HANNAN METALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Hannan Metals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Hannan Metals Ltd. (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, changes in equity 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 has 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 are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Erez Bahar.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

September 27, 2019

HANNAN METALS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	May 31, 2019 $	May 31, 2018 $
ASSETS			
Current assets			
Cash		371,663	477,866
GST/VAT receivable		10,099	6,324
Prepaid expenses		39,398	41,986
Total current assets		421,160	526,176
Non-current assets			
Exploration and evaluation assets	4	4,207,842	3,538,159
Total non-current assets		4,207,842	3,538,159
TOTAL ASSETS		4,629,002	4,064,335
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	294,573	385,669
Non-current liabilities			
Promissory notes payable	5	342,393	322,093
TOTAL LIABILITIES		636,966	707,762
SHAREHOLDERS' EQUITY			
Share capital	6	7,869,329	6,290,147
Share-based payments reserve		3,709,194	3,632,469
Deficit		(7,586,487)	(6,566,043)
TOTAL SHAREHOLDERS' EQUITY		3,992,036	3,356,573
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,629,002	4,064,335

Nature of Operations and Continuing Operations - Note 1

Events after the Reporting Period - Note 12

These consolidated financial statements were approved for issue by the Board of Directors on September 27, 2019 and are signed on its behalf by:

/s/ Nick DeMare
Nick DeMare
Director

/s/ Michael Hudson
Michael Hudson
Director

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

HANNAN METALS LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended May 31, 2019 $	2018 $
Expenses			
Accounting and administration	7(b)(ii)	93,472	95,099
Accretion of property acquisition obligation		-	24,248
Audit		21,420	21,930
Corporate development		90,381	113,071
Drill core storage		36,229	27,096
General exploration		14,552	42,265
Insurance		36,328	41,892
Legal		7,145	11,624
Office, rent and miscellaneous		61,387	60,399
Management and director compensation	7	227,726	225,346
Professional fees	7	125,659	140,477
Regulatory fees		9,088	12,318
Salaries and wages		57,810	12,150
Share-based compensation	6(e)	78,100	111,785
Shareholder costs		15,123	36,663
Transfer agent fees		8,734	12,996
Travel		96,936	102,718
Vehicle rentals		25,339	34,646
		1,005,429	1,126,723
Loss before other items		(1,005,429)	(1,126,723)
Other items			
Interest income		11,369	21,922
Foreign exchange		(6,084)	11,199
Interest expense	5	(20,300)	(20,300)
		(15,015)	12,821
Net loss and comprehensive loss for the year		(1,020,444)	(1,113,902)
Basic and diluted loss per common share		$(0.02)	$(0.03)
Weighted average number of common shares outstanding		47,424,157	37,490,300

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

HANNAN METALS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

Year Ended May 31, 2019

	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at May 31, 2018	40,263,702	6,290,147	3,632,469	(6,566,043)	3,356,573
Common shares issued for:					
- private placements	12,370,900	1,605,635	-	-	1,605,635
- share options exercised	30,000	3,000	-	-	3,000
Share issue costs	-	(32,108)	1,280	-	(30,828)
Share-based compensation	-	-	78,100	-	78,100
Transfer on exercise of share options	-	2,655	(2,655)	-	-
Net loss for the year	-	-	-	(1,020,444)	(1,020,444)
Balance at May 31, 2019	52,664,602	7,869,329	3,709,194	(7,586,487)	3,992,036

Year Ended May 31, 2018

	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at May 31, 2017	27,458,989	47,142,801	3,471,043	(49,488,147)	1,125,697
Reduction of capital	-	(44,036,006)	-	44,036,006	-
Common shares issued for cash:					
- private placement	12,804,713	3,329,225	-	-	3,329,225
Share issue costs	-	(145,873)	49,641	-	(96,232)
Share-based compensation	-	-	111,785	-	111,785
Net loss for the year	-	-	-	(1,113,902)	(1,113,902)
Balance at May 31, 2018	40,263,702	6,290,147	3,632,469	(6,566,043)	3,356,573

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

HANNAN METALS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended May 31,	
	2019 $	2018 $
Operating activities		
Net loss for the year	(1,020,444)	(1,113,902)
Adjustments for:		
Accretion of property acquisition obligation	-	24,248
Foreign exchange on property acquisition obligation	-	(83,579)
Interest expense	20,300	20,300
Share-based compensation	78,100	111,785
Changes in non-cash working capital items:		
GST/VAT receivable	(3,775)	64,753
Prepaid expenses	2,588	(13,744)
Accounts payable and accrued liabilities	54,993	3,466
Net cash used in operating activities	(868,238)	(986,673)
Investing activities		
Exploration and evaluation asset expenditures	(815,772)	(1,883,817)
Property acquisition obligations payment	-	(1,057,473)
Net cash used in investing activities	(815,772)	(2,941,290)
Financing activities		
Issuance of common shares	1,608,635	3,329,225
Share issue costs	(30,828)	(96,232)
Net cash provided by financing activities	1,577,807	3,232,993
Net change in cash during the year	(106,203)	(694,970)
Cash at beginning of year	477,866	1,172,836
Cash at end of year	371,663	477,866

Supplemental cash flow information - Note 11

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

1. Nature of Operations and Continuing Operations

The Company was incorporated under the provisions of the Company Act (British Columbia). The Company's common shares currently trade on the TSX Venture Exchange ("TSXV") under the symbol "HAN". The Company's principal, registered and records office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

The Company is a junior mineral exploration company engaged in the acquisition and exploration of mineral properties. As at May 31, 2019 the Company has not earned any production revenue, nor has it determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. As a mineral Company in the exploration stage the ability of the Company to complete the exploration and development of its mineral property interests will be affected primarily by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

The Company has a history of losses with no operating revenues and, as at May 31, 2019, the Company had working capital in the amount of $126,587 and an accumulated deficit of $7,586,487. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. The Company will require additional financing to maintain its core operations, conduct planned exploration programs on its existing exploration and evaluation assets and discharge its obligations as they become due in the next twelve months. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future. If the Company is unable to obtain adequate additional financing the Company will be required to curtail operations and exploration and development activities. These factors cast significant doubt about the Company's ability to continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business. These consolidated financial statements do not reflect any adjustments which could be material to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

These consolidated financial statements do not reflect any adjustments related to conditions that occurred subsequent to May 31, 2019.

2. Basis of Preparation

Statement of Compliance

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").

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. These consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform with the current fiscal year's presentation.

2. Basis of Preparation

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company as at May 31, 2019 are as follows:

Company	Location of Incorporation	Ownership Interest
Hannan Metals BC Ltd. ("Hannan BC")	British Columbia, Canada	100%
Hannan Metals Ireland Limited ("Hannan Ireland")	Ireland	100%

3. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

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

Critical Judgments

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

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

(ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

(iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

3. Summary of Significant Accounting Policies (continued)

(iv) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Details of these can be found in Note 8.

Estimation Uncertainty

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

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

(ii) Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity (deficiency).

(iii) The assessment of any impairment of exploration and evaluation assets is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. Management has concluded there were no impairment indicators with respect to exploration and evaluation assets in fiscal 2019 and 2018.

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

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at May 31, 2019 and 2018 the Company did not have any cash equivalents.

Amounts Receivable

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

3. Summary of Significant Accounting Policies (continued)

Accounts Payable and Accrued Liabilities

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

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

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that an exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Although the Company takes steps to verify title to exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Impairment of Non-financial Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. Summary of Significant Accounting Policies (continued)

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a risk-free rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate and amount or timing of the underlying cash flows needed to settle the obligation. As at May 31, 2019 and 2018 the Company does not have any decommissioning obligations.

Financial Instruments

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

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

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

Share Capital

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

3. Summary of Significant Accounting Policies (continued)

Equity Financing

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

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

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

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

Current and Deferred Income Taxes

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

Current Tax

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

Deferred Tax

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

3. Summary of Significant Accounting Policies (continued)

Deferred income tax relating to items recognized directly in equity or other comprehensive income ("OCI") is recognized in equity or OCI and not in the statement of comprehensive loss.

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

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

Loss Per Share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company's subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary's functional currency. Each subsidiary's functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in other comprehensive income (loss). As the functional currency of the Company and all of its subsidiaries is the Canadian dollar, there are no cumulative translation adjustments recorded in all years presented.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Adoption of New Accounting Standards

(i) IFRS 9 - *Financial instruments* ("IFRS 9")

The Company adopted all of the requirements of IFRS 9 as of June 1, 2018. IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

adoption of IFRS 9 management has changed its accounting policy for financial assets retrospectively for assets that continued to be recognized at the date of initial application.

	Original Under IAS 39		New Under IFRS 9	
	Classification	Carrying Amount $	Classification	Carrying Amount $
Cash	FVTPL	477,866	FVTPL	477,866
Accounts payable and accrued liabilities	Other financial liabilities	385,669	Amortized cost	385,669
Promissory notes payable	Other financial liabilities	322,093	Amortized cost	322,093

As the standard permits on transition to IFRS 9, the Company has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit or to the opening deficit on June 1, 2018.

(ii) IFRS 15 - *Revenue from Contracts with Customers* ("IFRS 15")

The Company adopted all of the requirements of IFRS 15 as of June 1, 2018. This new accounting pronouncement establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

There was no impact on the Company's consolidated financial statements upon the adoption of IFRS 15.

Accounting Standards and Interpretations Issued but Not Yet Effective

The standard and interpretation that has been issued, but are not yet effective, up to the date of the issuance of these consolidated financial statements is discussed below.

In January 2016 the IASB issued IFRS 16 - *Leases,* which replaces IAS 17 - *Leases* and its associated interpretative guidance. IFRS 16, *Leases*, 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. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. Management has assessed the impact of adopting IFRS16 and has determined that, as at June 1 2019, there will be no impact. on the Company's accounting policies and consolidated financial statement presentation.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	Ireland	Peru	
	Clare Project $	San Martin Project $	Total $
Balance at May 31, 2017	1,574,036	-	1,574,036
Exploration costs			
Airborne geophysics	6,773	-	6,773
Drilling	838,325	-	838,325
Environmental	30,099	-	30,099
Field supplies	3,235	-	3,235
Geochemistry	143,072	-	143,072
Geology	56,614	-	56,614
Ground geophysics	797,940	-	797,940
Metallurgical testing	20,623	-	20,623
Other	67,442	-	67,442
	1,964,123	-	1,964,123
Balance at May 31, 2018	3,538,159	-	3,538,159
Exploration costs			
Drilling	187,087	-	187,087
Environmental	7,831	-	7,831
Geochemistry	35,896	-	35,896
Geology	39,261	55,359	94,620
Ground geophysics	28,295	-	28,295
Metallurgical testing	35,780	-	35,780
Other	34,055	15,273	49,328
Personnel	-	2,406	2,406
Sampling	-	7,481	7,481
	368,205	80,519	448,724
Acquisition costs			
License applications	-	220,959	220,959
Balance at May 31, 2019	3,906,364	301,478	4,207,842

Clare Project

The Company holds a 100% interest in seven prospecting licences located in County Clare, Ireland (the "Licences") pursuant to an assignment agreement. Under a separate asset purchase agreement dated June 3, 2016 (the "Asset Purchase Agreement") between the Company and Lundin Mining Exploration Limited ("Lundin"), the Company purchased all exploration data associated with the Licences for an initial cash payment of $191,910 (US $150,000) in fiscal 2017 and additional cash payments totalling $1,057,473 (US $850,000) in fiscal 2018.

The Company is also required to pay Lundin a one-time bonus payment of US $5,000,000 within the earlier of: (i) a decision to proceed with mine construction, or: (ii) within 90 days of the establishment of a commercial financing to finance capital costs for mine construction. Lundin retains a 2% net smelter return royalty on all sales of mineral products extracted from the area of land subject to the Licences, subject to a 0.5% buy back right of the Company for US $5,000,000, which must be exercised within one year from the date of commercial production.

The Company also holds a further 15 prospecting licences which have been granted.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

San Martin Project

During fiscal 2019 the Company submitted applications on 50 mineral claims (the "San Martin Project") located in San Martin Province of the Department of San Martin, northern Peru.

5. Promissory Notes Payable

	May 31, 2019 $	May 31, 2018 $
Promissory notes	290,000	290,000
Accrued interest	52,393	32,093
	342,393	322,093

The promissory notes have been issued by Hannan BC and bear interest at 7% per annum. The principal amounts and accrued interest are due December 31, 2020. During fiscal 2019 the Company recorded $20,300 (2018 - $20,300) of interest expense. The promissory notes are held by shareholders of the Company including a family trust of the CEO of the Company.

6. Share Capital

(a) *Authorized Share Capital*

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

(b) *Reduction of Deficit and Capital*

On November 14, 2017 the shareholders of the Company passed a special resolution to reduce the Company's capital by $44,036,006 being an amount equal to the deficit of the Company at May 31, 2013. This deficit arose as a result of prior unsuccessful business activities carried out by the Company under the direction of its former management and board. The reduction of capital resulted in a corresponding elimination of $44,036,006 of the deficit.

(c) *Equity Financings*

Fiscal 2019

(i) During July 2018 the Company completed a non-brokered private placement for 7,370,900 units for gross proceeds of $1,105,635. Each unit comprised one common share and one common share purchase warrant to purchase an additional share of the Company, with an exercise price of $0.25 per share, expiring July 6, 2021. Each warrant is subject to a forced conversion once the common shares trade above a weighted average trading price of $0.45 per share for any 20 consecutive trading days commencing at any time after November 7, 2018. Directors and officers of the Company and a close family member, purchased a total of 1,333,333 units for $200,000.

(Expressed in Canadian Dollars)

6. **Share Capital** (continued)

The Company paid a finder's fee of $3,000 in cash and issued 20,000 finder's warrants. The finder's warrants have the same terms as the warrants issued in the private placement. The fair value of the finder's warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 1.98%; expected volatility of 83.99%; an expected life of 3 years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the finder's warrants was $1,280.

The Company incurred $17,167 for legal and filing costs associated with the private placement.

(ii) During April 2019 the Company completed a non-brokered private placement for 5,000,000 units for gross proceeds of $500,000. Each unit comprised one common share and one-half of one common share purchase warrant Each whole warrant will entitle the holder to purchase one additional common share of the Company, with an exercise price of $0.15, expiring two years from closing. Certain officers and directors of the Company purchased 1,450,000 units for $145,000.

The Company paid a finder's fee of $600 in cash. The Company incurred $10,061 for legal and filing costs associated with the private placement.

Fiscal 2018

During August 2017 the Company completed a non-brokered private placement financing of 12,804,713 units, at a price of $0.26 per unit for proceeds of $3,329,225. Each unit consisted of one common share of the Company and one half of one non-transferable warrant. Each whole warrant entitles the holder to purchase an additional common share, at an exercise price of $0.40 per share, expiring two years from closing. Directors, officers and close family members purchased 886,000 units for $230,360.

The Company paid a finder's fee of $61,519 cash and issued 236,630 finder's warrants. The finder's warrants have the same terms as the private placement warrants. The fair value of the finder's warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: a risk-free interest rate of 0.69%; expected volatility of 140.27%; an expected life of 2 years; a dividend yield of 0%; and an expected forfeiture rate of 0%. The value assigned to the finder's warrants was $49,641. The weighted average fair value of the finder's warrants issued was $0.21 per warrant.

The Company incurred $34,713 for legal and filing costs associated with the private placement.

(d) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at May 31, 2019 and 2018 and the changes for the years ended on those dates, is as follows:

	2019		2018	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	7,885,185	0.37	4,284,200	0.34
Issued	9,890,900	0.22	6,638,985	0.40
Expired	(508,700)	0.35	(3,038,000)	0.40
Balance, end of year	17,267,385	0.29	7,885,185	0.37

(Expressed in Canadian Dollars)

6. Share Capital (continued)

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at May 31, 2019:

Number	Exercise Price $	Expiry Date
5,442,505	0.40	August 18, 2019
1,196,480	0.40	August 24, 2019
737,500	0.10	March 5, 2020
2,102,500	0.15	April 24, 2021
397,500	0.15	April 30, 2021
7,390,900	0.25	July 6, 2021
17,267,385		

See also Note 12.

(e) *Share Option Plan*

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

During fiscal 2019 the Company granted share options to purchase 1,037,000 (2018 - 475,000) common shares and recorded compensation expense of $78,100 (2018 - $111,785). The fair value of share options granted and vested is estimated using the Black-Scholes option pricing model using the following assumptions:

	2019	2018
Risk-free interest rate	1.80% - 2.15%	0.79% - 1.35%
Estimated volatility	82.48% - 91.56%	116.70% - 118.51%
Expected life	5 years	3 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average measurement date fair value of all share options recognized during fiscal 2019 was $0.11 (2018 - $0.26) per share option.

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

A summary of the Company's share options at May 31, 2019 and 2018 and the changes for the years ended on those dates, is as follows:

	2019		2018	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	1,766,000	0.18	1,291,000	0.14
Granted	1,037,000	0.14	475,000	0.29
Exercised	(30,000)	0.10	-	-
Expired	(30,000)	0.10	-	-
Balance, end of year	2,743,000	0.17	1,766,000	0.18

(Expressed in Canadian Dollars)

6. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at May 31, 2019:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
75,000	75,000	0.40	February 13, 2020
65,000	65,000	0.45	May 12, 2020
75,000	75,000	0.40	July 4, 2020
100,000	100,000	0.30	July 21, 2020
250,000	250,000	0.26	August 28, 2020
50,000	50,000	0.28	November 8, 2020
921,000	921,000	0.10	November 14, 2021
120,000	120,000	0.10	November 15, 2021
50,000	50,000	0.26	February 1, 2022
500,000	250,000	0.13	September 4, 2023
537,000	210,000	0.15	February 15, 2024
2,743,000	2,166,000		

7. Related Party Transactions

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

(a) *Transactions with Key Management Personnel*

The Company has determined that key management personnel consists of the Chief Executive Officer, the President and former Vice-President of Exploration and the Chief Financial Officer of the Company. During the fiscal 2019 and 2018 the following amounts were incurred with respect to these positions:

	2019 $	2018 $
Management compensation paid	244,920	254,511

During fiscal 2019 the Company allocated the $244,920 (2018 - $254,511) management fees based on the nature of the services provided: expensed $160,536 (2018 - $180,196) to management and director compensation; and capitalized $84,384 (2018 - $74,315) to exploration and evaluation assets. As at May 31, 2019, $131,628 (2018 - $132,845) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

(i) During fiscal 2019 and 2018 the following amounts were incurred with respect to the positions of current and former non-management directors and the Corporate Secretary of the Company:

	2019 $	2018 $
Director and officer compensation	67,190	45,150

(Expressed in Canadian Dollars)

7. **Related Party Transactions** (continued)

As at May 31, 2019, $78,350 (2018 - $73,600) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During fiscal 2019 the Company incurred a total of $44,050 (2018 - $37,900) for accounting and administration services provided by Chase Management Ltd., a private corporation owned by the President of the Company. As at May 31, 2019, $881 (2018 - $5,700) remained unpaid and has been included in accounts payable and accrued liabilities.

(c) See also Notes 5 and 6(c).

8. **Income Tax**

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

	2019 $	2018 $
Loss before income taxes	(1,020,444)	(1,113,902)
Expected income tax recovery	(227,000)	(294,000)
Effect of change in tax rates and other	1,000	20,000
Permanent difference	13,000	37,000
Change in deductible temporary differences	213,000	237,000
	-	-

Tax attributes are subject to review and potential adjustment by tax authorities.

The significant components of the Company's unrecognized temporary differences and unused tax losses are as follows:

	2019		2018	
	$	Expiry Dates	$	Expiry Dates
Exploration and evaluation assets	(91,000)	n/a	(91,000)	n/a
Share issue costs	108,000	2020 to 2023	121,000	2019 to 2022
Allowable capital losses	462,000	n/a	462,000	n/a
Non-capital losses available for future periods:				
- Canada	8,954,000	2028 to 2039	8,304,000	2028 to 2038
- Ireland	952,000	n/a	617,000	n/a

9. **Financial Instruments and Risk Management**

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; amortized cost; FVOCI; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	May 31, 2019 $	May 31, 2018 $
Cash	FVTPL	371,663	477,866
Accounts payable and accrued liabilities	Amortized cost	(294,573)	(385,669)
Promissory notes payable	Amortized cost	(342,393)	(322,093)

(Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

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

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

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

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

The recorded amounts for accounts payable and accrued liabilities and promissory notes payable approximate their fair value. The Company's cash under the fair value hierarchy is measured using Level 1 inputs.

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

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to cash is remote as cash is held with high quality financial institutions.

Liquidity Risk

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

	Contractual Maturity Analysis at May 31, 2019				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	371,663	-	-	-	371,663
Accounts payable and accrued liabilities	(294,573)	-	-	-	(294,573)
Promissory notes payable	-	-	(342,393)	-	(342,393)

	Contractual Maturity Analysis at May 31, 2018				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	477,866	-	-	-	477,866
Accounts payable and accrued liabilities	(385,669)	-	-	-	(385,669)
Promissory notes payable	-	-	(322,093)	-	(322,093)

Market Risk

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

9. Financial Instruments and Risk Management (continued)

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash is not considered significant. The Company has interest bearing debt at fixed rates and is therefore not subject to fluctuating interest rate risk on its non-current loans.

(b) Foreign Currency Risk

The Company has operations in Canada, Ireland and Peru. The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars, US Dollars and Euros. The Company maintains Euros bank accounts in Ireland and a US Dollar bank account with its Canadian bank to support the cash needs of its foreign operations. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At May 31, 2019, 1 Canadian Dollar was equal to 0.66 Euro and 0.74 US Dollar.

Balances are as follows:

	Euros	US Dollars	CDN $ Equivalent
Cash	14,086	56,166	97,242
VAT receivable	3,014	-	4,567
Accounts payable and accrued liabilities	(11,397)	-	(17,268)
	5,703	56,166	84,541

Based on the net exposures as of May 31, 2019 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Euro and US Dollar would result in the Company's comprehensive loss being approximately $8,500 higher (or lower).

Capital Risk Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, cash and cash equivalents and short-term investments. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

10. Segmented Information

The Company operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Company's exploration and evaluation assets are located in Ireland and Peru and its corporate assets, comprising mainly of cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results.

(Expressed in Canadian Dollars)

10. Segmented Information (continued)

The Company's total assets are segmented geographically as follows:

	As at May 31, 2019			
	Canada $	Ireland $	Peru $	Total $
Current assets	387,143	34,017	-	421,160
Exploration and evaluation assets	-	3,906,364	301,478	4,207,842
	387,143	3,940,381	301,478	4,629,002

	As a May 31, 2018		
	Canada $	Ireland $	Total $
Current assets	395,859	130,317	526,176
Exploration and evaluation assets	-	3,538,159	3,538,159
	395,859	3,668,476	4,064,335

11. Supplemental Cash Flow Information

During fiscal 2019 and 2018 non-cash activities were conducted by the Company as follows:

	2019 $	2018 $
Operating activity		
Accounts payable and accrued liabilities	-	146,089
Investing activity		
Exploration and evaluation assets included in accounts payable	-	(146,089)
Financing activities		
Share-based payments reserve	(1,375)	49,641
Share issue costs	(1,280)	(49,641)
Transfer on exercise of share options	2,655	-
	-	-

No cash was paid for interest or taxes during fiscal 2019 and 2018.

12. Events after the Reporting Period

Subsequent to May 31, 2019:

(i) warrants to purchase a total of 6,638,985 common shares of the Company at an exercise price of $0.40 per share expired without exercise; and

(ii) options to purchase 327,000 common shares of the Company at an exercise price of $0.15 per share were forfeited.