Loss for the period	$ (111,382)	$ (522,301)
Items not affecting cash:		
Amortization	118	240
Accrued interest	-	-
Financing costs	68,258	164,857
Foreign exchange	(168,951)	(46,690)
Share-based payments	-	79,772
Changes in non-cash working capital items:		
Receivables	(4,017)	(69,914)
Prepaid expenses and advances	(55,681)	(20,123)
Loan to related parties	-	(127,194)
Accounts payable and accrued liabilities	194,538	(265,039)
	(77,117)	**(806,392)**
Cash flows (used in) from financing activities:		
Loans repaid to related parties	-	(97,958)
Payments on long-term debt	(296,822)	-
Transaction costs on long-term debt	-	(2,637)
Private placement	248,046	1,345,000
Warrants exercised	12,000	-
Subscriptions received	4,000	36,318
Share issuance costs	(6,544)	(31,973)
	(39,320)	**1,248,750**
Increase (decrease) in cash for the period	(116,437)	442,358
Cash, beginning of the period	157,286	76,006
Cash, end of the period	**$ 40,849**	**$ 518,364**
Supplemental schedule of non-cash investing and financing activities		
Shares for debt	$ -	$ 41,934
Share issuance costs in accounts payable	$ 23,485	$
Transaction costs on long-term debt in accounts payable	$ 60,354	$ 3,103

There was no cash paid for income taxes for the periods presented.

The accompanying notes are an integral part of these Condensed Interim Financial Statements.

1. Nature of operations and going concern:

Vendetta Mining Corp. (“the Company” or “Vendetta”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on December 14, 2009. The Company is in the business of exploration and evaluation of mineral resources in Australia. Its common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol VTT. The Company’s registered address is: Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Company is an exploration stage company and engages principally in the acquisition and exploration of resource properties. The recoverability of the amounts shown for exploration and evaluation assets is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, entering into agreements with others to explore and develop the resource properties, and upon future profitable production or proceeds from disposition of the resource properties. The amounts shown as exploration and evaluation assets represent net costs incurred to date, less amounts recovered from third parties and/or written-off, and do not necessarily represent present or future values.

These Condensed Interim Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The Company has a history of losses with no operating revenue, other than interest income, and has an accumulated deficit. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and evaluation activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business. The Company estimates that it does not have sufficient funding for the ensuing 12 months of operations. The Company has a secured loan (Note 7) repayable within 12 months of this reporting date. The Company is currently in violation of certain working capital and capital raise covenants. These matters indicate the existence of material uncertainties that raise substantial doubt about the Company’s ability to continue as a going concern.

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. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds at this time.

These Condensed Interim Financial Statements do not reflect 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.

2. Basis of Preperataion:

(a) Basis of presentation:

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied are the same as those applied in the Company's annual financial statements for the year ended May 31, 2020.

Unless otherwise stated, amounts are expressed in Canadian dollars.

These condensed interim financial statements were authorized for issuance by the Board of Directors on October 23, 2020.

(b) Foreign currency transactions:

The presentation currency and functional currency of the Company is the Canadian dollar. Transactions of the Company denominated in other currencies are translated into the relevant functional currency using the exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that date and the related foreign exchange gains or losses are recognized in profit or loss.

3. Estimates and Judgments

The preparation of the 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. The financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is 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 accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Share-based payments

The Company has granted certain employees of the Company PSU's to be settled in shares of the Company. The fair value of the estimated number of PSUs that will eventually vest, determined at the date of grant, is recognized as share-based payment expense over the vesting period, with a corresponding amount recorded as equity. The fair value of the PSUs is estimated using the market value of the underlying shares as well as assumptions related to the performance conditions at the grant date.

(Unaudited - expressed in Canadian dollars)

3. Estimates and Judgments (continued)

Derivative liability

The Company has an obligation under the Nebari Loan (Note 7) that is valued relative to the Company's share price and has measured such obligation as a derivative liability in reference to the Company's share price.

Critical accounting judgments

Examples of significant judgments, apart from those involving estimation, include:

Exploration and evaluation assets

The recognition of exploration and evaluation assets requires judgments regarding future recoverability and carrying cost. The cost model is utilized and the value of the exploration and evaluation assets is based on the acquisition expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Functional currency

The Company applied judgment in determining its functional currency. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

4. Prepaid expenses and advances:

Included in prepaid expenses and advances are:

		August 31, 2020		**May 31, 2020**
Prepaid expenses	$	52,007	$	21,326
Advances to vendors		25,000		-
	$	**77,007**	**$**	**21,326**

5. Equipment:

		Computer Equipment
Cost May 31, 2019, May 31, 2020, and August 31, 2020	$	4,953
Accumulated amortization, May 31, 2019	$	(2,729)
Amortization for the year		(669)
Accumulated amortization, May 31, 2020		(3,398)
Amortization for the period		(118)
Accumulated amortization, August 31, 2020		(3,519)
Net book value, May 31,2020	$	1,555
Net book value, August 31, 2020	$	1,437

(Unaudited - expressed in Canadian dollars)

6. Exploration and evaluation assets:

The Company's resource property with associated acquisition-related costs that has been capitalized and reflected on the statement of financial position is as follows:

	Pegmont, Queensland, Australia
Balance, May 31, 2019, May 31, 2020, and August 31, 2020	$ 6,011,183

Pegmont Property, Queensland, Australia

In August 2014, the Company entered into an agreement, subsequently amended in December 2015, February 2018, November 2018 and March 2019 with Pegmont Mines Limited ("Pegmont") whereby the Company has an option to acquire 100% of the Pegmont property comprising of certain mining leases and exploration tenements by a combination of cash payments, exploration commitments and advanced royalty payments.

As at May 31, 2019, the Company has earned a 100% interest in the Pegmont Property having paid option payments of AUD$2,250,000 (CAD$2,208,980), met expenditure requirements of $2,400,000, and drilled 17,000m to earn its interest. In connection with the Company exercising the option and as part of the final transfer of project titles, the Company also paid an advance royalty to Pegmont of AUD$3 million (CAD$2,824,200) and extension fees totaling AUD$450,000 (CAD$425,545) during the year ended May 31, 2019 to fully satisfy remaining requirements and complete its 100% acquisition of the Pegmont property. The Company received a royalty credit of the cash option payments of AUD$2.25 million and advanced royalty of AUD$3 million for a total of AUD$5.25 million, to be credited against future royalty payments.

The property is subject to a 1.25% net smelter return royalty, subject to the credit of AUD$5.0 million in favour of the Company. In the case where ore is sold rather than concentrate, a separate royalty formula allows for a royalty of AUD$1.05 per tonne of ore sold, indexed to lead prices and to be conveyed to the vendor, again subject to the AUD$5.0 million credit. Where ore that is sold contains silver at concentrations above 64 ppm, an additional royalty amount is payable, starting at AUD$0.06 per gram, indexed to the price of silver.

Exploration expenditures are as follows:

	Three months ended	
	August 31, 2020	**August 31, 2019**
Analysis	$ -	$ 1,484
Field supplies and equipment	-	906
Geological consulting	75,000	121,404
Maps and reports	-	652
Meals and accommodation	-	3,300
Permitting	-	4,916
Preliminary economic analysis	-	-
Project management	3,096	43,310
Transportation	3,526	9,745
Total for the period	**$ 81,622**	**$ 185,717**

7. Long-term debt:

On May 9, 2019, the Company entered into a US$2,556,818 loan agreement ("Nebari Loan"), subsequently amended in August 2019 and November 2019, with Nebari Natural Resources Credit Fund I, LP ("Nebari"). The amount funded was US$2,250,000 (CAD$3,032,100), representing an original issue discount of 12%. The Nebari Loan bears an interest rate of the three-month London interbank offered rate ("LIBOR") plus 6.0% per annum, with a LIBOR "floor" of 2.5%, and will mature on May 6, 2021. Principal repayments will commence on April 30, 2020 and each anniversary thereafter, at 6.25% of the principal outstanding at April 30, 2020, including all interest paid in-kind and original issue discount, and is payable at any amount from 50% to 100% of the amount due, at the Company's discretion; any remaining unpaid interest will be capitalized and added to the principal amount of the loan, payable upon maturity. Interest will accrue monthly, computed on the basis of a 360-day year, and is payable quarterly in arrears beginning on September 30, 2019; pursuant to the August 2019 amended agreement, interest accrued to September 30, 2019 that originally could be paid in-kind is now required to be paid in cash. During the year ended May 31, 2020, the Company paid $219,339 (US$165,599) in interest and $228,359 (US$161,811) in principal repayments. During the period ended August 31, 2020, the Company paid $75,819 (US$53,106) in interest and $221,003 (US$161,811) in principal repayments.

Should the Company complete a listing on an exchange other than the TSX-V, Nebari shall have the right to convert the debt and accrued interest into common shares of the Company at a conversion of 120% of the listing price, after a black-out period of four months from the date of listing. No value has been attributed to this contingent conversion feature.

Upon maturity and full repayment of the loan, a repayment bonus is payable to Nebari, to be calculated, pursuant to the amended agreement, as 30% of the funded amount, multiplied by the ratio of the Company's market capitalization the day prior to repayment divided by the Company's capitalization on May 6, 2019, minus one (the "Repayment Bonus"). At the closing date of the Nebari Loan, the Company recognized a Repayment Bonus of US$67,500 ($90,963), which has been classified as a derivative liability (Note 8). In connection with the Nebari Loan, the Company paid transaction costs of $340,861, comprising a closing fee of 3.0% of the funded amount (US$67,500 or CAD$90,823), technical and other due diligence costs of US$130,000 (CAD$174,919), and other transaction costs of $74,979. The Repayment Bonus and transaction costs are being amortized into profit or loss over the estimated term of the Nebari Loan, being the legal term, at an effective interest rate of 23.52% (May 31, 2020 – 23.52%).

The Nebari Loan is subject to standard events of default, as well as a requirement to maintain, as amended in November 2019, at the end of each calendar quarter, an adjusted working capital deficit (defined per the amendment as: current assets minus current liabilities, plus the current portion of long-term debt, minus the quarterly principal payment due on April 30, 2020 multiplied by four) of no more than $100,000. In addition, Nebari also agreed to waive the Company's compliance with the adjusted working capital deficit covenant through January 31, 2020 provided certain conditions are met. Subject to an amending agreement enacted during the year ended May 31, 2020, the Company became subject to a capital raise covenant, whereby it agreed to raise aggregate capital through equity financing of $3,200,000. The Company is current in violation of its working capital and capital raise covenants and is working with Nebari to address its working capital provisions. The Company's loan is subject to a security agreement, whereby the loan is secured by a first priority lien on and security interest in the Company's existing and future tangible and intangible assets, working capital assets, and stock of any subsidiaries.

(Unaudited - expressed in Canadian dollars)

7. Long-term debt (continued):

		August 31, 2020		May 31, 2020
Opening Balance	$	3,395,498	$	2,669,755
Transaction costs		-		(20,445)
Principal payment		(221,003)		(228,359)
Interest payment		(75,819)		(219,339)
Interest accrued		68,258		293,809
Accretion of transaction costs and repayment bonus		-		839,409
Foreign exchange		(168,951)		60,668
Ending Balance	$	2,997,983	$	3,395,498
Current portion	$	2,997,983	$	3,395,498
Long-term portion	$	-	$	-

8. Derivative liability:

In accordance with IFRS, as the measurement of the Repayment Bonus pursuant to the Nebari Loan (Note 7) is dependent on the Company's future market capitalization, Company has recognized a derivative liability, which was designated as a financial liability carried at fair value through profit or loss. On May 7, 2019, the derivative liability was determined to be $90,963 (US$67,500). As at May 31, 2020 and August 31, 2020, the derivative liability had a fair value of $nil.

9. Share capital:

(a) Authorized:

Unlimited common shares without par value.

(b) Share issuances:

2021 transactions

a) the Company closed a non-brokered private placement by issuing 6,326,138 units at a price of $0.04 per unit for gross proceeds of $253,046, of which, $5,000 had been received as at May 31, 2020. Each unit comprises of one common share and one common share purchase warrant, exercisable at a price of $0.06 for a period of three years. The Company paid finders' fees of $5,040 in connection with the offering and incurred additional closing costs of $1,504.

2020 transactions

b) On June 3, 2019, the Company completed a non-brokered private placement by issuing 5,772,500 units at a price of $0.10 per unit for gross proceeds of $577,250, of which $270,250 had been received at May 31, 2019 and $20,000 remains receivable at August 31, 2020. Each unit was comprised of one common share and one-half share purchase warrant, each whole warrant exercisable into one additional common share at a price of $0.15 per share for a period of two years. In connection with the private placement, the Company paid finders' fees of $17,600 and incurred other share issuance costs of $4,451, of which $750 had been deferred at May 31, 2019.

(Unaudited - expressed in Canadian dollars)

9. Share capital (continued):

(b) Share issuances (continued):

c) On July 30, 2019, the Company completed a non-brokered private placement by issuing 11,533,332 units at a price of $0.09 per unit for gross proceeds of $1,038,000. Each Unit was comprised of one common share and one share purchase warrant, each warrant exercisable into one additional common share at a price of $0.13 per share for a period of three years. In connection with the private placement, the Company paid finders' fees of $3,600 and incurred other share issuance costs of $7,072.

d) On May 5, 2020, the Company completed a non-brokered private placement by issuing 13,962,050 units at a price of $0.04 per unit for gross proceeds of $558,482. Each Unit was comprised of one common share and one share purchase warrant, each warrant exercisable into one additional common share at a price of $0.06 per share for a period of three years. In connection with the private placement, the Company paid finders' fees of $15,139 and incurred other share issuance costs of $20,540.

(c) Warrants:

Details of activity in warrants for the three months ended August 31, 2020 and the year ended May 31, 2020 are as follows:

Number outstanding May 31, 2020	Granted	Exercised	Expired/ Cancelled	Number outstanding Aug 31, 2020	Exercise price per share	Expiry date
4,864,444	-	-	-	4,864,444[(1)]	$ 0.30	Sept 21, 2020
1,185,116	-	-	-	1,185,116[(1)]	0.30	Oct 17, 2020
2,886,250	-	-		2,886,250	0.13	June 3, 2022
11,533,332	-	-		11,533,332	0.13	July 30, 2022
13,962,050	-	(75,000)		13,887,050	0.06	May 5, 2023
-	6,326,138	(125,000)		6,201,138	0.06	June 30, 2023
34,431,192	6,326,138	200,000	-	40,557,330		
$0.30	$0.10	-	-	$0.11	(weighted average exercise price)	

(1) subsequent to August 31, 2020, all of these warrants expired unexercised

Number outstanding May 31, 2019	Granted	Exercised	Expired/ Cancelled	Number outstanding May 31, 2020	Exercise price per share	Expiry date
4,864,444	-	-	-	4,864,444	$ 0.30	Sept 21, 2020
1,185,116	-	-	-	1,185,116	0.30	Oct 17, 2020
-	2,886,250	-	-	2,886,250	0.13	June 3, 2022
-	11,533,332	-	-	11,533,332	0.13	July 30, 2022
-	13,962,050	-	-	13,962,050	0.06	May 5, 2023
6,049,560	28,381,632	-	-	34,431,192		
$0.30	$0.10	-	-	$0.13	(weighted average exercise price)	

* amended on February 21, 2020 from an original exercise price of $0.15 and original expiry date of June 3, 2021

(Unaudited - expressed in Canadian dollars)

9. Share capital (continued):

(d) Stock options:

The Company has a stock option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's stock calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's stock option plan contains no vesting requirements but permits the board of directors to specify a vesting schedule in its discretion. During the year ended May 31, 2020, the Company cancelled all outstanding options unexercised.

There was no stock option activity during the period ended August 31, 2020. Details of activity in share purchase options for the year ended May 31, 2020 are as follows:

Number outstanding May 31, 2019	Granted	Exercised	Expired/ Cancelled	Number outstanding May 31, 2020	Number exercisable	Exercise price per share	Expiry date
5,075,000	-	-	(5,075,000)	-	-	0.15	Dec 15, 2021
4,850,000	-	-	(4,850,000)	-	-	0.30	Oct 17, 2022
9,925,000	-	-	(9,925,000)	-	-		
$0.22	-	-	$0.22	-	-	(weighted average exercise price)	

The fair values of the stock options used to calculate compensation expense for both employees and non-employees for the options granted is estimated using the Black-Scholes pricing model. The weighted average fair value per option granted during the three months ended August 31, 2020 was $nil (2019 – $nil). During the three months ended August 31, 2020, the Company recognized $nil (2019 - $21,994) in share-based payments for the fair value of the vesting portion of the stock options that were granted in current and prior periods.

(e) Performance share units:

During the year ended May 31, 2018, the Company granted 2,700,000 PSU's to the Company's directors. The PSU represent the right to receive common shares of the Company upon vesting of the PSU based on performance milestones approved by the Board of Directors related to the Company's development of its Pegmont property. The PSU's expired on May 10, 2020.

	PSU
Balance outstanding, May 31, 2019	2,700,000
Granted	-
Expired or vested	(2,700,000)
Balance outstanding, May 31, 2020 and August 31, 2020	-
Balance exercisable, May 31, 2020 and August 31, 2020	-

(Unaudited - expressed in Canadian dollars)

9. Share capital (continued):

(e) Performance share units (continued):

As the performance conditions of the PSU's granted were not market-related, the fair value per PSU used to calculate compensation expense for the PSU's granted is determined to be $0.20, equal to the market price on the date of grant. During the year ended May 31, 2020, the Company recognized a recovery of $104,220 (2019 – expense of $242,508) in share-based payments for the fair value of the vesting (forfeiture) portion of the PSU's that were granted in prior periods.

During the year ended May 31, 2019, 1,080,000 PSU vested upon the achievement of related performance milestones. Therefore, at May 31, 2019 and May 31, 2020, the Company has recorded a total obligation to issue shares of $216,000, based on 1,080,000 PSU vesting at a fair value of $0.20 per PSU. The remaining performance milestones were not met and the remaining 1,080,000 PSU expired unvested on May 10, 2020.

10. Segmented information:

The Company's business consists of one reportable segment being resource exploration. Details about geographic areas as at August 31, 2020 and May 31, 2020 are as follows:

Non-current assets		August 31, 2020		May 31, 2020
Australia	$	6,011,183	$	6,011,183
Total	$	6,011,183	$	6,011,183

11. Related party transactions:

Key management personnel consist of directors and senior management including the President and Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

		Three months ended August 31, 2020		August 31, 2019
Management fees, consulting fees, and accounting fees to key management personnel or companies controlled by key management personnel	$	33,375	$	50,000
Directors fees to directors or companies controlled by directors		-		8,250
Geological consulting fees to a company controlled by a director		75,000		45,000
Office, administration, rent and accounting costs to companies controlled by key management		9,845		11,765
Share-based compensation related to stock options		-		17,686
Share-based compensation related to PSU		-		57,780
Long-term portion	$	118,220	$	190,481

During the year ended May 31, 2019, the Company borrowed $182,000 from a company with an officer and director in common. The loan bears interest at 7% per annum and matures on May 31, 2021 (amended from 12 months during the year ended May 31, 2020); the lender retains the right to demand early payment of the loan by providing 30 days written notice.

11. Related party transactions (continued):

During the year ended May 31, 2019, the Company borrowed $94,140 (AUD$100,000) from an officer and accrued interest and fees of $4,218 (AUD$4,500), for a total owing of $97,958 (AUD$104,500) as at May 31, 2019. The loan was repaid in full during the year ended May 31, 2020.

Included in accounts payable and accrued liabilities is $264,276 (May 31, 2020 - $171,149) due to directors, management, or companies controlled by them and former related parties. Amounts due to related parties are unsecured, have no fixed terms of repayment, and are non-interest bearing. At August 31, 2020, the Company has recorded $nil (May 31, 2020 - $1,943) in prepaid expenses and advances to related parties. As at August 31, 2020, $20,000 (May 31, 2020 - $20,000) is included in subscriptions receivable from a related party.

12. Financial instruments:

The Company's cash is classified at amortized cost. The carrying values of receivables, accounts payable and accrued liabilities, and loans from related parties approximate their fair values due to their short terms to maturity. The Company's derivative liability is classified as Level 2 of the fair value hierarchy. Long-term debt bears interest at variable rates and fair value approximates carrying values as interest charges fluctuate with changes in the LIBOR.

(a) Financial risk factors and capital management:

Credit risk

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its cash and receivables. The carrying value of this instrument represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper. Receivables are primarily due from a government agency.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 12(b) of these Financial Statements. The Company's expenditure commitments, pursuant to option agreements related to resource properties, are disclosed in Note 6 and the Company is in default of its loan covenants (Note 7). The Company is exposed to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Company does not have any significant interest-bearing financial assets.

The Company's Nebari Loan (Note 7) is interest-bearing debt at a variable rate. A 10% change in the LIBOR would result in an increase of up to $4,507 in the net loss realized for the period. Changes to the LIBOR could have a more substantial impact in the future.

12. Financial instruments (continued):

(a) Financial risk factors and capital management (continued):

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company's functional and presentation currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the Australian dollar due to transactions related to the Pegmont project, as well as the Nebari Loan (Note 7) which is denominated in US dollars.

Foreign assets and liabilities are translated based on the foreign currency translation method described in Note 2(b). A 10% change in the foreign exchange rate between the Canadian and U.S. and Australian dollar would result in a fluctuation of $314,826 in the net loss realized for the period, including $299,798 on the Nebari Loan. The Company does not enter into any foreign exchange hedging contracts.

(b) Capital management:

The Company's objectives of capital management are intended to safeguard the Company's ability to support the Company's exploration and evaluation of its resource properties and support any expansion plans. The capital of the Company consists of the items included in shareholders' equity.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its financial objectives. The Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. Pursuant to the Nebari Loan November 2019 amendment (Note 7), the Company must maintain, at the end of each calendar quarter, an adjusted working capital deficit (defined per the amendment as: current assets minus current liabilities, plus the current portion of long-term debt, minus the quarterly principal payment due on April 30, 2020 multiplied by four) of no more than $100,000. In addition, Nebari also agreed to waive the Company's compliance with the adjusted working capital deficit covenant through January 31, 2020 provided certain conditions are met. The Company is active monitoring and working with Nebari to address its working capital provisions.

13. Subsequent event: