OROCO RESOURCE CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

FEBRUARY 29, 2020

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

OROCO RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)
As at

	February 29, 2020	May 31, 2019
ASSETS		
Current		
Cash	$ 322,555	$ 488,402
Receivables	371,121	35,491
Prepaid expenses and advances	143,083	14,776
Deferred financing fees	6,064	-
	842,823	538,669
Marketable securities (Note 4)	271,044	401,444
Investment in and advances to associated company (Note 4)	1,579,963	1,339,443
Deferred acquisition costs (Note 4)	29,000	29,559
Exploration and evaluation assets (Note 6)	2,512,697	1,417,143
Equipment (Note 7)	5,233	5,850
	$ 5,240,760	$ 3,732,108
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Trade payables and accrued liabilities (Note 9)	$ 487,800	$ 467,341
Deferred tax liability	13,443	13,443
	501,243	480,784
Shareholders' equity		
Share capital (Note 8)	22,061,722	19,913,512
Share subscriptions received in advance (Note 8)	234,000	-
Reserves (Note 8)	2,932,350	2,758,706
Deficit	(20,488,555)	(19,420,894)
	4,739,517	3,251,324
	$ 5,240,760	$ 3,732,108

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

Approved on behalf of the Board:

"Craig Dalziel"
Craig Dalziel – Director

"Steve Vanry"
Steve Vanry – Director

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

OROCO RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	For the Three Months Ended February 29, 2020	For the Three Months Ended February 28, 2019	For the Nine Months Ended February 29, 2020	For the Nine Months Ended February 28, 2019
Expenses				
Business development	$ 16,650	$ 16,650	$ 50,850	$ 50,850
Depreciation (Note 7)	206	251	617	752
Consulting fees (Note 9)	74,567	42,831	214,225	83,631
Foreign currency loss (gain)	(4,707)	577	(1,999)	(1,151)
Management and director fees (Note 9)	87,000	59,000	241,500	203,500
Office and general	56,760	45,720	169,812	138,369
Professional fees (Note 9)	88,415	61,133	254,994	212,075
Property investigation costs	-	-	13,733	2,057
Share-based payment (Note 8)	(68,444)	139,486	341,123	331,103
Shareholder communications and investor relations	71,647	9,856	256,603	33,012
Transfer agent and filing fees	11,204	5,956	23,012	20,645
Travel	40,576	11,020	151,327	52,408
Operating loss	(373,874)	(392,480)	(1,715,797)	(1,127,251)
Equity gain (loss) in associated company (Note 4)	(2,531)	(11,161)	(15,953)	(56,638)
Loss on sale of marketable securities (Note 4)	(1,290)	-	(1,290)	-
Interest income (Note 4)	24,511	-	70,197	-
Royalty income (Note 5)	272,212	-	595,182	270
	292,902	(11,161)	648,136	(56,368)
Loss for the period	(80,972)	(403,641)	(1,067,661)	(1,183,619)
Reclassification of loss on sale of marketable securities included in net loss (Note 4)	1,280	-	1,280	-
Unrealized gain (loss) on fair value of marketable securities (Note 4)	4,125	58,637	(109,400)	(147,156)
Loss and comprehensive loss for the period	$ (75,567)	$ (345,004)	$ (1,175,781)	$ (1,330,775)
Basic and diluted loss per common share	$ (0.001)	$ (0.004)	$ (0.010)	$ (0.015)
Weighted average number of common shares outstanding - basic and diluted	104,800,921	93,415,738	101,777,205	91,122,313

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

OROCO RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital		Reserves				
	Number	Amount	Other comprehensive income (loss)	Stock option and warrant	Share subscriptions received in advance	Deficit	Total
		$	$	$	$	$	$
May 31, 2018	89,147,405	18,115,678	103,031	2,289,540	-	(17,874,209)	2,634,040
Shares issued for cash	3,750,000	750,000	-	-	-	-	750,000
Share issue costs	-	(18,223)	-	-	-	-	(18,223)
Shares issued for exploration and evaluation assets	500,000	137,500	-	-	-	-	137,500
Shares issued for warrant exercise	250,000	40,000	-	-	-	-	40,000
Unrealized loss on fair value of marketable securities	-	-	(147,156)	-	-	-	(147,156)
Share-based payment	-	-	-	331,103	-	-	331,103
Loss for the period	-	-	-	-	-	(1,183,619)	(1,183,619)
February 28, 2019	93,647,405	18,984,955	(44,125)	2,620,643	-	(19,057,828)	2,543,645
May 31, 2019	97,542,405	19,913,512	(44,125)	2,802,831	-	(19,420,894)	3,251,324
Shares issued for cash	3,000,000	1,350,000	-	-	-	-	1,350,000
Share issue costs	-	(13,529)	-	4,380	-	-	(9,149)
Shares issued for warrant exercise	4,125,000	668,000	-	-	-	-	668,000
Shares issued for option exercise	400,000	143,739	-	(63,739)	-	-	80,000
Share subscriptions received in advance	-	-	-	-	234,000	-	234,000
Unrealized loss on fair value of marketable securities	-	-	(109,400)	-	-	-	(109,400)
Reclassification of loss on disposal of marketable securities	-	-	1,280	-	-	-	1,280
Share-based payment	-	-	-	341,123	-	-	341,123
Loss for the period	-	-	-	-	-	(1,067,661)	(1,067,661)
February 29, 2020	105,067,405	22,061,722	(152,245)	3,084,595	234,000	(20,488,555)	4,739,517

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

OROCO RESOURCE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)
For the Nine Months Ended

	February 29, 2020	February 28, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,067,661)	$ (1,183,619)
Adjusted for items not involving cash:		
Depreciation	617	752
Equity loss in associated company	15,953	56,638
Accrued royalty income	(595,182)	(270)
Accrued interest income	(70,197)	-
Foreign exchange loss (gain)	(4,022)	(386)
Share-based payment	341,123	331,103
Loss on sale of marketable securities	1,290	-
Changes in working capital items:		
Receivables	(6,186)	(10,240)
Prepaid expenses and advances	(128,307)	(7,734)
Trade payables and accrued liabilities	77,160	20,580
Net cash used in operating activities	(1,435,412)	(793,176)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(1,052,405)	(288,166)
Deferred acquisition costs	(29,000)	(19,800)
Royalty income	269,760	1,782
Advances to associated company	(262,631)	(192,219)
Proceeds on sale of marketable securities	20,990	-
Net cash used in investing activities	(1,053,286)	(498,403)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement shares issued	1,350,000	790,000
Proceeds from exercise of warrants	668,000	-
Proceeds from exercise of options	80,000	-
Share subscriptions received in advance	234,000	-
Share issue cost	(9,149)	(18,223)
Net cash provided by financing activities	2,322,851	771,777
Change in cash	(165,847)	(519,802)
Cash, beginning of period	488,402	938,804
Cash, end of period	$ 322,555	$ 419,002

Supplemental cash flow information (Note 10)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Oroco Resource Corp. (the "Company") was incorporated on July 7, 2006 under the Business Corporations Act of British Columbia and is in the business of acquiring and exploring exploration and evaluation assets in Mexico. The Company is listed on the TSX Venture Exchange (the "TSX-V").

The Company's head office and principal address is located at #1201 - 1166 Alberni Street, Vancouver, British Columbia, Canada, V6E 3Z3.

The Company is in the exploration stage and has not yet determined whether its exploration and evaluation assets contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the mineral properties and upon future profitable production or proceeds from the disposition thereof.

The Company's exploration and evaluation assets consist of the Santo Tomas, Xochipala, and Salvador properties in Mexico. The outlook for the Company is tied to realizing on the value of its exploration and evaluation assets and marketable securities, raising the financing necessary to maintain operations thereafter, and ultimately on generating future profitable operations. The Company has incurred ongoing losses and will require additional capital to continue operation for the upcoming twelve months. These uncertainties may cast significant doubt as to the ability of the Company to continue as a going concern.

These condensed interim consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations or its ability to raise funds.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"s). They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended May 31, 2019, prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were authorized by the Audit Committee and Board of Directors of the Company on April 29, 2020.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value.

2. BASIS OF PRESENTATION (cont'd…)

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and of its subsidiaries.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

Name of Subsidiary	Country of Incorporation	Percentage of Ownership	Principal Activity
Minera Xochipala S.A. de C.V. ("Minera Xochipala")	Mexico	100%	Exploration in Mexico
0973496 B.C. Ltd.	Canada	100%	Holding company

The Company also holds an inactive, nominal company incorporated in Canada, and a majority interest in Aztec Copper Inc. ("Aztec"), an inactive subsidiary incorporated in the United States.

The Company holds a 13.0% interest in Altamura Copper Corp. ("Altamura") which is accounted for as an equity investment.

Significant estimates

The preparation of these condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Share-based payment - The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options.

Valuation of marketable securities - The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of, and near term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

2. BASIS OF PRESENTATION (cont'd…)

Significant estimates (cont'd…)

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration, evaluation and related costs incurred, which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Valuation of production royalty - The Company is entitled to royalty income as disclosed in Note 5. The Company has estimated the value of the production royalty to be $Nil due to lack of certainty of future ongoing production and values.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are, but are not limited to, the following:

Determination of functional currency - The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

Classification of investments as subsidiaries, joint ventures, associated company and portfolio investments - Classification of investments requires judgement as to whether the Company controls, has joint control of or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. If an investor holds or has the ability to hold 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The Company accounts for its 13.0% interest in Altamura as an equity investment as the Company has the ability to convert its advances into an increased interest in Altamura.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's consolidated financial statements for the year ended May 31, 2019, except as noted below.

New accounting policies adopted

The following standards and amendments to existing standards have been adopted by the Company effective June 1, 2019:

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting policies adopted (cont'd…)

IFRS 16, Leases

This standard sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. It eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

There was no impact on the condensed interim consolidated financial statements as a result of adopting this standard.

4. INVESTMENTS AND ADVANCES

(a) Marketable Securities

During the nine months ended February 29, 2020, the Company sold Nil (2019 - Nil) Goldgroup Mining Inc. ("Goldgroup"). As at February 29, 2020, the Company owned 5,601,250 (May 31, 2019 - 5,601,250) Goldgroup shares with a fair value of $196,044 (May 31, 2019 - $308,069) The change in market value of the shares resulted in the recording of other comprehensive loss of $112,025 for the nine months ended February 29, 2020 (2019 - $140,031).

The Company owns 375,000 common shares, at a cost of $75,000, in a private British Columbia company ("BC Co."), related by virtue of a common director, which provides satellite based, geological services to the mining and other industries, which services are able to identify, model and monitor subsurface geological structures. Cost is considered to approximate fair value.

As at February 29, 2020, the Company owned 5,950,000 common shares (representing a 13.0% ownership), at a cost of $451,073, in Altamura, a company related by virtue of a director and officer of the Company and a member of the Company's management collectively having significant influence in Altamura (Note 9).

During the nine months ended February 29, 2020, the Company sold 75,000 (2019 - Nil) common shares of a publicly traded company ("Pub Co.") resulting in a loss on sale of $1,290 (2019 - $Nil). As at February 29, 2020, the Company owned Nil (May 31, 2019 - 75,000) shares with a fair value of $Nil (May 31, 2019 - $16,875) The change in the market value of the shares resulted in the recording of other comprehensive gain of $2,625 for the nine-months ended February 29, 2020 (2019 - loss of $9,750). During the nine months ended February 29, 2020, the Company reclassified $1,280 (2019 - $Nil) from other comprehensive loss for the sale of marketable securities.

	Goldgroup		Altamura		BC Co.	
	Number	Amount	Number	Amount	Number	Amount
May 31, 2018	5,601,250	$ 448,100	5,950,000	$ -	375,000	$ 75,000
Fair value adjustment	-	(140,031)	-	-	-	-
May 31, 2019	5,601,250	$ 308,069	5,950,000	$ -	375,000	$ 75,000
Disposals	-	-	-	-	-	-
Fair value adjustment	-	(112,025)	-	-	-	-
Fair value reclassification	-	-	-	-	-	-
February 29, 2020	5,601,250	$ 196,044	5,950,000	$ -	375,000	$ 75,000

(Expressed in Canadian Dollars)

4. INVESTMENTS AND ADVANCES (cont'd…)

(a) Marketable Securities (cont'd…)

	Pub Co. Number	Pub Co. Amount	Total Amount
May 31, 2018	75,000	$ 25,500	$ 548,600
Fair value adjustment	-	(7,125)	(147,156)
May 31, 2019	75,000	$ 18,375	$ 401,444
Disposals	(75,000)	(22,280)	(22,280)
Fair value adjustment	-	2,625	(109,400)
Fair value reclassification	-	1,280	1,280
February 29, 2020	-	$ -	$ 271,044

(b) Equity Investment and Advances

During the nine months ended February 29, 2020, the Company advanced to and/or paid on behalf of Altamura $262,631 (2019 - $192,219), accrued interest owed of $70,197 (2019 - $Nil), and received $76,355 (2019 - $Nil) for total outstanding advances of $937,069 (May 31, 2019 - $680,596) (the "Advances"). The Advances bear interest of 12% and are due within 90 days of request by the Company.

The Company has entered into three agreements with Altamura dated effective September 27, 2018: (i) an option agreement (the "Altamura Option Agreement") pursuant to which the Company acquired a three year option (the "Option"), the exercise of which has been approved by the shareholders of the Company and the TSX-V, to acquire all of the equity in Altamura not already held by the Company, in consideration for 39,800,000 shares of the Company (Notes 9 and 13); (ii) a loan agreement (the "Altamura Loan Agreement") pursuant to which the Company agreed to lend up to US$600,000 to Altamura, inclusive of Advances to date, but exclusive of interest and management services, and (iii) an amended and restated share option agreement (the "Advances Conversion Agreement") pursuant to which, in the event that the Company does not exercise the Option, the Company may convert all Advances to Altamura into common shares of Altamura at a price of US$0.057 per share at any time within the first six months after the expiry of the Option. The Advances are secured by promissory notes.

As the conversion of the Advances into equity of Altamura would result in the Company holding an equity position in Altamura sufficient to give it significant influence, but not control, the investment in Altamura has been accounted for as an equity investment.

Altamura's main asset is its interests in the Santo Tomas Properties in Mexico (Note 6). As at February 29, 2020, the Company had recorded $29,000 in deferred acquisition costs for the potential acquisition of Altamura.

As at February 29, 2020, the Company has a receivable of $346,500 (May 31, 2019 - $346,500) in relation to management services provided to Altamura. During the nine months ended February 29, 2020, the Company and Altamura amended the Advances Conversion Agreement to include the management services fees in the amount that the Company may elect to convert into common shares of Altamura and the Loan Agreement, to increase the maximum amount of the loans to US$700,000 (Note 6).

(Expressed in Canadian Dollars)

4. INVESTMENTS AND ADVANCES (cont'd…)

(b) Equity Investment and Advances (cont'd…)

Information on the equity investment is as follows:

As at February 29, 2020, the Company's investment in Altamura, including dilution gains, less its share of Altamura's accumulated losses was $296,394 (May 31, 2019 - $312,347). The Company's share of Altamura's loss for the nine months ended February 29, 2020 was $15,953 (2019 - $56,638). The Company does not control operational decisions and the Company's judgment is that it has significant influence, but not control and accordingly equity accounting is appropriate.

As at February 29, 2020, Altamura's aggregate assets, aggregate liabilities and loss for the nine months then ended are as follows:

		Altamura
Aggregate assets	$	1,034,046
Aggregate liabilities		2,128,612
Loss for the nine months ended February 29, 2020		122,715
Eliminate intercompany losses		-
Adjusted loss for the nine months ended February 29, 2020		122,715
The Company's ownership percentage		13.0%
The Company's share of the loss	$	15,953

A reconciliation of the equity balance and advances is as follows:

		Altamura
Equity investment		
May 31, 2018	$	432,205
Additions		-
Loss for the year		(119,858)
May 31, 2019		312,347
Additions		-
Loss for the period		(15,953)
Total equity investment as at February 29, 2020	**$**	**296,394**
Advances		
May 31, 2018	$	289,403
Additions		350,572
Interest		40,621
May 31, 2019		680,596
Additions		262,631
Repayments		(76,355)
Interest		70,197
Total advances as at February 29, 2020	**$**	**937,069**
Management services accrued as at February 29, 2020 and May 31, 2019	**$**	**346,500**
Total equity investment, advances, and management services as at February 29, 2020	**$**	**1,579,963**
Total equity investment, advances, and management services as at May 31, 2019	$	1,339,443

(Expressed in Canadian Dollars)

5. CERRO PRIETO ROYALTY

Pursuant to the sale of the Company's interest in the Cerro Prieto Property to Goldgroup in fiscal 2013, Goldgroup agreed to pay to the Company a production royalty (the "Production Royalty") quarterly in arrears. The Production Royalty, payable for each month in which the monthly average of the daily PM London gold fix is in excess of US$1,250 per ounce, is calculated at the rate of 20% of the dollar value of that excess for each ounce of gold produced from the property during that month, to a maximum royalty of US$90 per ounce. This Production Royalty will be payable for each and every ounce of the greater of:

i) the first 90,000 ounces of gold produced from the Property; and
ii) all ounces of gold produced from the Property until the completion of five full years of commercial production, which period commenced on March 1, 2014.

During the nine months ended February 29, 2020, the Company accrued $595,182 (2019 - $270) in royalty revenue.

6. EXPLORATION AND EVALUATION ASSETS

	Santo Tomas Properties	Xochipala Property	Total
May 31, 2019	$ 1,036,926	$ 380,217	$ 1,417,143
Acquisition costs			
Cash	29,559	-	29,559
Shares issued	-	-	-
Other	202,459	-	202,459
	232,018	-	232,018
Deferred exploration expenditures			
Community relations	97,374	-	97,374
Fieldwork and supplies	444,284	-	444,284
Geologists	186,694	25,607	212,301
Lease payments, assessment fees and taxes	97,369	3,309	100,678
Travel	8,899	-	8,899
	834,620	28,916	863,536
February 29, 2020	$ 2,103,564	$ 409,133	$ 2,512,697

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

	Santo Tomas Properties	Xochipala Property	Total
May 31, 2018	$ 347,793	$ 333,754	$ 681,547
Acquisition costs			
Cash	-	-	-
Shares issued	-	-	-
	-	-	-
Deferred exploration expenditures			
Data, analysis, and models	235,549	-	235,549
Fieldwork	4,888	-	4,888
Geologists	376,354	39,992	416,346
Lease payments, assessment fees and taxes	56,097	6,471	62,568
Travel	16,245	-	16,245
	689,133	46,463	735,596
May 31, 2019	$ 1,036,926	$ 380,217	$ 1,417,143

(a) Xochipala Property Guerrero State, Mexico

The Xochipala Property, located in Guerrero State, Mexico, is comprised of the contiguous 100% owned Celia Gene and Celia Generosa concessions. Minera Xochipala acquired the Xochipala Property in 2007.

(b) Salvador Property, Guerrero State, Mexico

The Salvador Property is a mining concession 100% owned by Minera Xochipala.

(c) Santo Tomas Properties, Sinaloa State, Mexico

The Company holds a 77.5% interest in each of the Papago 17, La China II and AMP Santo Tomas Red 1 concessions (collectively, the "Santo Tomas Properties") which are contiguous to the concessions which cover the known core of the Santo Tomas mineralized structure (the "Core Concessions"). The Santo Tomas Properties were acquired for a total cash payment of $47,247 and the issuance of 2,000,000 common shares, valued at $240,000. All three concessions comprising the Santo Tomas Properties are subject to a 2% net smelter royalty ("NSR").

During the nine months ended February 29, 2020, the Company entered into a letter agreement for the acquisition of an 80% interest in the Rossy mineral concession, which is also contiguous to the Santo Tomas Properties. The Company acquired its interest in consideration for US$125,000, to be paid over two years, the issuance of 300,000 shares, and the grant to third parties of an aggregate 1.5% NSR. As at February 29, 2020, $29,559 had been recorded as acquisition costs.

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(c) Santo Tomas Properties, Sinaloa State, Mexico (cont'd…)

During the year ended May 31, 2019, the Company entered into a purchase agreement pursuant to which the Company acquired geological data, analysis and models related to the Santo Tomas Properties and the Core Properties in consideration for 500,000 common shares, valued at $137,500, and US$500,000, to be paid by way of three payments of US$50,000 each and a final payment of US$350,000. The second and third $50,000 payments and the $350,000 payment are contingent upon Xochipala Gold ("XG") obtaining registered title to the Core Concessions and are due over a period of no more than three years from that event.

Altamura's subsidiary, Xochipala Gold, S.A. de C.V. ("XG"), holds a registered 100% interest in the Core Concessions (Note 4). The registration of this interest had previously been impeded by a 2016 judgment (the "Judgment") from a claim by Aztec and its Mexican subsidiary, Prime Aztec Mexicana, S.A. de C.V. against Compania Minera Ruero, S.A. de C.V. ("CMR"), Fierce Investments Ltd. ("Fierce"), and Ruero International Ltd. ("Ruero"). The Judgment and a related annotation in the Mexican Public Registry of Mining (the "PRM") were nullified in 2019. On December 20, 2019, the transfer of the Core Concessions from Compania Minera Ruero, S.A. de C.V. ("CMR") to XG was registered in the PRM.

Altamura also holds an indirect 50% interest in CMR, the prior registered title holder of the Core Concessions, and an option to acquire, for US$16,000,000, all of the direct and indirect interest that the holder of the other 50% of CMR has in the Core Concessions, wherever that ownership interest resides (the "CMR Option"), subject to a 1% NSR (the "CMR Option NSR"), 0.5% of which may be bought back for US$2,000,000. Altamura's interest in the Core Concessions is subject to an NSR of 1.5%, in favour of ATM Mining Corp., a company owned by the spouse of the Company's president, Craig Dalziel, and an arm's-length third party (the "Altamura NSR"). 0.5% of the Altamura NSR will be cancelled if the CMR Option NSR is granted, with the result that the Core Concessions will, upon the buy-back of half of the CMR Option NSR, be subject to a maximum 1.5% NSR.

Altamura paid US$10,000 for an exclusive option (the "Aztec Share Option") to purchase 40,000,000 shares of Aztec (the "Aztec Shares") held by Fierce, being greater than 90% of the issued and outstanding shares of Aztec, at any time prior to April 10, 2022. The Aztec Shares constitute the primary consideration paid by Aztec in the transaction which was the basis of Aztec's claim that resulted in the Judgement. Aztec disputed Fierce's ownership of the Aztec Shares, which dispute was decided in favour of Fierce by the Superior Court of the State of Arizona. Pursuant to an assignment agreement dated September 3, 2019, the Company took an assignment of Altamura's rights under the Aztec Share Option in consideration for the reimbursement of Fierce's legal fees related to Fierce's legal action in Arizona, and of the consideration paid for the grant of the Aztec Share Option. On October 1, 2019, at a meeting of the shareholders of Aztec held pursuant to an order of the Superior Court of Arizona, Craig Dalziel, President and CEO of the Company, was elected as the sole director of Aztec. The Company exercised the Aztec Share Option on November 8, 2019, acquiring all of the Aztec Shares. As at February 29, 2020, $202,459 had been recorded as acquisition costs for the acquisition of Aztec.

6. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(c) Santo Tomas Properties, Sinaloa State, Mexico (cont'd…)

Altamura has certain contingency fee obligations (the "Contingency Fee Agreements") related to the Core Concessions as follows:

(i) US$600,000 payable within six months of title to the Core Concessions being registered to XG in the Mexican Public Registry of Mining; and

(ii) upon the direct or indirect sale, assignment or transfer of the Core Concessions in a transaction intended to be final disposition:

A. 10% of the sale price, to a maximum of $3,600,000, (inclusive of the first $600,000); and

B. 1.5% of the sale price, to a maximum of $4,100,000, of which up to $1,000,000 is payable to David Rose, an officer of the Company and shareholder of Altamura.

On January 15, 2020, one of the Contingency Fee Agreements was amended to extend the date the US$600,000 payment is due from within six months to within twelve months of the date title to the Core Concessions was registered to XG.

Altamura has entered into agreements pursuant to which it granted an aggregate 15% interest in the Core Concessions (the "Contractual Interest") in consideration for: i) assistance with resolving the legal challenges to XG's acquisition of registered title to the Core Concessions; ii) assistance with regard to the Company's assembly of a controlling interest in the Santo Tomas Properties, including; A) the assignment to the Company of majority interests in certain additional properties; and (B) the right to cause the assignment to the Company of majority interests in other additional properties; and (iii) technical and geological services. The Contractual Interest is subject to dilution down to an aggregate 10% on a pro-rata basis upon the funding of up to $30,000,000 of expenditures on the combined Core Concessions and the Santo Tomas Properties.

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Automotive equipment	Computer equipment	Leaseholds	Office furniture	Total
Cost					
May 31, 2018	$ 15,948	$ 23,110	$ 10,017	$ 3,070	$ 52,145
Additions	-	-	-	-	-
May 31, 2019	15,948	23,110	10,017	3,070	52,145
Additions	-	-	-	-	-
February 29, 2020	$ 15,948	$ 23,110	$ 10,017	$ 3,070	$ 52,145
Depreciation					
May 31, 2018	$ 11,445	$ 22,293	$ 8,807	$ 2,749	$ 45,294
Charge for the year	450	245	242	64	1,001
May 31, 2019	11,895	22,538	9,049	2,813	46,295
Charge for the period	304	128	145	40	617
February 29, 2020	$ 12,199	$ 22,666	$ 9,194	$ 2,853	$ 46,912
Net book value					
May 31, 2019	$ 4,053	$ 572	$ 968	$ 257	$ 5,850
February 29, 2020	$ 3,749	$ 444	$ 823	$ 217	$ 5,233

The Company rents office space under an operating lease, included in office and general, with monthly payments of $6,100.

8. SHARE CAPITAL AND RESERVES

Authorized

An unlimited number of common shares without par value.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

Issued share capital

During the nine months ended February 29, 2020, the Company issued:

i. 3,000,000 units at a price of $0.45 per unit by way of a private placement for total proceeds of $1,350,000, with each unit consisting of one common share and one-half of one share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.70 per common share, for a period of 24 months from the date of issue. The Company paid a total of $9,149 in cash for fees and issued 19,200 finder's warrants. Each finders' warrant entitles the holder to purchase one common share at a price of $0.45 per common share, for a period of two years from the date of issue. The finder's warrants were valued at $4,380, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk free interest rate of 1.34%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 105%;
ii. 4,125,000 common shares, pursuant to the exercise of warrants, for proceeds of $688,000; and
iii. 400,000 common shares, pursuant to the exercise of options, for proceeds of $80,000.

During the nine months ended February 28, 2019, the Company issued:

i. 3,750,000 units at a price of $0.20 per unit by way of a private placement for total proceeds of $750,000, with each unit consisting of one common share and one-half of one share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.32 per common share, for a period of 18 months from the date of issue. The Company paid a total of $18,223 in cash for fees;
ii. 500,000 common shares, valued at $137,500, pursuant to the purchase agreement in which the Company received technical and geological services related to the Santo Tomas Properties (Note 6(c)); and
iii. 250,000 common shares, pursuant to the exercise of warrants, for proceeds of $40,000.

Share subscriptions received in advance

During the nine months ended February 29, 2020, the Company received $234,000 (2019 - $Nil) for share subscription agreements that were completed subsequent to year end (Note 13).

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, outstanding as at May 31, 2018	4,500,000	$ 0.16
Issued	3,475,000	0.36
Exercised	(445,000)	0.17
Balance, outstanding as at May 31, 2019	7,530,000	0.25
Issued	1,519,200	0.70
Exercised	(4,125,000)	0.16
Balance, outstanding as at February 29, 2020	4,924,200	$ 0.46

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

Warrants (cont'd…)

Warrants outstanding as at February 29, 2020 are as follows:

Number of warrants	Exercise price	Weighted average remaining life (years)	Expiry date
1,805,000	$ 0.32	0.18	May 3, 2020
1,600,000	0.40	0.63	October 17, 2020
1,000,000	0.70	1.44	August 6, 2021
19,200	0.45	1.44	August 6, 2021
500,000	0.70	1.56	September 19, 2021
4,924,200			

Stock options

The Company has a rolling stock option plan, whereby from time to time, at the direction of the Board of Directors, stock options may be granted to employees, consultants, directors and officers. The number of shares reserved for issuance under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant. Options may be granted for a maximum of five years and vesting is determined by the Board of Directors.

During the nine months ended February 29, 2020, a total of 450,000 (2019 - 2,550,000) stock options were granted to certain officers, directors, and consultants of the Company with a fair value of $142,411 (2019 - $450,028) using the Black-Scholes option pricing model. During the nine months ended February 29, 2020, the Company recognized $341,123 (2019 - $331,103) as share-based payment for the fair value of the stock options.

The fair value of options granted was estimated on the grant date using the Black-Scholes option pricing model with weighted average assumptions as follows:

	For the nine months ended February 29, 2020	For the nine months ended February 28, 2019
Risk-free interest rate	1.37%	2.15%
Expected option life in years	3.0	3.0
Expected stock price volatility	118%	141%
Expected forfeiture rate	0%	0%

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options (cont'd…)

Option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, outstanding as at May 31, 2018	4,700,000	$ 0.08
Granted	3,700,000	0.33
Exercised	(500,000)	0.08
Balance, outstanding as at May 31, 2019	7,900,000	0.19
Granted	450,000	0.53
Exercised	(400,000)	0.20
Forfeited	(650,000)	0.14
Balance, outstanding as at February 29, 2020	7,300,000	$ 0.22
Balance, exercisable as at February 29, 2020	6,775,000	$ 0.19

Options outstanding as at February 29, 2020 are as follows:

Number of options	Number of exercisable options	Exercise price	Weighted average remaining life (years)	Expiry date
3,250,000	3,250,000	$ 0.075	0.45	August 11, 2020
150,000	150,000	0.075	0.55	September 18, 2020
500,000	500,000	0.075	0.55	September 18, 2020
1,500,000	1,500,000	0.225	1.65	October 24, 2021
300,000	300,000	0.250	1.90	January 24, 2022
100,000	100,000	0.350	2.17	May 1, 2022
750,000	375,000	0.600	2.21	May 17, 2022
300,000	200,000	0.550	2.24	May 28, 2022
100,000	50,000	0.550	2.29	June 14, 2022
150,000	150,000	0.500	2.42	August 1, 2022
100,000	100,000	0.550	2.48	August 22, 2022
100,000	100,000	0.550	2.52	September 4, 2022
7,300,000	6,775,000			

Reserves

As at February 29, 2020, the Company had a Stock Option and Warrant Reserve balance of $3,084,595 (May 31, 2019 - $2,802,831) consisting of warrant valuations associated with warrants issued in connection with various private placements and share-based compensation associated with stock option grants to employees, consultants, directors and officers.

As at February 29, 2020, the Company had an Other Comprehensive Loss balance of $152,245 (May 31, 2019 - $44,125).

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

The Company considers key management personnel to consist of directors and officers. The following expenses were incurred with key management personnel:

	For the nine months ended February 29, 2020	For the nine months ended February 28, 2019
Management and director fees	$ 188,000	$ 203,500
Consulting	18,000	16,200
Professional fees	76,500	76,500
Share-based payment	2,947	-
Total	$ 285,447	$ 296,200

As at February 29, 2020 included in accounts payable and accrued liabilities was $283,204 (May 31, 2019 - $254,937) owing to officers and directors. The amounts owing are unsecured, non-interest bearing and have no fixed repayment terms.

During the year ended May 31, 2019, the Company entered into the Altamura Option Agreement (Notes 4 and 6), the Altamura Loan Agreement and the Advances Conversion Agreement with Altamura, which is a related party by virtue of a company controlled by the spouse of a director and an officer of the Company, a company controlled by family members of a director and officer of the Company and a member of the Company's management being significant shareholders of Altamura (Note 4).

Pursuant to the terms of the Altamura Option Agreement, in the event the Company exercises the Option, the Company will issue 39,800,000 shares to the shareholders of Altamura (Note 13). 8,302,000 shares will be issued to a company controlled by the spouse of a director and officer of the Company, 9,506,000 shares will be issued to a company controlled by family members of a director and officer of the Company and 8,302,000 shares will be issued to an officer of the Company.

(Expressed in Canadian Dollars)

10. SUPPLEMENTAL CASH FLOW INFORMATION

	For the nine months ended February 29, 2020	For the nine months ended February 28, 2019
Interest paid	$ -	$ -
Taxes paid	-	-
Non-cash transactions not included in investing or financing activities		
Exploration and evaluation assets included in accounts payable	$ 23,489	$ 73,289
Deferred acquisition costs allocated to exploration and evaluation assets	29,559	-
Advances to associated company allocated to exploration and evaluation assets	76,355	-
Deferred financing fees included in accounts payable	6,064	-
Allocation of fair value of options exercised	63,739	-
Finder's warrants issued included in share issue costs	4,380	-
Shares issued for exploration and evaluation assets	-	137,500
Unrealized loss on fair value of marketable securities	109,400	145,156
Reclassification on sale of marketable securities	1,280	-

11. SEGMENTED INFORMATION

The Company operates in one segment being the acquisition and exploration of exploration and evaluation assets located in Mexico. Geographic information is as follows:

As at February 29, 2020

	Canada	Mexico	Total
Equipment	$ 1,484	$ 3,749	$ 5,233
Exploration and evaluation assets	-	2,512,697	2,512,697
Other assets	2,719,762	3,068	2,722,830
Total assets	$ 2,721,246	$ 2,519,514	$ 5,240,760

As at May 31, 2019

	Canada	Mexico	Total
Equipment	$ 1,797	$ 4,053	$ 5,850
Exploration and evaluation assets	-	1,417,143	1,417,143
Other assets	2,291,958	17,157	2,309,115
Total assets	$ 2,293,755	$ 1,438,353	$ 3,732,108

12. FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity. There has been no significant change in the Company's objectives, policies and processes for managing its capital during the nine months ended February 29, 2020.

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 the capital structure, the Company may attempt to issue new shares. The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

Fair value hierarchy

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.

Management of Industry Risk

The Company is engaged in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing as well as changes in foreign government policy. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations; however, it is not possible to be certain that all aspects of environmental issues affecting the Company, if any, have been fully determined or resolved.

Management of Financial Risk

The carrying value of cash, receivables, and trade payables and accrued liabilities approximated their fair value because of the short-term nature of these instruments. Cash is measured at a level 1 of the fair value hierarchy. The Goldgroup and Pub Co. shares recorded in marketable securities are measured at a level 1 of the fair value hierarchy and the BC Co. shares recorded in marketable securities are measured using level 3 of the fair value hierarchy. Investments classified within level 3 have significant unobservable inputs. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. The investments are based on cost at time of acquisition.

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, and market risk.

12. FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT (cont'd…)

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. The Company's primary exposure to credit risk is on its bank accounts. The bank accounts are mainly held with a major Canadian bank and this minimizes the risk to the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. The Company monitors its ability to meet its short-term expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company is exposed to liquidity risk.

Foreign Exchange Risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations, which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and foreign currencies. The Company does not invest in derivatives to mitigate these risks. The effect of a 1% change in the foreign exchange rate on the cash held in foreign currencies at February 29, 2020 is nominal.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

13. SUBSEQUENT EVENTS

Subsequent to February 29, 2020, the Company:

i. had 2,400,000 stock options forfeited;
ii. granted 300,000 stock options, exercisable at a price of $0.25 per common share for a period of three years;
iii. extended the expiry date of 1,805,000 warrants from May 3, 2020 to August 3, 2020;
iv. issued 2,500,000 units at a price of $0.30 per unit for total proceeds of $750,000. Each unit is comprised of one common share and one-half of one common share purchase warrant, exercisable at a price of $0.42 per common share, for a period of two years from the date of issue, and issued 24,800 finder's fee warrants with the same terms and conditions as the unit warrants; and
v. exercised its option to acquire 100% ownership in Altamura and issued 39,800,000 common shares to the shareholders of Altamura pursuant to the terms of the Altamura Option Agreement (Note 4(b)).