BLUE THUNDER MINING CORPORATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Blue Thunder Mining Corporation

Opinion

We have audited the financial statements of Blue Thunder Mining Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, 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 audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

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.

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Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 12, 2020

Blue Thunder Mining Corporation
Statements of Financial Position
(Expressed in Canadian Dollars)

As at December 31,		2019		2018
ASSETS				
Current assets				
Cash	**$**	**396,176**	$	644,211
Other current assets (note 4)		**58,049**		38,835
Total current assets		**454,225**		683,046
Non-current assets				
Exploration and evaluation assets (note 12)		**515,000**		435,000
Total assets	**$**	**969,225**	$	1,118,046
LIABILITIES AND EQUITY				
Current liabilities				
Amounts payable and accrued liabilities (notes 5 and 15)	**$**	**420,444**	$	262,303
Flow-through share liability (note 7)		**38,395**		53,182
Total liabilities		**458,839**		315,485
Equity				
Share capital (note 8)		**1,109,699**		548,612
Warrants (note 9)		**145,075**		69,346
Contributed surplus (note 10)		**806,628**		766,964
Accumulated deficit		**(1,551,016)**		(582,361)
Total equity		**510,386**		802,561
Total liabilities and equity	**$**	**969,225**	$	1,118,046

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

Nature of operations (note 1)
Commitments (notes 7 and 16)
Subsequent events (note 18)

Approved on behalf of the Board:

"Chad Williams"

"Paolo Lostritto"

Blue Thunder Mining Corporation
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	2018
Operating expenses		
Exploration and evaluation expenditures (note 13)	**$ 510,977**	$ 146,016
General and administrative expenses (note 14)	**535,464**	445,583
Total operating expenses	**1,046,441**	591,599
Loss before the undernoted	**1,046,441**	591,599
Flow-through premium (note 7)	**(55,545)**	-
Interest income	**(1,541)**	(161)
Net loss and comprehensive loss for the year	**$ 989,355**	$ 591,438
Basic and diluted loss per share (note 11)	**$ 0.76**	$ 0.46
Weighted average number of common shares	**1,293,503**	1,279,116

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

Blue Thunder Mining Corporation
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2019	Year ended December 31, 2018
Operating activities:		
Net loss for the year	**$ (989,355)**	$ (591,438)
Adjustments for:		
Stock-based compensation (note 10)	**60,364**	192,935
Flow-through share premium (note 7)	**(55,545)**	90,000
Changes in non-cash working capital items:		
Other current assets	**(19,214)**	(35,819)
Other current liabilities	**-**	243,208
Amounts payable and accrued liabilities	**73,201**	113,487
Net cash used in operating activities	**(930,549)**	12,373
Investing activities:		
Acquisition of exploration and evaluation assets	**(15,000)**	(55,000)
Financing activities:		
Proceeds from private placements (note 8)	**715,029**	727,938
Share issue costs	**(17,515)**	(45,223)
Net cash provided by financing activities	**697,514**	682,715
Net change in cash	**(248,035)**	640,088
Cash, beginning of year	**644,211**	4,123
Cash, end of year	**$ 396,176**	$ 644,211
Supplemental Information		
Change in accrued share issue costs	$ 8,364	$ 11,576
Change in accrued exploration and evaluation assets (note 12)	65,000	-
Loan from controlling shareholder settled as a capital contribution (note 15)	-	484,029

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

Blue Thunder Mining Corporation
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share capital	Warrants	Contributed surplus	Accumulated deficit	Total
Balance, December 31, 2017	$ 1	$ -	$ -	$ 9,077	$ 9,078
Private placement (note 8)	727,938	-	-	-	727,938
Warrants (note 9)	(58,436)	58,436	-	-	-
Share issue costs	(67,709)	10,910	-	-	(56,799)
Flow through share premium (note 7)	(53,182)	-	-	-	(53,182)
Stock based compensation (note 10)	-	-	192,935	-	192,935
Shareholder loans settled as capital contribution (note 15)	-	-	484,029	-	484,029
Shares issued for property expenditures (note 12)	-	-	90,000	-	90,000
Net loss and comprehensive loss	-	-	-	(591,438)	(591,438)
Balance, December 31, 2018	**$ 548,612**	**$ 69,346**	**$ 766,964**	**$ (582,361)**	**$ 802,561**
Stock-based compensation (note 10)	-	-	60,364	-	60,364
Stock options expired (note 10)	-	-	(20,700)	20,700	-
Private placements (note 8)	715,029	-	-	-	715,029
Warrants (note 8)	(67,370)	67,370	-	-	-
Share issue costs (note 8)	(45,814)	8,359	-	-	(37,455)
Flow-through share premium (note 7)	(40,758)	-	-	-	(40,758)
Net loss and comprehensive loss	-	-	-	(989,355)	(989,355)
Balance, December 31, 2019	**$ 1,109,699**	**$ 145,075**	**$ 806,628**	**$ (1,551,016)**	**$ 510,386**

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

1. Nature of Operations

Blue Thunder Mining Corporation (the "Company" or "BTMC") was incorporated pursuant to the Business Corporations Act (Ontario) on July 21, 2017. The Company's head office is located at 105 King Street East, 2nd floor, Toronto, Ontario, Canada, M5C 1G6. The Company has acquired exploration and evaluation assets and if determined appropriate, plans to develop the properties, bring them into production, option or lease the properties to third parties, or sell the properties outright. As at December 31, 2019 and 2018, the Company is controlled by Red Cloud Mining Capital Inc.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation of properties, and political uncertainty.

The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable reserves. The recovery of amounts comprising the exploration and evaluation assets is dependent upon the establishment and confirmation of recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of any such reserves, the potential future profitability of any such reserves or alternatively, the disposition, on an advantageous basis, of the Company's interests in the exploration and evaluation assets.

These financial statements were prepared on a going concern basis of presentation, which contemplates the realization of assets and settlement of liabilities as they become due in the normal course of operations for the next fiscal year. For the year ended December 31, 2019, the Company incurred a net loss of $989,355 and as at December 31, 2019 (2018 - $591,438), reported an accumulated deficit of $1,551,016 (2018 - $582,361) and a negative working capital. The Company has no current source of operating cash flow, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore and develop its property and to cover general and administrative expenses necessary for the maintenance the operations of the Company. The Company's status as a going concern is contingent upon raising the necessary funds through the issuance of equity or debt. Management believes its working capital will be sufficient to support activities for the next twelve months and expects to raise additional funds when required and available.

2. Significant Accounting Policies

Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the IFRS Interpretations Committee.

The financial statements are presented in Canadian dollars, the Company's functional currency, and have been prepared on a historical cost basis. All amounts have been rounded to the nearest dollar, unless otherwise noted.

The financial statements were authorized for issue by the Board of Directors on May 12, 2020.

Basis of Presentation

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Significant Accounting Policies (Continued)

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

Financial Instruments

Financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;

- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement for each financial instrument:

Classification	IFRS 9
Cash	Amortized cost
Other current assets	Amortized cost
Amounts payable and accrued liabilities	Amortized cost

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Exploration and Evaluation Assets

Upon acquiring the legal right to explore a mineral property (exploration and evaluation assets), all direct costs related to the acquisition of a mineral property are capitalized.

Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include property option payments that are made at the discretion of the Company and evaluation activities.

2. Significant Accounting Policies (Continued)

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

Impairment of Exploration and Evaluation Properties

While assessing whether any indications of impairment exist for exploration and evaluation properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation properties. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets.

Estimates include but are not limited to estimates of the discounted future pre-tax cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation properties.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

Flow-through Shares

The Company may from time to time, issue flow-through common shares to finance a 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 liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a premium on flow-through shares in the statement of loss.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resources property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid. The Company indemnifies subscribers of flow-through shares for certain tax related amounts that may become payable if the Company fails to meet its flow-through expenditure requirements.

(Loss) per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding

2. Significant Accounting Policies (Continued)

for the effects of all warrants and options outstanding that may add to the total number of common shares. All outstanding options and warrants are considered anti-dilutive and are therefore excluded from the diluted loss per share for the periods presented.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous periods.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net loss and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Share-based Payment Transactions

The fair value of stock options granted to employees, directors and officers of the Company is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. Stock-based compensation incorporates an expected forfeiture rate of nil.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

2. Significant Accounting Policies (Continued)

Share Capital, Warrants and Contributed Surplus

Share capital represents the amount received on the issue of shares, less issuance costs. Warrants includes the fair value of warrants until such equity instruments are exercised or expired. Contributed surplus includes charges related to stock options until such equity instruments are exercised or expired and contributions made by the shareholders. The Company transfers to deficit the value of expired, forfeited or canceled warrants or options.

Impairment

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of other receivables which are included in the statements of financial position.
- Assets' carrying values and impairment charges: In the determination of carrying values and impairment charges, management looks at the higher of: recoverable amount; fair value less costs to sell in the case of assets; and significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

2. Significant Accounting Policies (Continued)

- Restoration, rehabilitation and environmental obligations: Management determined there were no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed in the current year that would trigger recognition of the provision in accordance with IAS 37, "Provisions, contingent liabilities and contingent assets".
- Management determines the fair value of warrants and stock options using the Black-Scholes option pricing model.

Critical accounting judgments

- Income taxes and recovery of deferred tax assets: The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretations and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.
- Restoration, rehabilitation and environmental obligations: Management determined there were no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed in the current and prior years and would trigger recognition of the provision in accordance with IAS 37, "Provisions, contingent liabilities and contingent assets".

Adoption of New Accounting Standards

The Company adopted the new IFRS pronouncement listed below as at January 1, 2019, in accordance with the transitional provisions.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates.

The adoption of this standard did not affect the Company's financial results or disclosures.

New Accounting Standards Not Yet Effective

Several new standards, amendments to standards and interpretations are effective in future years, and consequently have not been applied in preparing these financial statements. These include:

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

3. Financial Risk Management

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and price risk).

Risk management is carried out by the Company's management team with oversight of these risks by the Company's Board of Directors.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and other receivables, which consist mainly of taxes recoverable. The Company has no significant concentration of credit risk arising from operations.

(ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2019, the Company had cash of $396,176 (2018 - $644,211), to settle current liabilities of $458,839 (2018 - $315,485). The Company notes that the flow-through share liability which represents $38,395 (2018 - $53,182) of current liabilities balance is not settled through cash payment. Instead, this balance is amortized against qualifying flow-through expenditures which are required to be incurred before December 31, 2020. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms except for the $165,000 payable in relation to the acquisition of exploration and evaluations assets (see note 12).

(iii) Market risk

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

(a) Interest rate risk

The Company has $396,176 (2018 - $644,211) in cash balances and no interest-bearing debt and was not exposed to interest rate risk. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. As a result, the Company's exposure to interest rate risk is minimal.

(b) Foreign currency risk

The Company does not have any significant assets in currency other than the functional currency of the Company, nor does it have significant foreign currency denominated liabilities, therefore any changes in foreign exchange rates will not give rise to significant changes to the net loss.

(c) Price risk

The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

(Expressed in Canadian Dollars)

4. Other Current Assets

As at December 31,		2019		2018
Sales tax receivable	**$**	**56,537**	$	24,252
Prepaid expenses		**1,512**		-
Due from related company under common control		-		14,583
	$	**58,049**	$	38,835

5. Amounts Payable and Accrued Liabilities

As at December 31,		2019		2018
Amounts payables	**$**	**177,707**	$	123,069
Accrued liabilities		**242,737**		139,234
	$	**420,444**	$	262,303

6. Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its planned exploration activities is uncertain and dependent upon securing additional financing.

The Company considers its capital to be equity which at December 31, 2019, totalled $510,386 (2018 - $802,561).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2019 and 2018. The Company is not subject to any capital requirements.

7. Flow-Through Share Liability

The following is a continuity schedule of the liability of the flow-through shares issuance:

Balance, December 31, 2017	**$**	**-**
Liability incurred on flow-through shares issued		53,182
Balance, December 31, 2018		53,182
Liability incurred on flow-through shares issued		40,758
Flow-through share premium recognized		(55,545)
Balance, December 31, 2019	**$**	**38,395**

(Expressed in Canadian Dollars)

7. Flow-Through Share Liability (Continued)

The flow-through common shares (defined below) issued in the private placement were issued at a premium to the estimated price of a regular common share in recognition of the tax benefits accruing to subscribers. The flow-through premium for the private placements completed during the year ended December 31, 2019 was calculated to be $40,758 (2018 - $53,182).

The flow-through premium is derecognized through income as the eligible expenditures are incurred. As at December 31, 2019, the Company is committed to incur eligible expenditures of $253,352 (December 31, 2018 - $346,836).

8. Share Capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid. On June 12, 2018, the board of directors approved a stock split in the ratio of 10,000 for one. All share and per share amounts in these financial statements reflect the effect of this share split.

b) Common shares issued

As at December 31, 2019, the issued share capital amounted to $1,109,699. Changes in issued share capital are as follows:

	Number of common shares		Amount
Balance, December 31, 2017	**1,000,000**	$	1
Private placement (i)	242,646		727,938
Warrants (i)	-		(58,436)
Flow-through share premium (note 7)	-		(53,182)
Share issue costs	-		(67,709)
Balance, December 31, 2018	**1,242,646**		**548,612**
Private placements (i)	204,293		715,029
Warrants (i)	-		(67,370)
Flow-through share premium (note 7)	-		(40,758)
Share issue costs	-		(45,814)
Balance, December 31, 2019	**1,446,939**	**$**	**1,109,699**

(i) During 2019, the Company completed private placement financings of 76,900 (2018 - 115,612) flow-through shares of the Company at a price of $3.50 (2018 - $3.00) per share for gross flow-through proceeds of $269,150 (2018 - $346,836) and 127,393 (2018 - 127,034) non flow-through units of the Company at a price of $3.50 (2018 - $3.00) per unit for gross non flow-through proceeds of $445,879 (2018 - $381,102).

Each non flow-through unit consists of one common share of the Company and one-half of one common share purchase warrant (2018 – one common share and one-half of one common share warrant). Each warrant will entitle the holder to acquire one common share of the Company for 18 months (2018 – 18 months) at a price of $4.50 (2018 - $3.75).

During 2019, the Company also issued 7,885 (2018 - 11,832) broker warrants having the same terms as the warrants issued as part of the non-flow-through units.

(Expressed in Canadian Dollars)

8. Share Capital (Continued)

The fair value of the 63,696 (2018 - 63,517) warrants and 7,885 (2018 - 11,832) broker warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $2.97 (2018 - $2.54); expected dividend yield of 0% (2018 – 0%); risk-free interest rate of between 1.5% and 1.7% (2018 – 2%); volatility of 100% (2018 – 100%) and an expected life of 18 months (2018 – 18 months). Volatility was estimated based on similar companies in the industry that are publicly traded. The fair value assigned to these warrants was $67,370 (2018 - $58,436) and $8,359 (2018 - $10,910) respectively.

9. Warrants

	Number of warrants	Grant date fair value
Balance, December 31, 2017	**-**	**$ -**
Issued (note 8(b)(i))	75,350	69,346
Balance, December 31, 2018	**75,350**	**69,346**
Issued (note 8(b)(i))	71,581	75,729
Balance, December 31, 2019	**146,931**	**$ 145,075**

The following table reflects the warrants issued and outstanding as of December 31, 2019:

Expiry date	Exercise price ($)	Warrants outstanding
May 30, 2020	3.75	53,200
June 4, 2020	3.75	13,330
June 11, 2020	3.75	6,980
June 21, 2020	3.75	1,840
January 17, 2021	4.50	18,910
March 29, 2021	4.50	8,679
May 22, 2021	4.50	43,782
June 20, 2021	4.50	210

The weighted average exercise price as at December 31, 2019 is $4.12 (December 31, 2018 - $3.75). The weighted average remaining life as at December 31, 2019 is 0.84 years (December 31, 2018 - 1.42 years).

10. Stock Options

	Number of stock options	Weighted average exercise price
Balance, December 31, 2017	**-**	**$ -**
Stock options granted (i) and (ii)	200,000	1.20
Balance, December 31, 2018	**200,000**	**$ 1.20**
Stock options forfeited	(15,000)	(1.00)
Stock options expired	(15,000)	(1.00)
Balance, December 31, 2019	**170,000**	**$ 1.22**

(i) On June 13, 2018, 180,000 stock options were granted to officers and directors of the Company at an exercise price of $1.00 per share, expiring June 12, 2028. Vesting of the stock options is as follows: half on the date of grant and half on the first anniversary. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $1.50; expected dividend yield of 0%; risk-free interest rate of 2.3%; expected volatility of 100% and an expected life of 10 years. The fair value assigned to these options was $248,400.

(Expressed in Canadian Dollars)

10. Stock Options (Continued)

(ii) On October 25, 2018, 20,000 stock options were granted to a director of the Company at an exercise price of $3.00 per share, expiring October 24, 2028. Vesting of the stock options is as follows: half on the date of grant and half on the first anniversary. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: share price of $1.50; expected dividend yield of 0%; risk-free interest rate of 1.6%; expected volatility of 100% and an expected life of 10 years. The fair value assigned to these options was $27,600.

(iii) For the year ended December 31, 2019, the impact on the statement of loss and comprehensive loss was $60,364 (year ended December 31, 2018 - $192,935). As at December 31, 2019, 100,000 stock options were vested.

(iv) The weighted average remaining life as at December 31, 2019 is 8.5 years (December 31, 2018 – 9.7 years).

The following table reflects the options issued and outstanding as of December 31, 2019:

Expiry Date	Exercise Price	Options Outstanding
6/12/2028	$1.00	150,000
10/25/2028	$3.00	20,000

11. Net Loss Per Share

The calculation of basic and diluted loss per share for the year ended December 31, 2019 was based on the loss attributable to common shareholders of $989,355 (2018 – $591,438) and the weighted average number of common shares outstanding of 1,293,503 (2018 – 1,279,116). Diluted loss per share did not include the effect of stock options and warrants as they were anti-dilutive at the years ended December 31, 2019 and 2018.

12. Exploration and Evaluation Assets

Balance, December 31, 2017	**$**	**380,000**
Additional payment on acquisition of Muus property (i)		50,000
Acquisition of additional claims on Muus property (ii)		5,000
Balance, December 31, 2018		**435,000**
Acquisition of 13 additional mining claims in Quebec (v)		80,000
Balance, December 31, 2019	**$**	**515,000**

(i) On August 29, 2017, the Company entered into an agreement to acquire a 100% interest in the Muus property. The vendor will maintain a 2% net smelter return royalty on the property of which 1% can be purchased from the Vendors by the Company at anytime by the payment of $375,000 to each of the 2 individual vendors.

Under the terms of the agreement, the Company must make the following payments:

- $150,000 in cash on the date of closing (paid);
- $100,000 in cash on or before January 2, 2018 (paid);
- $100,000 in shares at the time of listing on a recognized Canadian stock exchange at a price equal to the listing price of the shares (accrued as at December 31, 2019 and 2018). As the Company was not listed on a stock exchange by June 30, 2018, an additional $50,000 cash payment was made and was paid.

Included in accounts payable and accrued liabilities at December 31, 2019 is $100,000 (2018 - $100,000) due through the issuance of shares upon the Company being listed on a recognized Canadian stock exchange (see Note 18).

Finders fees of $30,000 were paid as part of this agreement during the year ended December 31, 2018.

(Expressed in Canadian Dollars)

12. Exploration and Evaluation Assets (Continued)

(ii) On May 21, 2018, the Company amended the agreement in (i) above to include additional claims for consideration of $5,000.

(iii) On June 28, 2018, the Company entered into an option agreement to transfer up to a 2% interest in the Muus property in consideration for incurring $30,000 in expenditures on the property. $15,000 was incurred on the property and the agreement was settled through the issuance of shares of the Company in consideration for the work done. The controlling shareholder transferred 20,000 shares of the Company to the optionee in exchange for the transfer of the interest in the Muus property. $15,000 in expenditures were recognized and an addition to contributed surplus of $15,000 was recognized as a result of this transaction during the year ended December 31, 2018. The option agreement expired in March 2019 and the Company continues to own 100% of the Muus property as of December 31, 2019 and 2018.

(iv) On October 5, 2017, the Company entered into an option agreement to transfer up to a 10% interest in the Muus property in consideration of incurring $150,000 in expenditures on the property. $75,000 in expenditures was incurred on the property and the agreement was settled through the issuance of 50,000 shares in consideration for the work completed. The controlling shareholder transferred 50,000 shares of the Company to the optionee in exchange for the transfer of the interest in the Muus property. $75,000 in expenditures were recognized and an addition to contributed surplus of $75,000 was recognized as a result of this transaction during the year ended December 31, 2018 The option agreement expired in October 2019 and the Company continues to own 100% of the Muus property as at December 31, 2019 and 2018.

(v) On May 24, 2019, the Company entered into an agreement to acquire certain claims in Quebec. In order to obtain a 100% interest in the claims, the Company must pay $30,000 of which $15,000 was paid on signing and $15,000 is payable one year from the date of signing. The Company must also issue $50,000 in shares upon the Company's listing on a stock exchange (see Note 18). The unpaid amounts have been accrued by the Company as at December 31, 2019. The vendor will maintain a 1% net smelter return of which 0.5% can be purchased for $500,000.

(vi) On February 15, 2019, the Company entered into an option agreement to acquire exclusive rights on certain claims in Quebec for a period of 3 years. In order to obtain a 100% interest in the claims, the Company must pay $270,000 over a three-year period ($20,000 on signing (paid), $40,000, $60,000 and $150,000 on each of the first, second and third anniversaries of the effective date) and incur $250,000 in expenditures on the claims over a three-year period ($60,000, $90,000 and $100,000 on each of the first, second and third anniversaries of the effective date.) The vendor will maintain a 2% net smelter return of which 1% can be purchased for $500,000 in the first five years and for $2,000,000 thereafter.

13. Exploration and Evaluation Expenditures

	Year ended December 31, 2019	2018
Claim maintenance	**$ 94,744**	$ 5,217
Geology	**396,233**	140,799
Option payments	**20,000**	-
	$ 510,977	$ 146,016

(Expressed in Canadian Dollars)

14. General and Administrative Expenses

	Year ended December 31, 2019	2018
Stock-based compensation (note 10 (iii))	**$ 60,364**	$ 192,935
Consulting and management fees	**220,804**	159,000
Professional fees	**164,852**	48,629
Office and general	**56,999**	2,363
Filing fees	**14,445**	12,656
Occupancy costs	**18,000**	30,000
	$ 535,464	$ 445,583

15. Related Party Balances and Transactions

Related parties include the Board of Directors and management, close family and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

The transactions noted below are in the normal course of business and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

See Notes 4 and 5.

Remuneration of directors and key management personnel of the Company was as follows:

	Year ended December 31, 2019	2018
Consulting fees	**$ 241,427**	$ 120,000
Share-based payments	**$ 60,364**	$ 192,955

As at December 31, 2019, there was $93,917 (December 31, 2018 - $98,235) owed to officers, directors and companies controlled by officers and directors. These amounts are unsecured and non-interest bearing with no fixed term of repayment.

The Company paid management fees and rent to a company that is under common control with the Company of $3,250 and $17,500 respectively during the year ended December 31, 2019 ($39,000 and $30,000 respectively during the year ended December 31, 2018).

On December 28, 2018, the controlling shareholder who held 69% of the issued and outstanding shares of the Company settled $484,029 in debt as a capital contribution to the Company for nominal consideration.

Officers, directors and insiders of the Company subscribed for 35,900 flow-through shares (2018 – 41,861) and 12,458 non flow-through units (2018 – nil) as part of the financing completed during year ended December 31, 2019.

16. Commitments

Pursuant to the terms of flow-through share agreement, the Company is in the process of complying with its flow-through contractual obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As of December 31, 2019, the Company is committed to incurring approximately $253,352 in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2020 arising from the flow-through offerings. The Company has indemnified the subscribers of the flow- through shares for taxable amounts that may become due if the Company does not complete its contractual obligations related to the flow-through shares.

See Note 12.

(Expressed in Canadian Dollars)

17. Income Taxes

(a) Income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 13.5% (2018 – 13.5%) were as follows:

	Years ended December 31	
	2019	**2018**
Net Loss before income taxes	**$ (989,355)**	$ (591,438)
Expected income tax recovery based on statutory rate	**(134,000)**	(80,000)
Adjustment to expected income tax benefit:		
Stock Based Compensation	**8,000**	26,000
Flow-through renunciation	**42,000**	-
Other	**12,000**	13,000
Change in Benefit of tax assets not recognized	**72,000**	41,000
Deferred income tax provision (recovery)	**$ -**	$ -

(b) Deferred income tax

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of the assets and liabilities. Deferred income taxes assets have not been recognized in respect of the following deductible temporary differences:

	Years ended December 31	
	2019	**2018**
Non-capital loss carry-forwards	**$ 782,000**	$ 245,000
Mineral property expenditures	**57,000**	44,000
Share issue costs	**77,000**	54,000
Total	**$ 916,000**	$ 343,000

(c) Tax loss carry-forwards

Non-capital losses will expire between 2037-2038. Share issue costs will be deducted over the next 4 years.

18. Subsequent Events

Stock option exercise - On January 9, 2020 certain stock option holders exercised a portion of their option holdings. In total 11,900 stock options were exercised for total proceeds of $11,900.

Private placement - On January 10, 2020, the Company completed a non-brokered private placement, raising $250,250 through the sale of 71,500 units of the Company. Each unit was priced at $3.50 and consisted of one common share of the Company and one-half of a transferable common share purchase warrant, with each full warrant entitling the holder to acquire one common share of the Company at a price of $4.50 for a period of 18 months from the date of closing.

Amalgamation agreement - On November 28, 2019, Platform Eight Capital Corp. (TSXV: PEC.P) ("Platform Eight" or the "PEC"), entered into an amalgamation agreement (the "Amalgamation Agreement") to complete a reverse takeover transaction (the "BTM Transaction") pursuant to which PEC will complete a three-cornered amalgamation with the Company. The BTM Transaction will, pursuant to the policies of the TSX Venture Exchange (the "TSXV"), constitute the Corporation's "Qualifying Transaction", as such term is defined by Policy 2.4 - Capital Pool Companies ("Policy 2.4"). The corporation resulting from the BTM Transaction (the "Resulting Issuer") is expected to continue under the name "Blue Thunder Mining Inc. ("BTMI") with its common shares listed for trading on the TSXV as a "Tier 2" mining issuer.

Pursuant to the Amalgamation Agreement, each common share of Platform Eight will be exchanged for one common share of BTMI, and each common share of Blue Thunder will be exchanged for 26.8476 common shares of BTMI. Following completion of the BTM Transaction each outstanding stock option and warrant to purchase Platform Eight and Blue Thunder common shares will be exercisable to purchase BTMI common shares at the same exchange ratios.

On February 12, 2020, the BTM Transaction closed, and the common shares commenced trading under the ticker TSXV:BLUE on February 14, 2020.

Share issuance for properties - On February 14, 2020, 1,150,308 BTMI shares, at a value of $150,000, were issued to various vendors in connection with acquisitions of exploration and evaluation assets which had been accrued by the Company as at December 31, 2019. (See Note 12)

Acquisition of Fancamp and Embry properties – On February 20, 2020, the Company announced that it had signed a non-binding Letter of Intent ("LOI") with O3 Mining Inc. ("O3"; TSX-V:OIII) to acquire a 100% interest in the Fancamp and Embry gold properties ("the Properties"), dated February 19, 2020. In consideration for the 100% interest in the Properties, the Company would issue to O3 4,514,436 common shares of Blue Thunder Mining Inc. and a 2% net smelter return royalty ("NSR") over the Properties granted to O3, subject to the Company having the option to buy-down a 1% NSR for $750,000. A definitive agreement with O3 was signed on April 20, 2020 and the transaction closed May 1, 2020.

Stock option exercise - On April 16, 2020 certain stock option holders exercised a portion of their option holdings. In total, 499,365 stock options were exercised for total proceeds of $19,975.

Stock option grant - On April 23, 2020, 620,000 stock options were granted to certain recently appointed officers and a director at an exercise price of $0.08 per share, expiring on April 23, 2025. Vesting of the options is as follows: half on the date of grant and half on the first anniversary.

Novel Coronavirus ("COVID-19") - The Company could also be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on it and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company and its ability to secure any necessary financing.