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## **G2 GOLDFIELDS INC.**

# **UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020**

## **(Expressed in Canadian Dollars)**

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#### **Notice to Reader**

The accompanying unaudited condensed interim financial statements of G2 Goldfields Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim condensed consolidated financial statements of G2 Goldfields Inc (the "Company") are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim condensed consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim condensed consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Dan Noone" (signed)

President and Chief Executive Officer

## **NOTICE TO READER**

"Paul Murphy" (signed) Chief Financial Officer

**G2 GOLDFIELDS INC.**

(Formerly Sandy Lake Gold Inc.)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

(expressed in Canadian dollars)

	As at February 28, 2021 (Unaudited)	As at May 31, 2020 (Audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,388,118	\$ 583,775
Marketable securities (note 5)	5,192	5,000
Amounts receivable	71,883	15,399
Prepays and other	30,751	49,044
<b>Total current assets</b>	<b>3,495,944</b>	<b>653,218</b>
<b>Non-current assets</b>		
Fixed Assets	275,267	267,894
Mining interests (note 6)	23,113,152	20,024,862
<b>Total non-current assets</b>	<b>23,388,429</b>	<b>20,292,756</b>
<b>Total assets</b>	<b>\$ 26,884,363</b>	<b>\$ 20,945,974</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 11)	\$ 539,639	\$ 958,539
<b>Total current liabilities</b>	<b>539,639</b>	<b>958,539</b>
<b>Long-term liabilities (note 11)</b>	<b>287,194</b>	<b>395,910</b>
<b>Total liabilities</b>	<b>826,883</b>	<b>1,354,449</b>
<b>Shareholders' equity</b>		
Share capital (note 7)	53,134,558	49,930,579
Warrants (note 8)	1,892,943	1,325,981
Contributed surplus	7,646,157	7,275,146
RSU's	543,226	12,000
Deficit	(36,855,410)	(34,648,787)
Cumulative Translation Adjustment	(303,994)	(303,994)
<b>Total shareholders' equity</b>	<b>26,057,480</b>	<b>19,591,525</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 26,884,363</b>	<b>\$ 20,945,974</b>

**G2 GOLDFIELDS INC.**

(Formerly Sandy Lake Gold Inc.)

**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS****Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

(expressed in Canadian dollars)

	Three Months Ended February 28th and 29th, Respectively		Nine Months Ended February 28th and 29th, Respectively	
	2021	2020	2021	2020
<b>Revenue</b>				
Royalties	54,525	189,345	321,130	283,440
<b>Operating expenses</b>				
Wages and employee benefits	231,246	92,585	454,503	155,426
Share-based compensation	314,107	386,373	1,259,575	796,628
Consulting fees	30,260	14,841	80,766	14,841
Office rent and utilities	24,225	86,075	99,400	133,537
Professional fees	114,214	62,697	195,875	125,714
Investor and community relations	73,747	18,950	175,750	27,230
Transfer agent and filing fees	38,418	39,448	91,283	83,447
Insurance	4,078	3,513	9,842	10,767
Office and administrative	27,099	22,112	91,055	32,265
Depreciation	14,202	-	60,248	-
Interest and bank charges	3,532	2,789	10,997	6,422
<b>Operating loss before the following items</b>	<b>(820,603)</b>	<b>(540,038)</b>	<b>(2,208,164)</b>	<b>(1,102,837)</b>
Unrealized gain (loss) on marketable securities (note 3)	-	(3,000)	-	(5,000)
(Loss) gain on foreign exchange	(32,595)	(18,897)	1,541	(18,897)
<b>Comprehensive loss for the period</b>	<b>\$ (853,198)</b>	<b>\$ (561,935)</b>	<b>\$ (2,206,623)</b>	<b>\$ (1,126,734)</b>
<b>Basic and diluted net loss per common share (note 9)</b>	<b>(0.01)</b>	<b>(0.007)</b>	<b>(0.01)</b>	<b>(0.015)</b>
<b>Weighted average number of common shares outstanding - basic and diluted (note 9)</b>	<b>120,770,321</b>	<b>79,909,858</b>	<b>119,970,978</b>	<b>74,570,823</b>

**G2 GOLDFIELDS INC.**

(Formerly Sandy Lake Gold Inc.)

**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOW****Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

(expressed in Canadian dollars)

	<b>Three Months Ended February 28th and 29th, Respectively</b>		<b>Nine Months Ended February 28th and 29th, Respectively</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>				
Net loss for the period	<b>(853,197)</b>	(561,935)	<b>(2,206,623)</b>	(1,126,734)
Adjustments for:				
Share-based compensation	<b>314,107</b>	386,373	<b>1,259,575</b>	796,628
Depreciation	<b>14,202</b>	-	<b>60,248</b>	-
Unrealized (gain) loss on marketable securities (note 3)	-	3,000	-	5,000
Changes in non-cash working capital items:				
Amounts receivable	<b>53,508</b>	73,337	<b>(54,484)</b>	(90,766)
Prepaid expenses and deposits	<b>7,618</b>	6,325	<b>18,293</b>	8,608
Account payable and accrued liabilities	<b>(193,863)</b>	283,961	<b>(418,900)</b>	(121,108)
<b>Net cash used in operating activities</b>	<b>(764,641)</b>	191,061	<b>(1,341,891)</b>	(528,372)
<b>Investing activities</b>				
Fixed asset purchases	-	-	<b>(74,407)</b>	-
Mining property investment	<b>(933,008)</b>	(1,209,564)	<b>3,083,645</b>	(2,409,357)
<b>Net cash used in investing activities</b>	<b>(933,008)</b>	(1,209,564)	<b>(3,158,052)</b>	(2,409,357)
<b>Financing activities</b>				
Private placements	-	-	<b>5,000,000</b>	1,241,000
Share issue costs	-	-	<b>(282,192)</b>	(58)
Due to related parties	<b>29,977</b>	(283,593)	<b>(108,716)</b>	(7,005)
Proceeds from warrants exercised	<b>1,684,450</b>	-	<b>2,695,194</b>	790,000
<b>Net cash provided by financing activities</b>	<b>1,714,427</b>	(283,593)	<b>7,304,286</b>	2,023,937
<b>Net change in cash,</b>	<b>16,778</b>	(1,302,096)	<b>2,804,343</b>	(913,792)
<b>Cash, beginning of period</b>	<b>3,371,340</b>	1,479,930	<b>583,775</b>	1,091,626
<b>Cash, end of period</b>	<b>3,388,118</b>	177,834	<b>3,388,118</b>	177,834

**G2 GOLDFIELDS INC.**

(Formerly Sandy Lake Gold Inc.)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Three and Nine Month Periods ended February 28, 2021 and February 29, 2020** (expressed in Canadian dollars)

	Number of Common Shares	Amount	Warrants	RSU's	Contri- buted Surplus	Cumulative Translation Adjustment	Deficit	Total Equity
<b>As at May 31, 2019</b>	<b>66,983,991</b>	<b>36,344,181</b>	<b>1,588,715</b>	-	<b>6,459,786</b>	-	<b>(33,436,645)</b>	<b>10,956,037</b>
Warrants converted to shares	10,155,000	2,604,162	(573,219)	-	-	-	-	2,030,943
Purchase Bartica	20,000,000	5,200,000	-	-	-	-	-	5,200,000
Share-based compensation	-	-	-	-	796,628	-	-	796,628
Period Net Loss	-	-	-	-	-	-	(1,126,734)	(1,126,734)
<b>As at February 29, 2020</b>	<b>97,138,991</b>	<b>44,148,343</b>	<b>1,015,496</b>	-	<b>7,256,714</b>	-	<b>(34,563,374)</b>	<b>17,856,874</b>
<b>As at May 31, 2020</b>	<b>106,653,991</b>	<b>45,930,579</b>	<b>1,325,981</b>	<b>12,600</b>	<b>7,275,146</b>	<b>(303,994)</b>	<b>(34,648,787)</b>	<b>19,591,525</b>
RSU's								
Vested				572,626				572,626
Exercised	200,000	42,000		(42,000)				-
Stock Options								
Exercised	1,350,000	463,500						463,500
Ascribed value		417,565			(417,565)			-
Vested in period					686,950			686,950
Warrants								
Exercised	8,028,730	2,231,694						2,231,694
Ascribed value		533,516	(533,516)					-
Expired			(101,626)		101,626			-
Private Placement								
Proceeds	9,711,527	5,000,000						5,000,000
Costs of placement		(282,192)						(282,192)
Warrants issued		(1,039,134)	1,039,134					
Broker warrants		(162,970)	162,970					
Loss for the period							(2,240,760)	(2,206,624)
<b>As at February 28, 2021</b>	<b>125,944,258</b>	<b>53,134,558</b>	<b>1,892,943</b>	<b>543,226</b>	<b>7,646,157</b>	<b>(303,994)</b>	<b>(36,855,410)</b>	<b>(26,057,480)</b>

## **G2 GOLDFIELDS INC.**

(Formerly Sandy Lake Gold Inc.)

### **NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

(expressed in Canadian dollars)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

G2 Goldfields Inc. (the "Company") was incorporated as 7177411 Canada Corporation on May 21, 2009, under the laws of Canada. The Company is primarily engaged in the business of acquiring and exploring mineral properties.

On April 4, 2019, the Company filed an article of amendment to (i) change its name from Sandy Lake Gold Inc. to G2 Goldfields Inc. and (ii) consolidate the Company's issued and outstanding common shares for one new share for every two existing common shares. The common shares of the Company, reflecting the name change and consolidation, commenced trading on the TSX Venture Exchange effective April 8, 2019, under the new symbol "GTWO."

The head office, principal address, and records office of the Company are located at 141 Adelaide Street West, Suite 1101, Toronto, Ontario, Canada, M5H 3L5.

##### **Going Concern**

In order to carry out future exploration activities, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company.

These unaudited condensed interim financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, the Company is exploration-focused and is subject to the risks and challenges of companies in the same sector. These risks include, but are not limited to, the challenges of securing adequate capital given exploration, development and operational risks inherent in the mining industry as well as global economic, precious and base metal price volatility; all of which are uncertain under current market conditions. As a result of these risks, there is no assurance that the Company's funding initiatives will continue to be successful and these unaudited condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material. The Company has an accumulated deficit of \$36,885,410 from inception and working capital of \$2,956,305 as at February 28, 2021.

Subsequent to February 29, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

#### **2. BASIS OF PREPARATION**

##### **(a) Statement of Compliance**

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

**G2 GOLDFIELDS INC.**

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**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

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These unaudited interim condensed consolidated financial statements were authorized and approved for issue by the Board of Directors on April 27, 2021.

**(b) Basis of Measurement**

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at their fair values, as explained in the relevant accounting policies.

**(c) Functional and Presentation Currency**

The interim condensed consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

**(d) Use of Estimates and Judgement**

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant estimates and judgements include valuation of shares issued in non-cash transactions, the fair value of mineral properties transferred, the recoverability of mineral properties, management going concern assessment and the recognition of deferred income tax. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

**3. SIGNIFICANT ACCOUNTING POLICIES****(a) Overall considerations**

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below. These accounting policies have been used throughout all periods presented in the consolidated financial statements.

Areas of judgement that have the most significant effect on amounts recognized in the financial statements are disclosed in Note 2 of the Company's May 2020 annual audited filing.

**(b) Basis of consolidation**

These interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries in Barbados and Guyana. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Company's subsidiary is wholly owned and all inter-company balances, transactions, including income and expenses arising from inter-company transaction are eliminated in preparing the consolidated financial statements.



## **G2 GOLDFIELDS INC.**

(Formerly Sandy Lake Gold Inc.)

### **NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

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**(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and term deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of changes in value.

**(d) Exploration and evaluation licenses**

All direct costs related to the acquisition of mineral property interests (E&E Assets) are capitalized into exploration and evaluation assets (an intangible asset) on a property by property basis. License costs paid in connection with a right to explore in an exploration area are capitalized.

**(e) Acquisition of mineral property interests**

The Company treats the acquisition of a mineral property interest as either a business combination or asset purchase. The determination of treatment is based upon an assessment of factors at the time of acquisition. A business combination is a transaction in which control over one or more businesses is obtained. A business is defined as an integrated set of activities and assets that is capable of creating outputs which provide a positive economic return to stakeholders.

If the integrated set of activities and assets is in the exploration or development stage and therefore does not have outputs, the Company considers other factors to determine if the assets are a business. These include, but are not limited to, whether the set of activities and assets:

- i. has planned principal activities;
- ii. has identified mineral reserves and processes needed to generate the inputs required for output;
- iii. production;
- iv. is pursuing a plan to produce outputs; and
- v. will be able to sell the produced outputs.

Not all of the above factors need to be present for a particular integrated set of activities and assets in the development stage to qualify as a business.

Business acquisitions are accounted for using the acquisition method, in which the acquired assets and liabilities are recorded at fair value at the date of acquisition. Direct costs associated with a business combination are expensed as incurred. Acquisitions in which a business is not acquired are treated as an asset purchase. Under an asset purchase, the fair value of the consideration provided is allocated to the individual fair value of assets and liabilities assumed at the time of acquisition. The costs of acquisition for an asset acquisition are deferred and capitalized in the period they are incurred. In the event the acquisition is not completed, these costs would be immediately expensed.

#### **4. ACQUISITION OF BARTICA INVESTMENTS LTD.**

As the Company was able to exercise control of Bartica Investments Ltd. (Bartica) as of September 1, 2019 management has determined that its results should be consolidated from that date forward. The actual

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(expressed in Canadian dollars)

shares representing 100% of Bartica were acquired on October 24, 2019. The remaining authorization was considered administrative for that period.

The allocation of the purchase price to the assets acquired and liabilities assumed is based upon values at the date of acquisition.

	<b>Assets Acquired</b>	<b>Liabilities Assumed</b>
Cash and Cash Equivalents	\$ 99,345	\$
Mineral Properties	5,253,763	
Capital Assets	246,539	
Accounts Payable and Accrued Liabilities		199,647
Shares Issued		5,400,000
	<b>\$ 5,599,647</b>	<b>\$ 5,599,647</b>

**5. MARKETABLE SECURITIES**

Marketable securities have been designated as FVTPL and are recorded at fair value using the last bid price, with changes recognized in the unaudited condensed interim statement of comprehensive loss. Marketable securities are composed of:

	<b>Cost</b>	<b>Fair Market Value</b>	<b>Fair Market Value February 28, 2021</b>
Crusader Resources Limited - 500,000 common shares	211,604	5,000	5,000
Bank interest	-	192	192
<b>Balance February 28, 2020</b>		<b>\$ 5,192</b>	<b>\$ 5,192</b>

**6. MINING INTERESTS**

	<b>Sandy Lake Project</b>	<b>Guyana Project</b>	<b>Total</b>
Balance, May 31, 2019	10,410,411		10,410,411
Acquisition of Ontario Inc.	-	5,253,763	5,253,763
Additions to May 31, 2020	611,887		4,815,374
Foreign currency adjustment	-	472,274	472,274
Recovery of legal fees	(926,960)	-	(926,960)
<b>Balance May 31, 2020</b>	<b>\$ 10,867,285</b>	<b>\$ 9,1587,577</b>	<b>\$ 20,024,862</b>
Additions to February 28, 2021	214,993	2,873,297	3,088,290
<b>Balance at February 28, 2021</b>	<b>\$ 11,082,278</b>	<b>\$ 12,030,874</b>	<b>\$ 23,113,152</b>

**G2 GOLDFIELDS INC.**

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**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

(expressed in Canadian dollars)

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The Company enters into exploration agreements or permits with other companies or foreign governments under which it may explore or earn interests in mineral properties by issuing common shares and making an option or rental payments and incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements or permits.

**(a) Sandy Lake Project, Ontario, Canada**

G2 is the Operator of the Sand Lake Project, subject to Joint Venture Agreements with Treasury Metals Inc. ("Treasury"). The total Sandy Lake Project encompasses 67,600 hectares of which Treasury has an approximate 50% interest in 13,543 hectares.

G2 acquired its interest through a 2015 option agreement whereby it was required to make cash payments of \$500,000 over 3 years and the completion of Project expenditures in an amount of \$5,000,000 over a four-year period. These expenditures have been made and joint venture agreement is in place with Treasury on the original claims known as the Weebigee claims.

G2 has staked additional claims totalling 54,000 hectares adjacent to the Weebigee claim in which it holds a 100% interest.

**(b) Guyana Projects, Guyana, South America**

On October 24, 2019, the Company purchased the shares of Bartica Investments Ltd., a Barbados Company holding the shares of Ontario Inc. Both subsidiaries are 100% owned.

As a result of the acquisition the Company acquired 100% of the Peters Mine and the Aremu, Mine projects and an option to acquire 100% of the Oko project.

Subsequently the Company acquired options to acquire 100% of the Jubilee Creek Goldfields and the Ghanie Claims.

The Company, under multiple option agreements, has the right, by making various option payments over time, to hold a 100% working interest in the Guyana Projects.

There are currently artisanal workings on one of the Guyana Project properties and the operators pay production royalties to the Company which are reflected as royalty revenue.

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(expressed in Canadian dollars)

**7. SHARE CAPITAL****(a) Authorized share capital**

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

**(b) Common shares issued**

	<b>Number of Common Shares</b>	<b>Amount</b>
<b>Balance, May 31, 2019</b>	<b>66,983,991</b>	<b>\$ 36,344,181</b>
Common shares issued for private placements	6,750,000	1,350,000
Warrants issued for private placements		(351,431)
Exercise of Warrants	12,920,000	3,187,829
Bartica Transaction	20,000,000	5,400,000
<b>Balance, May 31, 2020</b>	<b>106,653,991</b>	<b>\$ 45,930,579</b>
RSU's converted	200,000	42,000
Stock options exercised	1,350,000	463,500
Stock options ascribed value	-	417,565
Warrants exercised	8,028,730	2,231,694
Warrants ascribed value	-	533,516
Common shares issued for private placements	9,711,537	5,000,000
Cost of issue		(282,192)
Warrants issued ascribed		(1,039,134)
Broker warrants issued		(162,970)
<b>Balance, February 28, 2021</b>	<b>125,944,258</b>	<b>\$ 53,134,558</b>

On October 24, 2019, the Company announces that it has closed its acquisition of all the issued and outstanding shares of Bartica Investments Ltd (Bartica). The consideration for the acquisition consisted of an aggregated of 20,000,000 common shares of Corporation at \$0.28 per share on October 24, 2019.

On June 23, 2020 the Company announced that it had raised \$5,000,000 by way of a private placement of 9,722,527 units at a price of \$0.52/unit. Each unit was comprised of 1 common share and ½ a warrant, exercisable at \$1.00 for a period of 18 months. The warrants were valued at 41,039,134 and additional broker warrants were issued at an ascribed value of \$162,970.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

(expressed in Canadian dollars)

**8. WARRANTS**

The following table reflects the continuity of warrants for the following periods.

	Number of Warrants	Weighted Averaged Exercised Price
<b>Balance, May 31, 2019</b>	<b>27,207,730</b>	<b>\$ 0.25</b>
Conversion to common shares	(12,900,000)	0.20
Expired	(175,000)	0.20
Issued	3,375,000	0.35
<b>Balance, May 31, 2020</b>	<b>17,487,730</b>	<b>\$ 0.31</b>
Expired	(1,150,000)	0.40
Exercised	(8,028,730)	0.33
Issued on private placement	4,855,768	1.00
Broker warrants	517,366	0.52
<b>Balance, February 28, 2021</b>	<b>13,682,134</b>	<b>\$ 0.54</b>

The following table reflects the warrants issued and outstanding as of February 28, 2021:

Number of Warrants Outstanding	Black Scholes / Fair value (\$)	Exercise Price (\$)	Expiry date
2,350,000	129,480	0.20	September 27, 2021
1,385,250	119,608	0.40	March 4, 2021
46,500	7,209	0.32	March 4, 2021
1,152,250	97,398	0.40	March 28, 2021
3,375,000	337,138	0.35	September 6, 2021
4,855,768	1,039,134	1.00	December 23, 2021
517,366	162,976	0.52	December 23, 2021
<b>13,682,134</b>	<b>1,892,943</b>	<b>0.54</b>	

**G2 GOLDFIELDS INC.**

(Formerly Sandy Lake Gold Inc.)

**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

(expressed in Canadian dollars)

**9. STOCK OPTIONS**

The following table reflects the continuity of options for the following periods.

	Number of Options	Weighted Averaged Exercise Price
<b>Balance, May 31, 2019</b>	<b>4,900,000</b>	<b>\$ 0.34</b>
Issued	2,825,000	0.33
<b>Balance, May 31, 2020</b>	<b>7,725,000</b>	<b>\$ 0.34</b>
Issued	2,275,000	0.60
Cancelled	(175,000)	0.40
Exercised	(1,350,000)	0.38
<b>Balance on February 28, 2021</b>	<b>8,475,000</b>	<b>\$ 0.41</b>

Details of the stock options outstanding as at February 28, 2021, are as follows:

Remaining contractual life (Years)	Outstanding Options	Number of Options Vested	Weighted Average Exercise Prices	Expiry Dates
0.95	1,600,000	1,600,000	\$ 0.30	October 19, 2021
2.00	225,000	225,000	\$ 0.18	March 6, 2023
1.12	1,750,000	1,750,000	\$ 0.40	April 12, 2022
1.50	900,000	900,000	\$ 0.40	August 19, 2022
1.55	625,000	468,750	\$ 0.40	October 19, 2022
2.05	1,100,000	550,000	\$ 0.21	March 11, 2023
2.30	1,000,000	500,000	\$ 0.75	August 13, 2023
2.50	1,150,000	287,500	\$ 0.52	November 19, 2023
2.70	125,000	31,250	\$ 0.52	December 8, 2023
<b>Total</b>	<b>8,475,000</b>	<b>6,312,500</b>	<b>\$ 0.42</b>	

**10. NET LOSS PER COMMON SHARE**

The diluted net loss per common share did not include the effect of stock options, warrants and special warrants for the three and nine months ended February 28, 2021 and February 29, 2020, as they are anti-dilutive.

**G2 GOLDFIELDS INC.**

(Formerly Sandy Lake Gold Inc.)

**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

(expressed in Canadian dollars)

**11. RELATED PARTY TRANSACTIONS**

- (a) The Company entered into the following transactions with Related Parties:

	<b>Three Months Ended February 28 and 29 Respectively</b>		<b>Nine Months Ended February 28 and 29 Respectively</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Amounts Owing to Directors (i)	331,292	163,687	287,194	331,292
	<b>\$ 816,005</b>	<b>\$ 163,687</b>	<b>\$ 287,194</b>	<b>\$ 331,292</b>

- i. Advances from Patrick Sheridan and Daniel Noone are non-interest bearing and included in Long Term Liabilities.

- (b) Director fees are owed in the following amounts:

	<b>Three Months Ended February 28 and 29 Respectively</b>		<b>Nine Months Ended February 28 and 29 Respectively</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Director's Fees - Cash	-	-	\$5,000	\$5,000
Director's Fees—Stock based compensation	\$ 248,711	\$193,186	\$1,053,490	\$398,314

- (c) Major shareholder

To the knowledge of the directors and senior officers of the Company, as at February 29, 2020, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

	<b>Number of common shares</b>	<b>Percentage of outstanding common shares</b>
Patrick Sheridan	35,089,070	27.86%

**G2 GOLDFIELDS INC.**

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**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Three and Nine Month Periods ended February 28, 2021 and February 29, 2020**

(expressed in Canadian dollars)

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**12. SEGMENTED INFORMATION**

As of November 30, 2019, the Company operates primarily in two reportable geographical segments, being the exploration for minerals in Canada and Guyana. The Company maintains a head office in Toronto, Canada.

	Canada	Guyana	Total
<b>Nine months ended February 28, 2021</b>			
Net loss (profit) and comprehensive loss (profit)	\$ 2,238,309	\$ (31,686)	\$ 2,206,623
Total Assets Deployed	\$ 14,413,724	\$ 12,470,639	\$ 26,884,363
<b>Three months ended February 28, 2021</b>			
Net loss (profit) and comprehensive loss (profit)	\$ 920,620	\$ (67,422)	\$ 853,198
Total Assets Deployed	\$ 14,413,724	\$ 12,470,639	\$ 26,884,363

**13. AGREEMENT CONCERNING SANDY LAKE PROPERTIES**

On February 6, 2021 G2 and S2 Minerals Inc. (“S2”), a wholly owned subsidiary at the time, entered into an arrangement agreement (the “Arrangement”), subject to approval by the Company’s shareholders to transfer its Sandy Lake Properties to S2.

Under the terms of the Arrangement G2 has agreed take back S2 shares and distribute them pro-rata to its shareholders. As part of the Arrangement S2 will issue rights to the holders of its common shares, allowing them to purchase additional shares of S2 to raise \$1.2 million. Mr. Sheridan, together with Mr. Noone, have agreed to subscribe for any unexercised rights sufficient to raise this \$1.2 million.

**14. SUBSEQUENT EVENT**

On March 29, 2021 at its special meeting of shareholders the previously announced spin-out of G2’s Sandy Lake Properties was approved. Following the shareholder vote the Ontario Superior Court of Justice approved the spin-out on March 31, 2021. The spin-out was completed on April 9, 2021.