



**STUHINI EXPLORATION LTD.
FINANCIAL STATEMENTS
(expressed in Canadian Dollars)
FOR THE THREE MONTHS
ENDED MAY 31, 2020 AND 2019**

**NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MAY 31, 2020 & 2019**

The accompanying unaudited condensed interim financial statements of Stuhini Exploration Ltd. (the “Company”) for the three months ended May 31, 2020 and 2019, have been prepared by, and are the responsibility of, the Company’s management.

The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim statements by an entity’s auditor. These unaudited condensed interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

STUHINI EXPLORATION LTD.
STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)
 (Expressed in Canadian Dollars)



As at	Note	May 31, 2020	February 29, 2020
ASSETS			
Current			
Cash		\$ 581,961	\$ 957,103
GST receivable		36,759	22,220
Prepaid expenses		8,391	9,455
Prepaid exploration costs	3	69,728	-
Total current		696,839	988,778
Exploration and evaluation assets	3	931,822	668,329
Reclamation bond	3	42,000	42,000
Property, plant, and equipment	4	644	841
Total assets		\$ 1,671,305	\$ 1,699,948
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable		\$ 13,779	\$ 7,272
Accrued liabilities		14,743	25,866
Due to related parties	7	59,956	48,841
Flow-through share premium liability	6	19,856	35,000
Total liabilities		108,334	116,979
Shareholders' equity			
Share capital	5	2,144,484	2,116,484
Reserves	5	181,765	124,556
Deficit		(763,278)	(658,071)
Total shareholders' equity		1,562,971	1,582,969
Total liabilities and shareholders' equity		\$ 1,671,305	\$ 1,699,948

Nature and continuance of operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on July 27, 2020:

"David O'Brien"
 David O'Brien,
 Director

"Josef Anthony Fogarassy"
 Josef Anthony Fogarassy,
 Director

STUHINI EXPLORATION LTD.
STATEMENTS OF NET AND COMPREHENSIVE LOSS
(UNAUDITED)
(Expressed in Canadian Dollars)



		Three months ended	
		May 31,	
	Note	2020	2019
Expenses:			
Advertising and promotion		\$ 22,135	\$ 8,674
Amortization	4	197	105
Consulting fees	7	8,931	1,454
Office expenses		2,151	1,861
Project investigation costs		9,000	710
Professional fees	7	14,718	15,589
Regulatory fees		11,047	4,493
Share-based compensation	5,7	50,686	2,401
Travel, meals, and entertainment		756	4,069
Operating expenses		(119,621)	(39,356)
Other items			
Reversal of flow-through share premium	6	15,144	-
Interest expense		-	(1,724)
Part XII.6 tax	6	(730)	-
Net and comprehensive loss		\$ (105,207)	\$ (41,080)
Loss per share, basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding; basic and diluted		14,919,201	6,143,804

STUHINI EXPLORATION LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)
 (Expressed in Canadian Dollars)



	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance, February 28, 2019	5,700,000	\$ 460,000	\$ 37,654	\$ (226,584)	\$ 271,070
Initial public offering	4,083,000	816,600	-	-	816,600
Share issuance costs	-	(164,152)	24,412	-	(139,740)
Share-based compensation	-	-	2,401	-	2,401
Net and comprehensive loss for the period	-	-	-	(41,080)	(41,080)
Balance, May 31, 2019	9,783,000	1,112,448	64,467	(267,664)	909,251
Private placements	3,900,000	808,000	-	-	808,000
Share issuance costs	-	(75,612)	-	-	(75,612)
Flow-through share premium	-	(35,000)	-	-	(35,000)
Shares issued on exercise of options	410,000	58,648	(17,648)	-	41,000
Shares issued for property	800,000	248,000	-	-	248,000
Share-based compensation	-	-	77,737	-	77,737
Net and comprehensive loss for the period	-	-	-	(390,407)	(390,407)
Balance, February 29, 2020	14,893,000	2,116,484	124,556	(658,071)	1,582,969
Shares issued for property	200,000	28,000	-	-	28,000
Share-based compensation	-	-	57,209	-	57,209
Net and comprehensive loss for the period	-	-	-	(105,207)	(105,207)
Balance, May 31, 2020	15,093,000	\$ 2,144,484	\$ 181,765	\$ (763,278)	\$ 1,562,971

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

STUHINI EXPLORATION LTD.
STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Expressed in Canadian Dollars)



	Three months ended May 31,	
	2020	2019
Cash flows generated by/(used in) operating activities		
Loss for the year	\$ (105,207)	\$ (41,080)
Items not affecting cash used in operations		
Amortization	197	105
Accrued interest	-	1,724
Reversal of flow-through share premium	(15,144)	-
Options granted for services	6,523	-
Share-based compensation	50,686	2,401
Changes in non-cash working capital items		
GST receivable	(14,539)	(3,262)
Prepaid expenses	1,064	19,221
Prepaid exploration costs	(69,728)	-
Accounts payable	6,507	30,740
Accrued liabilities	(11,123)	18,614
Net cash generated by/(used in) operating activities	(150,764)	28,463
Cash flows generated by/(used in) investing activities		
Exploration and evaluation assets	(235,493)	12,357
Net cash generated by/(used in) investing activities	(235,493)	12,357
Cash flows provided by financing activities		
Issuance of common shares for cash, net of issuance costs	-	676,860
Due to related parties	11,115	11,596
Net cash provided by financing activities	11,115	688,456
Increase (decrease) in cash	(375,142)	729,276
Cash, beginning	957,103	14,163
Cash, ending	\$ 581,961	\$ 743,439
Non-cash transactions:		
Shares issued for property	\$ 28,000	\$ -

1. NATURE AND CONTINUANCE OF OPERATIONS

Stuhini Exploration Ltd. (the “Company”), was incorporated under the *Business Corporations Act* (British Columbia) on July 7, 2017. The Company is focused on acquisition, exploration, and development of mineral properties in the Province of British Columbia and the Yukon Territories, Canada. Effective May 23, 2019, the Company’s shares (“Common Shares”) began trading on the TSX Venture Exchange under the symbol “STU”.

The Company’s head office and registered office address is 1245 Broadway W., Unit 105, Vancouver, BC V6H 1G7.

These condensed interim financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company’s ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These condensed interim financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern. These adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

a) Statement of Compliance and Basis of Presentation

These unaudited condensed interim financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards (“IFRS”) IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The unaudited condensed interim financial statements, prepared in conformity with accounting policies consistent with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual financial statements. Since the unaudited condensed interim financial statements do not include all disclosures required by the IFRS for annual financial statements, they should be read in conjunction with the Company’s audited annual financial statements for the reporting period ended February 29, 2020.

b) Basis of Measurement and Use of Estimates

The unaudited condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs except for cash flow information. All amounts are expressed in Canadian dollars, the Company’s functional and reporting currency.

The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

c) Accounting standards issued but not yet effective

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company’s unaudited condensed interim financial statements. The Company intends to adopt the standards when they become effective. The Company has not yet determined the impact of these standards on its financial statements but does not anticipate that the impact will be significant.

3. EXPLORATION AND EVALUATION ASSETS

As of May 31, 2020, the Company's interest in exploration and evaluation assets consisted of the Metla, the Ruby Creek, and the Que Properties. The costs incurred on the Company's exploration and evaluation properties are summarized as follows:

	Metla Property	Ruby Creek Property	Que Property	Total
Total exploration and evaluation assets, February 29, 2020	\$ 409,134	\$ 259,195	\$ -	\$ 668,329
Option payments	-	-	28,000	28,000
Mineral tenure/lease payments	-	52,824	-	52,824
Sub-total, acquisition costs	-	52,824	28,000	80,824
Deferred exploration costs:				
Assaying	-	-	1,890	1,890
Camp and travel	-	96	-	96
Equipment use / rental	-	4,336	1,470	5,806
Geology	-	73,277	101,600	174,877
Sub-total, deferred exploration costs	-	77,709	104,960	182,669
Exploration tax credit	-	-	-	-
Total exploration and evaluation assets, May 31, 2020	\$ 409,134	\$ 389,728	\$ 132,960	\$ 931,822

	Metla Property	Ruby Creek Property	Que Property	Total
Total exploration and evaluation assets, February 28, 2019	\$ 395,064	\$ -	\$ -	\$ 395,064
Option payments	-	248,000	-	248,000
Mineral tenure/lease payments	255	8,085	-	8,340
Sub-total, acquisition costs	255	256,085	-	256,340
Deferred exploration costs:				
Assaying	7,878	-	-	7,878
Camp and travel	35,041	-	-	35,041
Equipment use / rental	300	-	-	300
Geology	23,603	3,110	-	26,713
Sub-total, deferred exploration costs	66,822	3,110	-	69,932
Exploration tax credit	(53,007)	-	-	(53,007)
Total exploration and evaluation assets, February 29, 2020	\$ 409,134	\$ 259,195	\$ -	\$ 668,329

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Metla Property

On July 7, 2017, the Company entered into a purchase and sale agreement (the "Agreement") with Barry Hanslit, a major shareholder of the Company, whereby the Company issued 883,333 Common Shares, with a fair value of \$53,000, in exchange for title to the Metla Creek Claims (the "Metla Property"). The Metla Property consists of 7 contiguous mineral claims, located approximately 150 km south of the town of Atlin, BC. In connection with the Metla Property, the Company was required to purchase a \$42,000 reclamation bond.

Ruby Creek Property

On July 30, 2019, the Company entered into an option agreement (the "Ruby Creek Option Agreement") with Global Drilling Solutions Inc. ("Global Drilling"), a private BC Company wholly owned by Mr. Hanslit, whereby the Company was granted a right to acquire a 100% interest in Global Drilling's Ruby Creek Property (the "Ruby Creek Option"). The Ruby Creek Option Agreement was conditional on first, the approval by the disinterested shareholders of the Company, which was received at the Company's November 28, 2019, Annual General Meeting, and subsequently, by the TSX Venture Exchange, which was received on December 31, 2019. The Ruby Creek Property consists of 49 contiguous mineral claims of which one is a mining lease, located within the Atlin Mining Division, approximately 24 km east of Atlin.

Based on the Ruby Creek Option Agreement, to fully exercise its Ruby Creek Option, the Company is required to issue a total of 7,300,000 of the Company's Common Shares and make cash payments for a total of \$1,060,000 over a four-year term, as detailed in the table below. Upon exercise of the Ruby Creek Option, Global Drilling would be entitled to a 1% net smelter returns royalty on the Ruby Creek Property.

Date	Shares	Cash Payments
December 31, 2019 (shares issued)	800,000	\$ -
On or before December 31, 2020	1,250,000	-
On or before December 31, 2021	1,750,000	120,000
On or before December 31, 2022	1,750,000	300,000
On or before December 31, 2023	1,750,000	640,000
Total	7,300,000	\$ 1,060,000

During the three-month period ended May 31, 2020, the Company paid \$52,824 in annual lease payments for the Ruby Creek Property and spent \$77,709 in deferred exploration costs associated with preliminary soil sampling and an airborne geophysical survey which was completed in June 2020.

Que Property

On February 17, 2020, the Company entered into an option agreement (the "Que Option Agreement"), whereby the Company was granted a right to acquire a 100% interest in the Que Property (the "Que Option") located in the south-central Yukon Territories. The Que Option Agreement was amended and restated with the vendors on February 28, 2020.

The Que Option Agreement, as amended and restated, was conditional on approval by the TSX Venture Exchange, which was received on April 1, 2020. The Que Property consists of 108 mineral claims and is 2,246 hectares in size. The Company staked an additional 1,996 hectares bringing the entire claims package to approximately 4,243 hectares.

Based on the Que Option Agreement, to fully exercise its Que Option, the Company is required to issue a total of 2,950,000 of the Company's Common Shares and make cash payments for a total of \$380,000 over a four-year term,

3. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Que Property (Continued)

as detailed in the table below. Upon exercise of the Que Option, the Que vendors would jointly be entitled to a total of a 1% net smelter returns royalty on the Que Property.

Date	Shares	Cash Payments
April 1, 2020 (shares issued)	200,000	\$ -
On or before April 1, 2021	300,000	-
On or before April 1, 2022	450,000	-
On or before April 1, 2023	500,000	140,000
On or before April 1, 2024	1,500,000	240,000
Total	2,950,000	\$ 380,000

During the three-month period ended May 31, 2020, the Company spent \$104,960 associated with an airborne geophysical program on selected portions of the Que Property.

Prepaid Exploration Costs

During the three-month period ended May 31, 2020, the Company made a \$69,728 deposit for a portion of the geophysical program that continued into the second quarter of its fiscal 2021.

4. PROPERTY, PLANT AND EQUIPMENT

A continuity of the Company's equipment is as follows:

	Office Equipment		Total
Cost			
Balance, May 31, 2020 and February 29, 2020	\$	1,935	\$ 1,935
Accumulated Amortization			
Balance, February 28, 2019	\$	399	\$ 399
Additions		695	695
Balance, February 29, 2020		1,094	1,094
Additions		197	197
Balance, May 31, 2020	\$	1,291	\$ 1,291
As at February 29, 2020	\$	841	\$ 841
As at May 31, 2020	\$	644	\$ 644

5. SHARE CAPITAL

Authorized share capital

- Unlimited number of Common Shares without par value.

Share issuances during the three-month period ended May 31, 2020

On April 1, 2020, pursuant to its Que Option Agreement the Company issued 200,000 Common Shares at a deemed price of \$0.14 per Common Share to the vendors of the Que Property (Note 3).

Stock purchase options

The Company has adopted a Rolling Stock Option Plan (the “Plan”) pursuant to which options may be granted to directors, officers, employees, and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding Common Shares at the time of the grant. Options granted under the Plan, including vesting and the term, are determined by, and at the discretion of, the Board of Directors.

Stock purchase options (Continued)

On August 6, 2019, the Company granted options to acquire up to 600,000 Common Shares to its officers, directors, and consultants. These options vest quarterly in equal amounts starting on November 6, 2019, over a 12-month period from the date of grant and expire on August 6, 2024. During the three-month period ended May 31, 2020, the Company recognized \$38,885 as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 6).

The following assumptions were used to estimate the weighted average fair values for the options granted to the Company’s officers and directors:

	August 6, 2019
Expected Life of the Options	5 years
Average Risk-Free Interest Rate	1.21%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	100%
Weighted Average Grant Date Fair Value	\$0.15

The following assumptions were used to estimate the weighted average fair values for the options granted to the Company’s consultants:

	May 31, 2020	February 29, 2020
Expected Life of the Options	5 years	5 years
Average Risk-Free Interest Rate	1.36% - 1.59%	1.07% - 1.39%
Expected Dividend Yield	Nil	Nil
Average Expected Stock Price Volatility	100%	100%
Weighted Average Grant Date Fair Value	\$0.19	\$0.16

On February 28, 2020, the Company granted options to acquire up to 425,000 Common Shares to its officers, directors, and consultants. These options vest quarterly in equal amounts starting on May 28, 2020, over a 12-month period from the date of grant and expire on February 28, 2025. During the year ended February 29, 2020, the Company recognized \$390 as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model (Note 7).

5. SHARE CAPITAL (CONTINUED)

Stock purchase options (Continued)

The following assumptions were used to estimate the weighted average fair values for the options granted to the Company's officers and directors:

	February 28, 2020
Expected Life of the Options	5 years
Average Risk-Free Interest Rate	1.07%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	100%
Weighted Average Grant Date Fair Value	\$0.16

The following assumptions were used to estimate the weighted average fair values for the options granted to the Company's consultants:

	May 31, 2020	February 29, 2020
Expected Life of the Options	5 years	5 years
Average Risk-Free Interest Rate	1.36% - 1.46%	1.07%
Expected Dividend Yield	Nil	Nil
Average Expected Stock Price Volatility	100%	100%
Weighted Average Grant Date Fair Value	\$0.30	\$0.16

On May 15, 2020, the Company granted an option to acquire up to 50,000 Common Shares to its consultant for investor relations services. These options vested upon grant, and are exercisable for a period of two years at \$0.25 per Common Share. At May 31, 2020, the Company recognized \$6,523 as share-based compensation associated with these options, which was determined using the Black-Scholes option pricing model, using the following assumptions:

	May 15, 2020
Expected Life of the Option	2 years
Average Risk-Free Interest Rate	0.28%
Expected Dividend Yield	Nil
Average Expected Stock Price Volatility	100%
Grant Date Fair Value	\$0.25

A continuity of options for the three months ended May 31, 2020, and for the year ended February 29, 2020 are as follows:

	Three months ended May 31, 2020		Year ended February 29, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning	1,405,000	\$0.22	890,000	\$0.14
Granted	50,000	\$0.25	1,025,000	\$0.22
Exercised	-	-	(410,000)	\$0.10
Expired	-	-	(80,000)	\$0.10
Forfeited	-	-	(20,000)	\$0.20
Options outstanding, ending	1,455,000	\$0.22	1,405,000	\$0.22
Options exercisable, ending	986,250	\$0.21	680,000	\$0.20

5. SHARE CAPITAL (CONTINUED)

Stock purchase options (Continued)

The options outstanding and exercisable at May 31, 2020, are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life	Expiry Date
380,000	380,000	\$ 0.20	0.97	May 21, 2021
600,000	450,000	\$ 0.20	4.19	August 6, 2024
425,000	106,250	\$ 0.25	4.75	February 28, 2025
50,000	50,000	\$ 0.25	1.96	May 15, 2022
1,455,000	986,250		3.49	

6. FLOW-THROUGH SHARE PREMIUM LIABILITY

	May 31, 2020
Balance, February 29, 2020	\$ 35,000
Reversal recognized upon expenditures being incurred	(15,144)
Balance, May 31, 2020	\$ 19,856

On December 20, 2019, the Company closed its non-brokered private placement financing by issuing 1,400,000 flow-through Common Shares (the "Flow-through Shares") at a price of \$0.22 per Flow-through Share for aggregate gross proceeds of \$308,000 (the "Flow-through Financing"). The premium received on the shares issued was determined to be \$35,000 and was recorded as a share capital reduction. An equivalent premium liability was recorded and is being reduced as and when the qualified exploration expenditures occur. During the three-month period ended May 31, 2020, the Company recorded \$15,144 in income that resulted from the flow-through share premium, and \$730 in Part XII.6 taxes associated with the renunciation of the exploration expenditures under the look-back rule. The Company did not have similar transactions during the three-month period ended May 31, 2019.

7. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel are those having authority and directors (executive and non-executive) of the Company.

The Company incurred the following transactions with related parties, including key management personnel:

	May 31, 2020	February 29, 2020
Consulting fees paid or accrued to the Company's CEO	\$ 6,000	\$ -
Accounting fees paid or accrued to the Company's CFO	\$ 2,000	\$ 1,500
Consulting fees paid to the Company's Corporate Secretary	\$ 2,931	\$ -
Project management fees paid or accrued to an entity controlled by the common-law spouse of the Company's major shareholder	\$ 6,000	\$ 710
Share-based compensation for options granted to directors and officers	\$ 36,583	\$ 1,705

8. FINANCIAL INSTRUMENTS AND RISKS

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company has classified its cash as measured at fair value in the statements of financial position using level 1 inputs. Accounts payable and amounts due to related parties are classified as other liabilities, and their fair values approximate their carrying values due to the short terms to maturity.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, which is held with a high-credit quality financial institution and amounts receivable from the Government of Canada. As such, the Company's credit risk exposure is minimal.

Market risk:

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

i. Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal interest rate risk as it has no interest accumulating financial assets that may become susceptible to interest rate fluctuations.

ii. Currency risk:

Foreign 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. The Company has minimal financial risk arising from fluctuations in foreign exchange rates as the Company does not own foreign currency denominated financial assets or liabilities.

iii. Equity price risk:

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is not exposed to equity price risk as it has no investments in marketable equity securities.

Liquidity risk:

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. As at May 31, 2020, the Company had cash of \$581,961 to settle current financial liabilities of \$108,334. The Company will need to source funds from either loans or private placements to meet other obligations as they arise.