



TRILLIUM GOLD™

**Trillium Gold Mines Inc.
(Formerly Confederation Minerals Ltd.)
Consolidated Financial Statements**

Year Ended June 30, 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Trillium Gold Mines Inc. (formerly Confederation Minerals Ltd.)

Opinion

We have audited the accompanying consolidated financial statements of Trillium Gold Mines Inc. (formerly Confederation Minerals Ltd.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has a working capital as at June 30, 2020 of \$999,245 and an accumulated deficit of \$27,820,857. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

September 3, 2020

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	June 30, 2020	June 30, 2019
		\$	\$
ASSETS			
Current assets			
Cash		1,831,921	435,294
Receivables	5	21,827	6,333
Prepaid expenses		5,133	3,900
Total current assets		1,858,881	445,527
Non-current assets			
Exploration and evaluation assets	6 & 7	4,408,002	1,115,699
Total assets		6,266,883	1,561,226
LIABILITIES			
Current liabilities			
Payables and accruals	8 & 12	746,461	590,040
Due to shareholders	12	28,500	-
Loans payable	9	84,675	84,675
Total liabilities		859,636	674,715
SHAREHOLDERS' EQUITY			
Equity attributable to shareholders			
Share capital	11	27,695,650	24,144,725
Shares to be issued	6	1,608,750	-
Reserves	11	3,923,704	2,955,549
Accumulated deficit		(27,820,857)	(26,213,763)
Total shareholders' equity		5,407,247	886,511
Total liabilities and shareholders' equity		6,266,883	1,561,226

Nature and Continuance of Operations (note 1)

Subsequent Events (note 18)

These consolidated financial statements are authorized for issue by the Board of Directors on September 3, 2020. They are signed on the Company's behalf by:

On behalf of the Board:

“Robert Kang” Director “David Velisek” Director
Robert Kang David Velisek

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

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the Year Ended June 30,	Notes	2020	2019
		\$	\$
Expenses			
Bank charges and interest		573	145
Consulting and management fees	12	322,000	351,000
Exploration and evaluation expenditures	7	102,554	22,080
Filing fees		44,822	16,024
Insurance		7,175	11,143
Meals and entertainment		9,585	15,651
Management fees		56,500	-
Office expenses		27,359	25,632
Professional fees		139,659	53,900
Project investigation		908	468
Share-based payments	11	873,580	-
Shareholder information		66,025	3,139
Transfer agent fees		9,650	5,809
Travel and accommodation		11,537	3,877
		(1,671,927)	(508,868)
Interest income		3,558	6,072
Gain on debt settlement	12	61,275	-
Loss for the year		(1,607,094)	(502,796)
Total comprehensive loss for the year		(1,607,094)	(502,796)

Loss per share (note 13)

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

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the Year Ended June 30,	2020	2019
	\$	\$
Cash provided by (used in):		
Operating activities:		
Loss for the year	(1,607,094)	(502,796)
Items not involving cash:		
Gain on debt settlement	61,275	-
Interest income	(3,558)	(6,072)
Share-based payments	873,580	-
Changes in non-cash working capital:		
Receivables	(12,269)	46,541
Prepaid expenses	(1,233)	(81)
Payables and accruals	79,636	301,198
	(609,663)	(161,210)
Investing activities:		
Acquisition of Canadian Shield	613	5,678
Transaction costs	(22,631)	(6,701)
Exploration and evaluation assets	(12,000)	-
Interest received	3,558	6,072
	(30,460)	5,049
Financing activities:		
Proceeds from shares issued	2,100,000	-
Share issuance costs	(63,250)	-
	2,036,750	-
Net change in cash	1,396,627	(156,161)
Cash, beginning of year	435,294	591,455
Cash, end of year	1,831,921	435,294

Supplemental disclosure with respect to cash flows (note 15)

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

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital					Total Shareholders' Equity
	Number of Shares	Amount	Shares to be issued	Reserves	Deficit	
		\$	\$	\$	\$	
Balance - June 30, 2018	6,813,489	23,109,725	-	2,955,549	(25,710,967)	354,307
Share issuance for property acquisition	2,250,000	1,035,000	-	-	-	1,035,000
Loss for the year	-	-	-	-	(502,796)	(502,796)
Balance - June 30, 2019	9,063,489	24,144,725	-	2,955,549	(26,213,763)	886,511
Share issuance for property acquisition	3,250,000	1,608,750	-	-	-	1,608,750
Private placement	8,566,667	2,100,000	-	-	-	2,100,000
Issued to finders	42,291	10,150	-	-	-	10,150
Shares to be issued for property acquisition	-	-	1,608,750	-	-	1,608,750
Share issuance costs	-	(167,975)	-	94,575	-	(73,400)
Share-based payments	-	-	-	873,580	-	873,580
Loss for the year	-	-	-	-	(1,607,094)	(1,607,094)
Balance - June 30, 2020	20,922,447	27,695,650	1,608,750	3,923,704	(27,820,857)	5,407,247

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

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Trillium Gold Mines Inc. (formerly Confederation Minerals Ltd; the “Company” or “Trillium”) was incorporated on November 3, 2005 under the Business Corporations Act (British Columbia) and trades on the TSX Venture Exchange (“TSX-V”) under the symbol TGM. The Company’s principal business activity is the exploration of exploration and evaluation assets.

The amounts shown as exploration and evaluation assets represent net acquisition costs to date, less any amounts amortized and/or written down and any additional amounts required to place these assets into commercial production are dependent upon certain factors. These factors include the existence of ore deposits sufficient for commercial production and the Company’s ability to obtain the required additional financing necessary to develop these assets.

The Company has a working capital as at June 30, 2020 of \$999,245 and an accumulated deficit of \$27,820,857.

These consolidated financial statements have been prepared under the assumptions of a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses from inception and does not currently have the financial resources to maintain its operations. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds from these operations and/or raise equity capital or borrowings sufficient to meet current and future obligations. These material uncertainties may cast significant doubt about 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 consolidated 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.

The financial information is presented in Canadian Dollars (CDN\$), which is the functional currency of the Company and its subsidiaries.

The head office and principal address of the Company are located at Suite 2250, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

Effective February 12, 2020, the Company consolidated its issued and outstanding share capital on the basis of one (1) post consolidation share for each two (2) pre-consolidation common shares. Outstanding stock options and warrants were adjusted by the same consolidation ratio. All references to shares and per share amounts have been retroactively restated to give effect to the consolidation.

COVID-19

Given the ongoing and dynamic nature of the circumstances surrounding the COVID-19 pandemic, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the global economy and the business of the Company or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge about COVID-19 and additional actions which may be taken to contain it. Such developments could have a material adverse effect on the Company’s business, financial condition, results of operations and cash flow, and exposure to credit risk.

The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business.

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which collectively includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the “IASB”), and all applicable individual International Accounting Standards (“IASs”) and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB, effective for the Company’s reporting for the year ended June 30, 2020.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Basic of Consolidation

These consolidated financial statements incorporate the financial statements of the Company, 1106877 B.C. Ltd., and Canadian Shield Developments Corp., the Company’s wholly owned subsidiaries. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. All significant intercompany transactions and balances have been eliminated.

b) Cash

Cash includes cash on hand, and demand deposits with financial institutions.

c) Mineral Exploration and Evaluation Expenditures

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore a mineral property has been acquired, all costs related to the acquisition of mineral properties are capitalized by property. All exploration and evaluation expenditures are expensed until properties are determined to have economically recoverable resources. These direct expenditures include such costs as materials used, surveying costs, geological studies, drilling

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Mineral Exploration and Evaluation Expenditures (continued)

costs, payments made to contractors and depreciation of plant and equipment during the exploration phase.

Mineral property acquisition costs for each mineral property are carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped in full through successful development and exploration of the mineral property or alternatively, by sale; or
- Exploration and evaluation activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves; however; active and significant operations in relation to the mineral property are continuing, or planned for the future.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged to profit or loss at the time the determination is made.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is first tested for impairment and is then considered to be a mine under development and is classified as "mining assets", within property, plant, and equipment. Exploration and evaluation acquisition costs accumulated are also tested for impairment before they are transferred to development properties.

d) Foreign Currencies Translation and Transaction

The functional currency of the Company is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss.

e) Financial Instruments

(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

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company classifies its cash as FVTPL and its receivables, payables and accruals, due to shareholders and loans payable at amortized cost.

(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 are 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 profit or 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 profit or loss in the period in which they arise.

Debt investments at FVOCI

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 OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

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 profit or 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

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

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.

f) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company performs impairment testing on each cash-generating unit.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in accumulated other comprehensive loss/income.

g) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records, if any, the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Income Taxes

Income tax expense comprises current and deferred tax expense. Current tax and deferred tax expense are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

i) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Share Capital (continued)

liability, and ii) share capital. Upon qualifying expenditures being incurred, the Company derecognizes the liability and recognizes the premium as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

j) Earnings / Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. For the years presented, this calculation proved to be anti-dilutive.

k) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Options or warrants granted that relate to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Recent accounting pronouncement

The following accounting standard was adopted by the Company for the fiscal year beginning on July 1, 2019:

IFRS 16 Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. The new standard did not have an impact on the Company's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Acquisition of Assets

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The transactions with Canadian Shield Developments Corp. and 1106877 B.C. Ltd. were determined to constitute acquisitions of assets (note 6).

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

5. RECEIVABLES

At June 30, 2020 and June 30, 2019, the Company's receivables consist of GST – value added tax.

6. ACQUISITION**South-West Red Lake Properties and Shining Tree Property**

On May 5, 2020, the Company completed the acquisition of Canadian Shield Developments Corp. ("**Canadian Shield**") which holds South-West Red Lake Properties and the Shining Tree Property (collectively, the "**Properties**"). The Company acquired 100% of the issued and outstanding common of Canadian Shield by agreeing to issue an aggregate of 6,500,000 common shares to the shareholders of Canadian Shield in two tranches as follows:

- (a) On May 5, 2020, the Company issued the aggregate sum of 3,250,000 common shares to the former shareholders of Canadian Shield (the "**First Tranche**"); and
- (b) Nine months following closing and upon meeting certain conditions, the Company will issue the aggregate sum of 3,250,000 common shares to the former shareholders of Canadian Shield (the "**Second Tranche**"). As at June 30, 2020, the Company had an obligation to issue 3,250,000 common shares with a fair value of \$1,608,750. The shares to be issued has been recognized within shareholders' equity on the statement of financial position.

The Company's acquisition of Canadian Shield is being accounted for as an acquisition of net assets as the transaction did not qualify as a business combination under IFRS 3 Business Combinations. The allocation of the consideration to the assets and liabilities acquired are as follows:

South-West Red Lake Properties and Shining Tree Property

Consideration		
	Value of 3,250,000 common shares issued	\$ 1,608,750
	Value of 3,250,000 common shares to be issued	1,608,750
	Transaction costs	22,631
		<u>\$ 3,240,131</u>
Net assets acquired		
	Cash	\$ 613
	Exploration and evaluation assets	3,280,303
	Accounts payable	(12,285)
	Due to shareholders	(28,500)
		<u>\$ 3,240,131</u>

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

6. ACQUISITION (continued)**Red Lake Gold Mining District, Ontario**

On June 28, 2019, the Company completed the acquisition of 1106877 B.C. Ltd. (the "Privco") which holds certain exploration properties (note 7). The Company acquired 100% of the issued and outstanding common of the Privco by issuing 2,250,000 common shares to the shareholders of the Privco.

The Company's acquisition of the Privco is being accounted for as an acquisition of net assets as the transaction did not qualify as a business combination under IFRS 3 Business Combinations.

The allocation of the consideration to the assets and liabilities acquired are as follows:

Consideration	Value of 2,250,000 common shares issued	\$ 1,035,000
	Transaction costs	6,701
		\$ 1,041,701
Net assets acquired	Cash	\$ 5,678
	Exploration and evaluation assets	1,115,698
	Loans payable	(79,675)
		\$ 1,041,701

7. EXPLORATION AND EVALUATION ASSETSNewman Todd Project

The Company holds a 70% interest in the Newman Todd Project.

The Project is subject to a two percent net smelter return ("NSR") and a fifteen percent net carried interest. The latter interest does not receive payment until capital expenditures have been recovered with interest.

The Company also owns an effective 35% interest in certain other claims adjacent to the Newman Todd Project.

The Company previously impaired the mineral property value to \$1.

The schedule below outlines the costs incurred on the Newman Todd Project as at June 30, 2020:

	As at June 30, 2018	Additions/ (Writedowns)	As at June 30, 2019	Additions/ (Writedowns)	As at June 30, 2020
	\$	\$	\$	\$	\$
Acquisition					
Cash payments	1	-	1	-	1
	1	-	1	-	1

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

	Cumulative to June 30, 2018	Expenditures during the year	Cumulative to June 30, 2019	Expenditures during the year	Cumulative to June 30, 2020
	\$	\$	\$	\$	\$
Exploration and evaluation expenditures					
Assays and reports	1,363,866	-	1,363,866	-	1,363,866
Camp construction	115,276	-	115,276	9,080	124,356
Drilling	4,860,038	-	4,860,038	-	4,860,038
Environmental	291,336	-	291,336	-	291,336
Equipment installation	101,950	-	101,950	-	101,950
Field expenses	1,206,969	-	1,206,969	-	1,206,969
General and administration	84,823	8,072	92,895	39,706	132,601
Metallurgy studies	133,482	-	133,482	-	133,482
Geological consulting	2,994,077	14,008	3,008,085	19,989	3,028,074
Permitting	4,340	-	4,340	-	4,340
Reclamation	10,000	-	10,000	-	10,000
Resource estimation	33,100	-	33,100	-	33,100
Surveys and geophysics	15,068	-	15,068	-	15,068
Travel and accommodation	480,250	-	480,250	-	480,250
Total exploration and evaluation expenditures	11,694,575	22,080	11,716,655	68,775	11,785,430

Red Lake Gold Mining District, Ontario

On June 28, 2019, the Company acquired certain exploration properties in the Red Lake Gold Mining District, Ontario (note 6). The Company controls two contiguous properties located in the Red Mining Lake District of Ontario.

The first property is held under an option agreement whereby the Company can acquire a 100% interest in the property, subject to a 1.5% NSR Royalty, by making cash payments based on the following schedule totaling \$100,000. The Company can purchase 1/2 of the NSR for \$400,000.

Amount (CAD)	Due Date
\$13,000	Within 7 days after the effective date (November 21, 2018) (paid)
\$12,000	On or before October 31, 2019 (paid)
\$15,000	On or before October 31, 2020
\$25,000	On or before October 31, 2021
\$35,000	On or before October 31, 2022

The second property is not subject to any cash payments or royalties.

These two properties are collectively called the “Leo Property”.

The schedule below outlines the costs incurred on the Leo Property as at June 30, 2020:

	As at June 30, 2018	Additions/ (Writedowns)	As at June 30 2019	Additions/ (Writedowns)	As at June 30, 2020
	\$	\$	\$	\$	\$
Acquisition					
Acquisition costs	-	1,115,698	1,115,698	12,000	1,127,698
	-	1,115,698	1,115,698	12,000	1,127,698
	Cumulative to June 30, 2018	Expenditures during the year	Cumulative to June 30, 2019	Expenditures during the year	Cumulative to June 30, 2020
	\$	\$	\$	\$	\$
Exploration and evaluation expenditures					
General and administration	-	-	-	14,148	14,148
Geological consulting	-	-	-	19,631	19,631
Total exploration and evaluation expenditures	-	-	-	33,779	33,779

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)**South-West Red Lake Properties and Shining Tree Property**

On May 5, 2020, the Company acquired the South-West Red Lake Properties and the Shining Tree Property (note 6).

Within the nine month period following the closing date, May 5, 2020, the Company must:

- (a) Complete exploration expenditures on the South-West Red Lake Properties and the Shining Tree Property of not less than \$200,000.
- (b) Obtain a technical report prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects for one of the Properties (the "Technical Report")

The schedule below outlines the costs incurred on the South-West Red Lake Properties and Shining Tree Property as at June 30, 2020:

	As at June 30, 2018	Additions/ (Writedowns)	As at June 30 2019	Additions/ (Writedowns)	As at June 30, 2020
	\$	\$	\$	\$	\$
Acquisition					
Acquisition costs	-	-	-	3,280,303	3,280,303
	-	-	-	3,280,303	3,280,303

8. PAYABLES AND ACCRUALS

	Note	June 30, 2020	June 30, 2019
		\$	\$
Trade payables and accruals		679,149	445,390
Due to related parties	12	67,312	144,650
		746,461	590,040

9. LOANS PAYABLE

As of June 30, 2020, the Company has loans of \$84,675 (June 30, 2019 - \$84,675) which are unsecured, bear no interest, and are payable upon demand.

10. INCOME TAXES

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

	2020	2019
	\$	\$
Loss for the year	(1,607,094)	(502,796)
Expected income tax (recovery)	(434,000)	(136,000)
Change in statutory rates and other	(8,000)	4,000
Permanent differences	222,000	4,000
Share issue cost	(17,000)	-
Adjustment to prior years provision versus statutory tax returns	2,000	(2,000)
Change in unrecognized deductible temporary differences	235,000	130,000
Total income tax expense (recovery)	-	-

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

10. INCOME TAXES (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2020	Expiry Date Range	2019	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 11,232,000	No expiry date	\$ 11,077,000	No expiry date
Investment tax credit	366,000	2021 to 2040	362,000	2020 to 2039
Property and equipment	77,000	No expiry date	79,000	No expiry date
Share issue costs	65,000	2041 to 2044	22,000	2039 to 2042
Allowable capital losses	460,000	No expiry date	460,000	No expiry date
Non-capital losses available for future periods	10,581,000	2026 to 2040	9,841,000	2026 to 2039

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

11. SHARE CAPITAL**a) Authorized**

Unlimited common shares with no par value

b) Issued Share Capital

At June 30, 2020, there were 20,922,447 common shares issued and outstanding (June 30, 2019 – 9,063,489)

c) Common Shares**Fiscal 2020**

On February 5, 2020, the Company closed a non-brokered private placement. The financing raised gross proceeds of \$1,000,000 by the issuance of 4,166,667 units at a price of \$0.24 per unit. Each unit consisted of one common share and one share purchase warrant, and each warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.36 per share for a period of 5 years from the closing date. The Company issued 42,291 common shares at a price of \$0.24 per share and a total value of \$10,150 as finders' fee.

Effective February 12, 2020, the Company consolidated its issued and outstanding share capital on the basis of one (1) post consolidation share for each two (2) pre-consolidation common shares. Outstanding stock options and warrants were adjusted by the same consolidation ratio. All references to shares and per share amounts have been retroactively restated to give effect to the consolidation.

On May 5, 2020, the Company issued 3,250,000 common shares at a value of \$1,608,750 in connection to the acquisition of Canadian Shield (note 6).

On May 20, 2020, the Company closed a non-brokered private placement. The financing raised gross proceeds of \$1,100,000 by the issuance of 4,400,000 units at a price of \$0.25 per unit. Each unit consisted of one common share and one-half of one share purchase warrant, and each warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.40 per share for a period of 24 months from the closing date. The Company paid finders' fees equal to \$63,000 in cash and 252,000 non-transferrable warrants. Each finder's warrant has the same terms as the warrants issued under this private placement.

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)**Fiscal 2019**

On June 28, 2019, the Company issued 2,250,000 common shares at a value of \$1,035,000 in connection to the acquisition of Privco (note 6).

(d) Share-based Payments

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 10% of the issued and outstanding 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-V policies. The options can be granted for a maximum term of 5 years.

On June 15, 2020, the Company granted 1,550,000 options to the directors, officers and consultants of the Company. The options are exercisable at \$0.60, vested immediately and expire on June 15, 2025. The Company recorded a share-based payment amount of \$873,580. The Company used the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 0.36%; dividend yield of 0%; expected volatility of 167.62%; and expected option life of 5 years.

There were no options granted during year ended June 30, 2019.

The continuity of stock options for the year ended June 30, 2020 is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price (\$)
Balance June 30, 2018 and 2019	525,000	0.80
Granted	1,550,000	0.60
Balance June 30, 2020	2,075,000	0.65

The options outstanding and exercisable at June 30, 2020 are as follows:

Expiry Date	Number	Exercise Price	Remaining Contractual Life (in years)
March 29, 2023	525,000	\$ 0.80	2.74
June 15, 2025	1,550,000	\$ 0.60	4.96

e) Warrants

On February 5, 2020, as part of the private placement, the Company issued 4,166,667 warrants which were valued at \$nil .

On May 20, 2020, as part of the private placement, the Company issued 2,200,000 warrants which were valued at \$nil .

The Company issued 252,000 non-transferrable broker's warrants with the same terms as the warrants as finder's fees. The broker's warrants were valued at \$94,575 using the Black-Scholes Option Pricing Model with the following assumption at the issue date: risk free interest rate of 0.30%; dividend yield of 0%; expected volatility of 140.81% and expected life of 2 years.

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

The continuity of the warrants during the year ended June 30, 2020 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance June 30, 2018	2,336,974	1.11
Expired	(1,171,163)	1.12
Balance June 30, 2019	1,165,811	1.10
Granted	6,618,667	0.37
Expired	(1,165,811)	(1.10)
Balance June 30, 2020	6,618,667	0.37

The outstanding warrants at June 30, 2020 are as follows:

Expiry Date	Price per Share	Warrants
		Outstanding
February 5, 2025	\$ 0.36	4,166,667
May 20, 2022	\$ 0.40	2,452,000

12. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

The aggregate value of transactions recorded as consulting fees relating to key management personnel and entities which they have control or significant influence over were as follows:

Services provided by:	Note	Years Ended June 30,	
		2020	2019
		\$	\$
Baron Global Financial Canada Ltd.	(a)	120,000	120,000
David Velisek	(b)	9,000	3,000
James Lenec	(c)	79,000	-

- a) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.
- b) David Velisek, Director of the Company who provided business development consulting services.
- c) James Lenec, President and Director of the Company who provided consulting services.

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (continued)

The following table outlines the Company's related party payables:

	Note	June 30, 2020 \$	June 30, 2019 \$
Aier Queenie Kuang	8	596	-
Baron Global Financial Canada Ltd.	8	21,000	141,500
David Velisek	8	12,946	3,150
Denise Lok	8	1,595	-
James Lenec	9	2,675	-
Luke Norman		28,500	-
		67,312	144,650

During the fiscal year 2020, Luke Norman Consulting Ltd has paid \$28,500 on behalf of the Company's subsidiary, Canadian Shield. There is no formal agreement in place and the amount bears no interest, and is payable upon demand. Luke Norman Consulting Ltd. is fully owned by Luke Norman who is the former Director of Canadian Shield.

On December 1, 2019, the Company settled debt owing to Baron Global Financial Canada in the amount of \$204,500 by paying cash of \$140,000. The Company recognized a gain of \$61,275 and a GST receivable reverse of \$3,225 at the time of the settlement.

13. LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended June 30, 2020 and 2019 was as follows:

For the Year Ended June 30,	2020	2019
Loss for the year	(\$1,607,094)	(\$502,796)
Weighted average number of common shares outstanding	11,739,949	13,651,630
Basic and diluted loss per share	(\$0.14)	(\$0.04)

14. SEGMENT INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets within Canada.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Supplementary disclosure of non-cash investing and financing activities during the year ended June 30, 2020 and 2019 were as follow:

For the Year Ended June 30,	2020 \$	2019 \$
Finder's fee warrants	94,575	-
Acquisitions of Canadian Shield and 1106877 B.C. Ltd. (note 6)		

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At June 30, 2020, the Company was not subject to significant interest rate risk.

Foreign Exchange Rate Risk

The Company is not subject to significant foreign exchange risk as all of the Company's operations are located in Canada.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to cash held on deposit and receivables.

The Company manages its credit risk by investing only in high quality financial institutions. Receivables are due from a government agency.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and match the maturity profile of financial assets to development, capital and operating needs. The Company is exposed to liquidity risk.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Cash is measured at fair value using level 1. The carrying value of receivables, payables and accruals, due to shareholders and loans payable approximates their fair value due to the current nature of those financial instruments.

17. CAPITAL MANAGEMENT

The Company manages its capital, being the components of shareholders' equity, and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

TRILLIUM GOLD MINES INC. (FORMERLY CONFEDERATION MINERALS LTD.)

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2020

(Expressed in Canadian Dollars)

17. CAPITAL MANAGEMENT (continued)

The Company has historically relied on the equity markets to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital restrictions.

18. SUBSEQUENT EVENTS

On July 16, 2020, the Company closed a non-brokered private placement. The financing raised gross proceeds of \$999,840 by the issuance of 2,083,000 units at a price of \$0.48 per unit. Each unit consisted of one common share and one share purchase warrant, and each warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.60 per share for a period of 24 months from the closing date. The Company paid finders' fees equal to \$50,400 in cash.

On July 31, 2020, the Company signed an asset purchase agreement to acquire the Rivard Property, contiguous to its Newman Todd Property, in the Red Lake Mining District, Ontario. The Rivard Property consists of one lease of six contiguous minerals claims encompassing 90 hectares. Upon completion of the transaction Trillium will acquire a 100% interest in the property, subject to a 1.5% NSR royalty (the "Royalty"), by completing cash payments totalling \$400,000 and issuing 400,000 common shares of the Company over 3.5 years. The Company has the right to repurchase $\frac{1}{2}$ of the Royalty (0.75%) for consideration of \$1.2 million, payable in cash or shares. In addition, the Company has a right of first refusal should the holders of the Royalty sell the Royalty in the future. The deal is subject to obtaining consent from the Ministry under the Mining Act (Ontario) for the transfer of the claims.

Subsequent to June 30, 2020, The Company issued 379,167 common shares of the Company for the exercise of stock options and warrants.