ADVANCE GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2019

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Advance Gold Corp.

Opinion

We have audited the consolidated financial statements of Advance Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2019 and 2018, and the consolidated statements of 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying 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.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

September 20, 2019

ADVANCE GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MAY 31, 2019 AND 2018
(Expressed in Canadian Dollars)

		May 31, 2019		May 31, 2018 (Restated – Note 15)
ASSETS				
Current Assets				
Cash	$	17,407	$	51,844
Amounts receivable		87,410		442
Prepaid expenses		3,467		7,256
		108,284		59,542
Non-Current Assets				
Equipment(Note 5)		74,824		-
Exploration and evaluation assets (Statements) (Note 6)		1,334,120		625,305
	$	1,517,228	$	684,847
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Note 7 and Note 10)	$	389,378	$	311,558
Debentures (Note 9 and 10)		102,712		37,767
		492,090		349,325
EQUITY				
Share capital (Note 8)		6,104,949		5,226,244
Obligations to issue shares (Note 6 and 8)		63,000		-
Reserves (Note 8)		1,181,113		1,047,387
Deficit		(6,322,140)		(5,937,261)
Equity attributable to owners of parent		1,026,922		336,370
Equity attributable to non-controlling interests (Note 11)		(1,784)		(848)
Total equity		1,025,138		335,522
	$	1,517,228	$	684,847

Nature and Continuance of Operations (Note 1)
Commitments (Note 12)
Subsequent events (Note 17)

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

ADVANCE GOLD CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian Dollars)

		May 31, 2019		May 31, 2018 (Restated – Note 15)
Operating expenses				
Advertising and promotion	$	24,517	$	7,563
Consulting fees (Note 10)		24,741		35,513
Interest, bank charges and foreign exchange (Note 9)		29,656		10,828
Management fees (Note 10)		60,000		60,000
Office and sundry		11,309		1,436
Professional fees		90,762		41,806
Rent and telephone		522		440
Stock-based compensation (Note 8 and 10)		133,726		82,937
Transfer agent and filing fees		14,655		9,934
		(389,888)		(250,457)
Other Income				
Gain on settlement of debt		-		88
Foreign exchange gain		4,073		2,521
		4,073		2,609
Loss and Comprehensive loss for the year	$	(385,815)	$	(247,848)
Loss and Comprehensive loss for the year attributable to:				
Owners of the parent		(384,879)		(247,000)
Non-controlling interests		(936)		(848)
	$	(385,815)	$	(247,848)
Basic and diluted loss per common share	$	(0.02)		(0.02)
Weighted average number of common shares outstanding - basic and diluted		20,249,815		12,141,269

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

ADVANCE GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Stock Option Reserve	Warrant Reserve	Obligation to issue shares	Deficit	Total	Non-controlling interests	Total Equity
Balance at May 31, 2018, as restated	14,656,338	$ 5,226,244	$ 528,254	$ 519,133	-	$ (5,937,261)	$ 336,370	$ (848)	$ 335,522
Net and comprehensive loss	-	-	-	-	-	(384,879)	(384,879)	(936)	(385,815)
Warrants exercised (Note 8)	1,666,667	133,333	-	-	-	-	133,333	-	133,333
Shares issued for purchase of Venaditas Property (Note 6)	1,000,000	130,000	-	-	-	-	130,000	-	130,000
Shares issued for purchase of Tabasquena Equipment (Note 6)	150,000	21,000	-	-	-	-	21,000	-	21,000
Shares owing for property acquisition (Note 6)	-	-	-	-	63,000	-	63,000	-	63,000
Cancellation of Escrow shares (Note 8)	(34,300)	-	-	-	-	-	-	-	-
Stock options granted (Note 8)	-	-	133,726	-	-	-	133,726	-	133,726
Share issuance costs (Note 8)	-	(20,878)	-	-	-	-	(20,878)	-	(20,878)
Private placement (Note 8)	8,577,419	615,250	-	-	-	-	615,250	-	615,250
Balance at May 31, 2019	26,016,124	$ 6,104,949	$ 661,980	$ 519,133	$ 63,000	$ (6,322,140)	$ 1,026,922	$ (1,784)	$ 1,025,138
Balance at May 31, 2017	10,489,671	$ 4,979,958	$ 445,317	$ 519,133	$ -	$ (5,690,261)	$ 254,147	$ -	$ 254,147
Net and comprehensive loss	-	-	-	-	-	(247,000)	(247,000)	(848)	(247,848)
Private placement (Note 8)	3,166,667	190,000	-	-	-	-	190,000	-	190,000
Share issuance costs (Note 8)	-	(3,714)	-	-	-	-	(3,714)	-	(3,714)
Shares issued for Tabasquena property (Note	1,000,000	60,000	-	-	-	-	60,000	-	60,000
Stock options granted (Note 8)	-	-	82,937	-	-	-	82,937	-	82,937
Balance at May 31, 2018 (Note 14) (Restated – Note 15)	14,656,338	$ 5,226,244	$ 528,254	$ 519,133	$ -	$ (5,937,261)	$ 336,370	$ (848)	$ 335,522

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

ADVANCE GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian Dollars)

	May 31, 2019	May 31, 2018 (Restated – Note 15)
Cash Provided By (Used For):		
Operating Activities		
Net loss	$ (384,879)	$ (247,000)
Items not requiring cash:		
Interest on debentures	3,770	3,551
Gain on debt settlement	-	(88)
Stock-based compensation	133,726	82,937
Non-controlling interest net loss	(936)	(848)
Change in non-cash working capital items:		
Amounts receivable	(86,968)	47
Prepaid expenses	3,789	(3,675)
Accounts payable and accrued liabilities	105,824	162,380
Cash used in operating activities	(225,674)	(2,696)
Investing Activities		
Deferred exploration expenditures paid	(569,639)	(152,356)
Cash used in investing activities	(569,639)	(152,356)
Financing Activities		
Issuance of common shares for cash	681,754	190,000
Payment of share issuance costs	(20,878)	(3,714)
Issuance of convertible debenture	100,000	-
Cash provided by financing activities	760,876	186,286
Increase (decrease) in cash	(34,437)	31,234
Cash, beginning of year	51,844	20,610
Cash, end of year	$ 17,407	$ 51,844

<u>Supplemental information:</u>		
Non-cash Financing Activities:		
Conversion of debenture into common Shares (Note 9)	38,825	-
Conversion of accounts payable into common shares	28,004	-
Issuance of common shares for purchase of Tabasquena assets (Note 6)	21,000	-
Issuance of common shares for purchase of Venaditas property (Note 6)	130,000	-

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

ADVANCE GOLD CORP.
CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
FOR THE YEARS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian Dollars)

	May 31, 2018	Acquisition Costs	Exploration and evaluation expenditures	May 31, 2019
Kakamega property, Kenya	$ 413,270	$ 146	$ 2,897	$ 416,312
Tabasquena property, Mexico	212,035	900	545,849	758,784
Venaditas property, Mexico	-	130,000	29,024	159,024
Balance, end of year	$ 625,305	$ 130,900	$ 577,770	$ 1,334,120

	May 31, 2017	Acquisition Costs	Exploration and evaluation expenditures	May 31, 2018 (Restated-Note 15)
Kakamega property, Kenya	$ 412,949	$ -	$ 321	$ 413,270
Tabasquena property, Mexico	-	60,000	152,035	212,035
Balance, end of year	$ 412,949	$ 60,000	$ 152,356	$ 625,305

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

ADVANCE GOLD CORP.
CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS
- EXPLORATION EXPENDITURES –
FOR THE YEARS ENDED MAY 31, 2019 AND 2018
(Expressed in Canadian Dollars)

	May 31, 2019	May 31, 2018
Kakamega Property		
Opening balance	$ 9,336	$ 9,015
Administration	2,897	321
Ending balance	$ 12,233	$ 9,336

	May 31, 2019	May 31, 2018 (Restated- Note 15)
Tabasquena Property		
Opening balance	$ 152,035	$ -
Camp	25,695	8,885
Geological and other consulting	116,324	111,809
Drilling	352,437	15,866
Supplies and maintenance	2,602	545
Fuel & transport	16,659	2,970
Geochemical	10,394	2,611
Administration	15,052	1,512
Explosives	4,621	3,945
Community development	2,065	3,892
Ending balance	$ 697,884	$ 152,035

	May 31, 2019	May 31, 2018
Venaditas Property		
Opening balance	$ -	$ -
Geological and other consulting	27,729	-
Administration	1,295	-
Ending balance	$ 29,024	$ -

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

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Advance Gold Corp. (the "Company") was incorporated in the Province of British Columbia on September 28, 2004. The Company's shares are listed on the TSX-Venture Exchange (the "Exchange"). The Company is an exploration stage company engaged in the exploration and evaluation of mineral property interests. The Company's registered office is located at 1400 – 1040 West Georgia Street, Vancouver, British Columbia V6E 4H1 and its head office is located at Box 25056 RPO Brocklehurst, Kamloops, British Columbia V2B 8R6.

These consolidated financial statements have been prepared on the going concern basis, which contemplates that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred significant losses from inception and as at May 31, 2019 the Company had a deficit of $6,322,140 (May 31, 2018 - $5,937,261) and has a working capital deficiency of $383,806 as at May 31, 2019 (2018 – $289,783).

The ability of the Company to continue as a going concern is in doubt and is dependent upon the continued financial support from its directors and its ability to continue to raise sufficient financing. Management is seeking equity financing and joint venture opportunities, the outcome of which cannot be predicted at this time. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments or reclassifications which would be necessary if the Company were unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements for the year ended May 31, 2019 were authorized for issue by the Board of Directors of the Company on September 20, 2019.

Statement of compliance

These consolidated financial statements of the Company 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 consolidation

These consolidated financial statements include the accounts of the Company and its controlled entities and have been prepared on a historical cost basis, with the exception of certain financial instruments measured at fair value. All inter-company transactions and balances have been eliminated on consolidation.

The net interests of the Company's subsidiaries are presented below:

	Country of incorporation	Ownership May 31, 2019	Ownership May 31, 2018
Gold Rim Exploration Inc.	Kenya	100%	100%
Advance Gold S.A. de C.V. ("Advance Mexico")	Mexico	98%	98%

On June 12, 2017, the Company acquired Advance Mexico, a private company, for 50,000 Mexican Pesos ($3,692). Advance Mexico did not have any assets on acquisition.

Newly adopted accounting standards

The Company adopted all of the requirements of IFRS 9 Financial Instruments on June 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at June 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Accounts payable	Amortized cost	Amortized cost
Due to related party	Amortized cost	Amortized cost
Debentures	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on June 1, 2018.

(ii) Measurement

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

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

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Foreign Currency Translation

(i) Presentation and functional currency

The Company's functional and presentation currency is the Canadian dollar. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency. The Canadian dollar is the functional currency of both the Company's Kenyan subsidiary and Mexican subsidiary.

(ii) Foreign currency transactions

Transactions in currencies other than the functional currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position.

Gain and losses arising on foreign currency translations are included in the Company's statement of comprehensive loss.

Exploration and evaluation assets

Acquired properties are recognized at cost, or if acquired as part of a business combination, at fair value at the date of acquisition. All costs directly related to exploration activities are capitalized once the Company has obtained the legal right to explore. Acquisition costs include cash consideration and the fair value of common shares, issued for exploration and evaluation assets. Exploration expenditures, net of recoveries, are capitalized as incurred. After a property is determined by management to be commercially feasible, acquisition costs and their related deferred exploration expenditures on the property will be transferred to mineral properties under development. Prior to transfer the assets will be tested for impairment.

Exploration and evaluation assets acquired under an option agreement where payments are made at the sole discretion of the Company, are capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the exploration and evaluation assets until the payments are in excess of acquisition costs, at which time they are then recognized in profit or loss in the Company's consolidated statements of comprehensive income or loss. Option payments are at the discretion of the optionor and, accordingly, are accounted for when receipt is reasonably assured.

The Company has farm-out arrangements with a third party on its exploration property. The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm-out arrangement but predesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

Decommissioning liability

The Company is required to recognize a liability when a legal or constructive obligation exists to dismantle, remove or restore its assets, including any obligation to rehabilitate environmental damage on its exploration and evaluation assets. As of May 31, 2019, and 2018, the Company has not incurred any such obligations.

Impairment of long-lived assets

At each reporting date, the carrying amounts of the Company's assets, including exploration and evaluation assets are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a 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 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 consolidated statement of comprehensive loss. For the purposes of assessing for indications of impairment and impairment testing, assets that do not have largely independent cash inflows are grouped into cash generating units. Cash generating units are the smallest identifiable groups of assets having independent cash inflows.

An impairment loss, excluding those recognized on goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had previously been recognized.

Income or Loss per share

The Company presents basic and diluted income or loss per share data for its common shares, calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted income or loss per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. All the share options and warrants were anti-dilutive as of May 31, 2019 and May 31, 2018.

Income taxes

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

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

<u>Deferred income tax:</u>
Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying

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

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

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. The preparation of financial statements also requires management to make judgments aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key uncertainties related to estimates that have a significant risk of resulting in a material adjustment within the next financial year and to judgments that have the most significant effect on the amounts recognized and disclosed in the financial statements.

Impairment of non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Useful life of equipment

Equipment are depreciated using the declining balance method at the rate of 30% per year. They are not depreciated until available for use. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of equipment. Total carrying value of equipment at May 31, 2019 was $74,824 (2018 - $Nil).

Calculation of stock-based compensation

The Black-Scholes Option Pricing Model is used to determine the fair value for the stock options and utilizes subjective assumptions such as expected price volatility and expected life of the options. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Critical judgments used in applying accounting policies

Exploration and evaluation assets

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for its mineral properties under exploration. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment.

As at May 31, 2019 and 2018 management had determined that no reclassification of exploration and evaluation assets was required.

Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Accounting standards issued but not yet effective

The following new or amended accounting standards have been issued by the IASB for periods beginning on or after June 1, 2019. These new or amended standards are not yet effective, and the Company determined their impact on its financial statements in the future to not be material.

(i) IFRS 16 Leases.

IFRS 16 replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019. Management has assessed that with adoption of this accounting standard starting June 1, 2019, the financial statements will not be impacted.

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

3. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of equity as well as its cash. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, or acquire or dispose of assets. The Company's investment policy is to invest its cash in highly liquid investments which are readily convertible into cash with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that its current capital resources will not be sufficient to carry out its exploration and evaluation plans and operations through its next fiscal year. The Company is planning to use equity financing to support ongoing operations; however, there is no assurance that additional funding and/or suitable joint venture agreements will be obtained. There were no changes in the Company's approach to capital management during the year. The Company has no externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS

Fair Value

Fair value estimates are made at the reporting period end date, based on relevant market information. Estimated fair value amounts are designed to approximate amounts at which financial instruments could be exchanged in a current transaction between willing parties who are under no compulsion to act.

The Company uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value of financial instruments. The classifications are as follows:

- Level 1: the use of quoted market prices for identical assets or liabilities;
- Level 2: internal models using observable market information as inputs; and
- Level 3: internal models without observable market information as inputs.

(Expressed in Canadian Dollars)

The Company had no financial instruments measured using level 2 and 3 inputs at May 31, 2019 and May 31, 2018 and there have been no transfers between levels.

The following is an analysis of the Company's financial assets measured at fair value as at May 31, 2019 and 2018:

	May 31, 2019		
	Level 1	Level 2	Level 3
Cash	$ 17,407	$ -	$ -

	May 31, 2018		
	Level 1	Level 2	Level 3
Cash	$ 51,844	$ -	$ -

Financial Risk Management
The Company's financial instruments potentially expose it to a variety of risks, including credit risk, foreign exchange risk (currency), liquidity and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. The Company deposits the majority of its cash with high credit quality financial institutions in Canada and Mexico reducing the credit risk. Amounts receivable consist of refundable tax credits and therefore the credit risk is minimal.

Currency risk
Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. Certain assets and liabilities of the Company are denominated in Kenyan Shilling and Mexican Peso and are therefore subject to fluctuation against the Canadian dollar. Currency risk is considered to be moderate.

The Canadian dollar equivalent of financial instruments denominated in foreign currencies as at May 31, 2019 and 2018 is as follows:

	May 31, 2019	May 31, 2018
Cash	$ 2,316	$ 27,560
Accounts payable	(73,692)	(83,016)
	$ (71,736)	$ (55,456)

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature, maturity, and fixed interest rate on debentures.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances. The Company's expected source of cash flow in the upcoming year is anticipated to be through equity financing and future loan facilities, and potential joint venture agreements. Cash on hand at May 31, 2019 is insufficient to fund the Company's operational needs for the next 12 months. Liquidity risk is assessed as high.

(Expressed in Canadian Dollars)

5. Equipment

Cost		**Mining Equipment**		**Total**
Balance, May 31, 2018 and 2017	$	-	$	-
Additions		83,430		83,430
Balance, May 31, 2019	$	83,430	$	83,430
Accumulated depreciation				
Balance, May 31, 2018 and 2017	$	-	$	-
Additions		8,606		8,606
Balance, May 31, 2019	$	8,606	$	8,606
Carrying amount				
As at May 31, 2018	$	-	$	-
Balance, May 31, 2019	**$**	**74,824**	**$**	**74,824**

6. EXPLORATION AND EVALUATION ASSETS

Kakamega Property, Kenya:

The Company has applied for and was granted an Exclusive Prospecting License (“EPL”) to cover the former Rosterman Mine and surrounding areas in Kenya. In addition, the Company has two other licenses in the immediate area. On January 31, 2019, the Company was granted a three-year license renewal on all three licenses. Licenses are valid until January 30, 2022.

In order to maintain the licenses, the Company is required to incur a minimum of Kenya Shillings (“KES”) 5,000,000 (Canadian $66,792) in exploration expenditures per year for each license. The Company is also obligated to pay KES 10,000 (Canadian $134) for all areas operated under pilot mining.

On April 20, 2011, the Company entered into an option and joint venture agreement with Aviva Corporation Ltd. (“Aviva”).

On July 23, 2012, it was announced that African Barrick Gold plc (“ABG”), a subsidiary of Barrick Gold Corporation, purchased all of Aviva’s Kenyan gold and base metals assets, which includes the option and joint venture agreement with the Company. The purchase required the approval of Aviva’s shareholders and the Kenyan Competition authority, which was obtained.

On November 27, 2014, ABG announced that it had changed its name to Acacia Mining plc. (“Acacia”).

Under the terms of the agreement, Acacia has the right to earn at least a 75% interest in the Kakamega Property. The agreement was subject to due diligence and the Company obtaining approval of the agreement from the Commissioner of Mines and Geology of Kenya. The agreement became effective on July 21, 2011, when these two conditions had been fulfilled (the “Effective Date”).

To earn a 51% interest in the properties, Acacia must:

- Incur a minimum of US$100,000 in exploration expenditures on the properties within 12 months of the effective date (completed);
- Make a US$100,000 cash payment to the Company within 15 days of date that the initial US$100,000 exploration expenditures are ratified (received June 30, 2012); and
- Incur a further US$500,000 in exploration expenditures on the properties within 24 months of date that the initial US$100,000 exploration expenditures are ratified (completed).

Once Acacia has exercised its option to earn a 51% interest in the Kakamega Properties, a joint venture may be formed at the discretion of the parties who will hold the licenses. Should this election be adopted, all revenues, costs, assets and liabilities arising from the joint venture will be shared by the Company and Acacia in accordance with their percentage interests in the properties.

(Expressed in Canadian Dollars)

Should the 51% election be earned, to earn an additional 24% interest in the Kakamega Properties, Acacia must:

- Incur an additional US$1,000,000 in exploration expenditures on the properties within 24 months of earning a 51% interest (completed).

Once Acacia has obtained a 75% interest, the Company may elect to participate as to its 25% share of all revenues, costs, assets and liabilities arising from the election to joint venture or, alternatively, elect to dilute their interest to 10% after which Acacia may convert the Company's interest in the property to a 3% net smelter royalty ("NSR").

On January 26, 2017, the Company elected to dilute their participation interest to 14.53% under the Option and Joint Venture agreement, giving Acacia Mining an 85.47% interest in the Kakamega Properties.

Tabasquena Property, Mexico:

On July 20, 2017, Advance Mexico, a subsidiary of the Company, entered into an agreement with Hot Spring Mining S.A. de C.V. ("Hot Spring Mining") to acquire the Tabasquena Silver Mine in Zacatecas, Mexico ("Mining Concessions"). The Company issued 1,000,000 common shares with a fair value of $60,000 to Hot Spring Mining in exchange for 100% interest in the Mining Concessions.

Hot Spring Mining will retain a 2.5% NSR of which the Company has the right to purchase a maximum of 1.5% NSR at $500,000 per each 0.5% NSR. In addition, two partners of Hot Spring Mining became consultants of the Company for a period of 16 months at $2,000 per month each starting in October 2017.

On September 27, 2018, the Company acquired Exchange approval to purchase certain mining equipment assets on the Tabasquena project in exchange for 600,000 common shares with a fair value of $300,000, to be issued in tranches of 150,000 shares. On October 2, 2018, 150,000 common shares were issued with a fair value of $21,000. The remaining 450,000 shares to be issued have a fair value of $63,000.

Venaditas Property, Mexico:

On April 9, 2018, Advance Mexico entered into an agreement with Hot Spring Mining to acquire its 100% interest in the mining concession Venaditas in Zacatecas, Mexico. On October 2, 2018, the Company issued 1,000,000 common shares with a fair value of $130,000 to Hot Spring Mining in exchange for 100% interest in the Mining Concessions.

Hot Spring Mining will retain a 2.5% NSR of which the Company has the right to purchase a maximum of 1.5% NSR at $500,000 per each 0.5% NSR. In addition, two partners of Hot Spring Mining became consultants of the Company for a period of 16 months at $2,000 per month each starting in January 2018.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

		May 31, 2019		May 31, 2018
Trade payables	$	183,540	$	101,622
Accrued liabilities		31,808		35,739
Due to related parties (Note 10)		174,030		174,197
	$	389,378	$	311,558

8. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

(b) Issued Share Capital

Share Issuances:

On October 2, 2017, the Company issued 1,000,000 common shares with a fair value of $60,000 for acquisition of the Tabasquena property (Note 6).

On February 5, 2018, the Company closed a non-brokered private placement of 3,166,667 shares at $0.06 per unit for gross proceeds of $190,000. Each Unit is comprised of one common share of the Company and one non-transferable share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at a price of $0.08 per share until February 7, 2020, subject to accelerated expiry in certain circumstances. An officer of the Company participated in the private placement, having purchased 850,000 common shares. The Company incurred share issue costs of $3,714 in connection with this financing. No value was allocated to the attachable warrants.

On June 13, 2018, 1,000,000 share warrants were exercised by a Director of the Company, and on July 9, 2018, 666,667 share warrants were exercised by a shareholder of the Company, for total gross proceeds of $133,333.

On September 27, 2018 ("approval date"), the Exchange approved the asset purchase agreement whereby the Company purchased mining machinery and equipment for the Tabasquena property for a total consideration of 600,000 common shares with a fair value of $84,000. As per the agreement, 150,000 common shares with a fair value of $21,000 were issued on October 2, 2018 with a further issuance of 150,000 common shares to be issued every six months from the approval date till 18 months with a total fair value of $63,000 (Note 6) .

On October 2, 2018, the Company issued 1,000,000 common shares with a fair value of $130,000 for acquisition of the Venaditas property (Note 6).

On October 4, 2018, the Company closed a non-brokered private placement of 2,885,880 shares at $0.085 per unit for gross proceeds of $245,300. Each Unit is comprised of one common share of the Company and one non-transferable share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at a price of $0.10 per share until September 20, 2020, subject to accelerated expiry in certain circumstances. An officer of the Company participated in the private placement, having purchased 1,000,000 common shares and a Director of the Company participated, having purchased 588,230 common shares. 456,768 shares were issued for debenture repayment (Note 9). The Company incurred share issue costs of $2,808 in connection with this financing. No value was allocated to the attachable warrants.

On January 30, 2019, 34,300 escrow shares were cancelled.

On February 28, 2019, the Company closed a non-brokered private placement of 5,691,539 shares at $0.065 per unit for gross proceeds of $369,950. Each Unit is comprised of one common share of the Company and one non-transferable share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at a price of $0.08 per share until February 28, 2021, subject to accelerated expiry in certain circumstances. A Director of the Company participated, having purchased 1,153,846 common shares. The Company incurred share issue costs of $2,600 and finder's fees of $15,470 in connection with this financing. No value was allocated to the attachable warrants. The shares were issued on March 1, 2019.

(Expressed in Canadian Dollars)

(c) Stock Options

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 2,025,889 common shares of the Company. Under the plan the exercise price of each option will not be less than the discounted market price of the common shares as permitted by the TSX Venture Exchange policies. The options can be granted for a maximum term of 5 years.

Any options granted pursuant to the Plan will terminate within 30 days of the option holder ceasing to act as an Eligible Person pursuant to and as defined in the Plan, unless such cessation is on account of death, disability or termination of employment with cause. If such cessation is on account of disability or death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately. The Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Company's shares.

A summary of stock option activity for the year ended May 31, 2019 and year ended May 31, 2018 is as follows:

	May 31, 2019		May 31, 2018	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding, beginning	940,000	$ 0.14	575,000	$ 0.43
Cancelled/Expired	(240,000)	-	(435,000)	-
Granted	1,325,000	0.12	800,000	0.12
Outstanding, ending	2,025,000	$ 0.12	940,000	$ 0.14

As at May 31, 2019, the Company had stock options outstanding to acquire common shares of the Company as follows:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price	Remaining Contractual Life (In Years)
April 17, 2023	700,000	700,000	$ 0.12	3.88
April 24, 2024	1,325,000	1,325,000	0.12	4.90
	2,025,000	2,025,000	$ 0.12	

On April 17, 2018, the Company granted 800,000 stock options to directors, employees and consultants of the Company at an exercise price of $0.12 per common share for a period of five years ending April 17, 2023. A share-based compensation expense of $51,314 was recognized (May 31, 2018 – $82,937), with the fair value determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 2.25%; expected life of 5 years; expected volatility of 152% and dividend yield of nil.

On April 24, 2019, the Company granted 1,325,000 stock options to directors, employees and consultants of the Company at an exercise price of $0.12 per common share for a period of five years ending April 24, 2024. A share-based compensation expense of $82,412 was recognized, with the fair value determined using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 1.49%; expected life of 5 years; expected volatility of 152% and dividend yield of nil.

(Expressed in Canadian Dollars)

During the year ended May 31, 2019, 140,000 stock options with an exercise price of $0.25 per unit expired, unexercised, and 100,000 stock options with an exercise price of $0.12 per unit was cancelled.

(d) Share purchase warrants

The following table summarizes the continuity of share purchase warrants:

	May 31, 2019			May 31, 2018		
	Number Outstanding		Weighted Average Exercise Price	Number Outstanding		Weighted Average Exercise Price
Outstanding, beginning	3,166,667	$	0.08	-	$	-
Cancelled/Expired	-	$	-	-	$	-
Exercised	(1,666,667)	$	0.08			
Granted	8,577,419	$	0.09	3,166,667	$	0.08
Outstanding, ending	10,077,419	$	0.09	3,166,667	$	0.08

The weighted average life of the outstanding share purchase warrants of 1.48 years.

(e) Reserves

Stock option reserve

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

Warrant Reserve

The warrant reserve records the proceeds allocated to warrants on the issuance of units in private placements until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. DEBENTURES

		May 31, 2019		May 31, 2018
Opening balance	$	37,767	$	34,216
Convertible debentures issued		100,000		-
Accrued interest		3,770		3,551
Conversion of debenture into common shares		(38,825)		-
	$	102,712	$	37,767

On October 4, 2018, the existing debenture was converted into 456,768 common shares of the Company at $0.085 per unit as part of the private placement as noted in Note 8.

On November 20, 2018, the Company closed a non-brokered private placement of 1,000 convertible debentures with a Director of the Company to raise $100,000(Note 10). The convertible debentures have a term of one year and are convertible into units (the "Units") at a price of $0.09 per unit with no conversion feature recorded. Each Unit is comprised of one common share and one share purchase warrant. Each share warrant entitles the holder to purchase an additional common share at an exercise price of $0.11 per share for a period of two years. The debentures bear interest at 5% per annum, are unsecured and has a term of one year.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

(a) Related party balances

Accounts payables and accrued liabilities includes $105,274 (May 31, 2018- $105,364) payable to a director of the Company, a shareholder and a company controlled by the shareholder of the Company (Note 6). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. Also included is $68,756 (May 31, 2018 - $68,833) payable to officers of the Company (Note 7). Convertible debentures include $102,712 payable to a director of the Company (Note 9).

(b) Related party transactions

During the year ended May 31, 2019, $60,000 (2018 - $60,000) was paid to a company controlled by a director of the Company to fulfil the position of chief executive officer and $8,330 (2018 - $3,190) was paid to the chief finance officer of the Company.

During the year ended May 31, 2019, share-based compensation expenses were $63,755 (2018- $nil) for the related parties.

During the year ended May 31, 2019, $100,000 convertible debentures was issued to a director of the Company (Note 9).

11. NON-CONTROLLING INTEREST

The Company has a 98% interest in Advance Mexico and the remaining 2% non-controlling interest is held by a director of Advance Mexico. As at May 31, 2019, the non-controlling interest liability included in equity is $(1,784) (2018 - $(848)).

12. COMMITMENTS

The Company has a management services agreement with a director of the Company requiring payments of $5,000 per month.

13. SEGMENTED INFORMATION

The Company's operations are all conducted in one industry segment, the exploration and development of exploration and evaluation assets.

The Company's total assets located within its geographic segments of Canada, Kenya and Mexico are as follows:

	May 31, 2019	May 31, 2018 Restated – Note 15)
Canada	$ 18,786	$ 32,296
Kenya	416,555	413,270
Mexico	994,948	239,281
	$ 1,430,288	$ 684,847

14. COMPARATIVE FIGURES

Certain of the comparative figures in the statement of operations have been reclassified to conform with the financial presentation adopted for in the current period.

(Expressed in Canadian Dollars)

15. CORRECTION OF ERRORS

During the year ended May 31, 2019, the Company determined that the consulting fees paid by Advance Mexico should be capitalized, previously expensed in the prior year, resulting in an understatement of exploration and evaluation assets and an overstatement in consulting fees expense. For the year ended May 31, 2018, the impact of this correction has resulted in increase in exploration and evaluation assets of $20,401 and a decrease in consulting fees expense of $20,401.

During the year ended May 31, 2019, the Company determined that the consulting fees paid by Advance Mexico should be expensed, previously not recorded in the prior year, resulting in an understatement of accounts payable and an understatement in consulting fees expense. For the year ended May 31, 2018, the impact of this correction has resulted in increase in accounts payable of $20,021 and an increase in consulting fees expense of $20,021.

During the year ended May 31, 2019, the Company determined that the loss attributable to owners of parent in prior year should be $247,000. For the year ended May 31, 2018, the impact of this correction has resulted in a decrease in loss and comprehensive loss attributable to owners of parent of $848 and an increase in loss and comprehensive loss attributable to NCI of $1,696.

The impact of the restatements is as follows:

Impact on the consolidated statement of financial positions as at May 31, 2018:

	As previously reported	Restatement	As restated
Exploration and evaluation assets	$ 604,904	$ 20,401	$ 625,305
Accounts payable and accrued liabilities	$ 291,537	$ 20,021	$ 311,558
Deficit	$ (5,939,337)	$ 2,076	$ (5,937,261)
Equity attributable to owners of parent	$ 334,294	$ 2,076	$ 336,370
Equity attributable to non-controlling interests	$ 848	$ (1,696)	$ (848)

Impact on the consolidated statement of loss and comprehensive loss for the year ended May 31, 2018:

	As previously reported	Restatement	As restated
Consulting fees	$ 35,893	$ (380)	$ 35,513
Office and sundry	$ 2,284	$ (848)	$ 1,436
Loss and comprehensive loss	$ (249,076)	$ 1,228	$ (247,848)
Loss and comprehensive loss attributable to owners of parent	$ (248,228)	$ 1,228	$ (247,000)
Loss and comprehensive loss attributable to non-controlling interests	$ 848	$ (1,696)	$ (848)

(Expressed in Canadian Dollars)

16. INCOME TAXES

A reconciliation of the statutory tax rate to the effective rate for the Company is as follows:

		May 31, 2019		May 31, 2018 (Restated – Note 15)
Statutory tax rate		27%-30%		26%-30%
Comprehensive loss for the period	$	(385,815)	$	(247,848)
Expected income tax recovery		(105,575)		(66,121)
Non-deductible expenses and other		23,386		21,576
Share issuance cost		(5,637)		(966)
Effect of change in tax rate		(31,378)		-
Effect of deductible temporary differences not recognized		119,204		45,511
Income tax recovery	$	-	$	-

Significant components of the Company's deferred tax assets as of May 31, 2019 and May 31, 2018 are as follows:

		May 31, 2019		May 31, 2018 (Restated – Note 15)
Deferred income tax assets:				
Equipment	$	15	$	14
Exploration and evaluation assets		266,952		261,938
Non-capital losses carry forwards		1380,556		1,270,380
Share-issue costs		5,757		1,744
		1,653,280		1,534,076
Unrecognized deferred income tax assets		(1,653,280)		(1,534,076)
Deferred income tax assets	$	-	$	-

(Expressed in Canadian Dollars)

As at May 31, 2019, the Company has Canadian non-capital losses and Mexican tax losses which expire in various years to 2038, as follows:

Expiry Date		Canadian non-capital losses		Mexican tax losses
2026	$	61,087	$	-
2027		170,664		-
2028		148,223		-
2029		301,527		-
2030		284,640		-
2031		189,826		-
2032		246,562		-
2033		185,008		-
2034		276,045		-
2035		249,156		-
2036		149,172		-
2037		196,998		-
2038		295,214		42,405
2039		211,531		46,818
	$	2,965,653	$	88,843

The Company has Canadian cumulative foreign resource expenditures of $854,668 available to reduce future taxable income. These expenses have no expiration date.

17. SUBSEQUENT EVENTS

On July 9, 2019, the Company closed a private placement to issue 4,682,000 units at $0.05 per unit for gross proceeds of $234,100. Each unit consists of one common share of the Company and one common share purchase warrant, each warrant being exercisable at $0.07 for 24 months.

On June 26, 2019, the Company entered into a Finders Fee Agreement with Haywood Securities Inc. with respect to the above-mentioned private placement. The finder's fee is in the amount of 8% of the amount placed with subscribers introduced to the Company by Haywood Securities Inc. and is payable in cash and brokers' warrants, with each warrant being exercisable at $0.07 per share for 24 months.

Finders fees for the above-mentioned private placement are also payable to a shareholder of the Company at a rate of 8% of the amount placed with subscribers introduced to the Company by the shareholder and is payable in cash.