



Windfall Geotek Inc

(formerly known as Albert Mining Inc.)

Unaudited Condensed Consolidated Interim Financial Statements

Second quarter ended August 31, 2019

(three and six month periods ended August 31, 2019 and 2018)



Management's Responsibility for Unaudited Condensed Consolidated Interim Financial Statements

The accompanying consolidated financial statements of Windfall Geotek Inc. (formerly known as Albert Mining Inc.) (the "Company") are the responsibility of management and the Board of Directors.

The 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 consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Board of Directors is responsible for reviewing and approving the 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 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 consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The unaudited condensed interim consolidated financial statements of the Company as at August 31, 2019 and for the three-month periods ended August 31, 2019 and 2018, have not been reviewed by the Company's external auditors.

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.

(signed)
Michel Fontaine
Chief Executive Officer
Ottawa, Canada
October 28, 2019

(signed)
Daniel Bélisle
Chief Financial Officer



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Windfall Geotek Inc.

(formerly known as Albert Mining Inc.)

Condensed Consolidated Interim Statements of Financial Position

As at August 31, 2019

Unaudited

(in Canadian dollars, except for the number of shares)

	August 31 2019 \$	February 28, 2019 \$
Assets		
Current assets		
Cash	349,961	175,006
Accounts receivable	147,881	48,016
Prepaid expense	5,859	11,612
Investment (note 7)	170,000	-
Total current assets	<u>673,701</u>	<u>234,634</u>
Non-current assets		
Office equipment (note 8)	26,188	1,417
Exploration and evaluation assets (note 10)	1	1
Intangible assets - Artificial intelligence (note 9)	375,000	450,000
Total current assets	<u>401,189</u>	<u>451,418</u>
TOTAL ASSETS	<u>1,074,890</u>	<u>686,052</u>
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	65,104	87,101
Flow-through premium (note 12)	-	-
Total liabilities	<u>65,104</u>	<u>87,101</u>
Equity		
Share capital (note 13)	37,538,279	36,807,470
Subscription received	-	165,000
Contributed surplus (note 13)	6,261,047	6,009,203
Warrants (note 13)	532,945	477,671
Deficit	(43,322,485)	(42,860,393)
Total equity	<u>1,009,786</u>	<u>598,951</u>
TOTAL LIABILITIES AND EQUITY	<u>1,074,890</u>	<u>686,052</u>

Going concern (note 2)

Subsequent events (note 23)

Approved by the Board of Directors

"Michel Fontaine"

"Andre Larante"

Director

Director

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

Windfall Geotek Inc.

(formerly known as Albert Mining Inc.)

Condensed Consolidated Interim Statements of Operations

For the three and six month periods ended August 31, 2019 and 2018

Unaudited

(in Canadian dollars, except for the number of shares)

	Three-month period ended August 31, 2019 \$	Three-month period ended August 31, 2018 \$	Six-month period ended August 31, 2019 \$	Six-month period ended August 31, 2018 \$
Revenue				
Services	100,000	-	175,000	30,000
Operating expenses				
Amortization (note 8-9)	(37,944)	(37,500)	(75,444)	(75,000)
Exploration and evaluation expenditures (note 10)	(30,225)	(123,332)	(41,035)	(136,697)
General and administrative (note 16)	(160,746)	(113,289)	(385,531)	(250,900)
Stock-based compensation (note 13)	-	-	(105,082)	-
	(228,915)	(274,121)	(607,092)	(462,597)
Operating loss	(128,915)	(274,121)	(432,092)	(432,597)
Gain on disposal of mining assets	-	-	-	-
Interest income	-	-	-	-
Write down of royalty agreements	-	-	-	-
Net loss for the period	(128,915)	(274,121)	(432,092)	(432,597)
Other comprehensive loss				
Unrealized lost on investment	-	-	(30,000)	-
Income tax recovery	-	35,260	-	35,260
Net comprehensive loss for the period	(128,915)	(238,861)	(462,092)	(397,337)
Weighted average number of outstanding common shares				
Basic and diluted (note 15)	78,054,561	63,292,061	77,105,735	63,275,757
Loss per share				
Basic and diluted (note 15)	(0.00)	0.00	(0.01)	(0.01)

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

Windfall Geotek Inc.

(formerly known as Albert Mining Inc.)

Condensed Consolidated Interim Statements of Changes in Equity For the three and six month periods ended August 31, 2019 and 2018

Unaudited

(in Canadian dollars, except for the number of shares)

	Number common shares	Share Capital (Note 13)	Subscriptions Received	Contributed Surplus (Note 13)	Warrants (Note 13)	Deficit	Total Equity
Balance February 28, 2018	63,142,061	36,787,060	-	5,599,079	838,459	(42,020,711)	1,203,887
Issued for mineral properties	150,000	11,250	-	-	-	-	11,250
Warrants expired	-	-	-	202,028	(202,028)	-	-
Net loss and comprehensive loss for the period	-	-	-	-	-	(397,337)	(397,337)
Balance August 31, 2018	63,292,061	36,798,310	-	5,801,107	636,431	(42,418,048)	817,800
Balance, February 28, 2019	63,392,061	36,807,470	165,000	6,009,203	477,671	\$ (42,860,393)	598,951
Issued in private placements	12,062,500	665,000	(165,000)	-	-	-	500,000
Warrants issued in private placement	-	(301,165)	-	-	301,165	-	-
Share issue costs	-	(16,155)	-	-	-	-	(16,155)
Warrants exercised	1,800,000	296,265	-	-	(62,265)	-	234,000
Options exercised	800,000	86,864	-	(36,864)	-	-	50,000
Warrants expired	-	-	-	183,626	(183,626)	-	-
Stock-based compensation	-	-	-	105,082	-	-	105,082
Net loss and comprehensive loss for the period	-	-	-	-	-	(462,092)	(462,092)
Balance August 31, 2019	78,054,561	37,538,279	-	6,261,047	532,945	\$ (43,322,485)	1,009,786

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

Windfall Geotek Inc.

(formerly known as Albert Mining Inc.)

Condensed Consolidated Interim Statements of Cash Flows

For the three and six month periods ended August 31, 2019 and 2018

Unaudited

(in Canadian dollars)

	3	Three-month period ended August 31, 2018 \$	Six-month period ended August 31, 2019 \$	Six-month period ended August 31, 2018 \$
Cash flows provided (used in)				
Operating activities				
Net loss for the period	(128,915)	(238,861)	(462,092)	(397,337)
Adjustments for				
Depreciation and amortization	37,944	37,500	75,444	75,000
Exploration expenditures settled in common shares (note 10)	-	-	-	11,250
Share-based compensation expense	-	-	105,082	-
Income tax recovery	-	(35,260)	-	(35,260)
Unrealized loss on investment	-	-	30,000	-
	(90,971)	(236,621)	(251,566)	(346,347)
<u>Changes in working capital items:</u>				
Amounts receivable	(104,965)	(31,757)	(99,865)	(49,392)
Prepaid	2,930	794	5,754	(538)
Accounts payable and accrued liabilities	(22,574)	(40,853)	(21,998)	(75,072)
Net cash used in operating activities	(215,580)	(308,437)	(367,675)	(471,349)
Investing activities				
Increase in short term investment	(100,000)	-	(200,000)	-
Acquisition of computer equipment	(25,215)	-	(25,215)	-
Net cash used in investing activities	(125,215)	-	(225,215)	-
Financing activities				
Issuance of share capital net of issue costs (note 13)	-	-	767,845	-
Net cash provided by financing activities	-	-	767,845	-
Foreign exchange on cash				
Net increase (decrease) – cash and cash equivalent	(340,795)	(308,437)	174,955	(471,349)
Cash and cash equivalents – Beginning of period	690,756	627,081	175,006	789,993
Cash and cash equivalents – End of period	349,961	318,644	349,961	318,644

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

Windfall Geotek Inc.

(formerly known as Albert Mining Inc.)

Notes to condensed consolidated interim financial statements

For the three and six months periods ended August 31, 2019 and 2018

Unaudited

(in Canadian dollars, except per share amounts)

1 Incorporation and nature of activities

Windfall Geotek Inc. (formerly known as Albert Mining inc.) (the “Company”) was incorporated under the Canada Business Corporations Act (Alberta) on February 23, 1996. The nature of operations involves the acquisition, exploration and development of mineral resource properties. Albert and its subsidiaries (hereinafter the “Company”) is in the exploration stage and does not derive any revenue from the development of its properties. The Company also offers services using its CARDS system using artificial intelligence and datamining (note 7). The Company’s common shares are listed on the TSX Venture Exchange (“TSX.V”) under the symbol AIIM. The Company’s office is located at 7005 Taschereau Boulevard Suite 340, Brossard, Quebec, Canada, J4Z 1A7.

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations 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, indigenous claims, and noncompliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

2 Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue its operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable.

For the current period, the Corporation has incurred a loss of \$128,915 and \$462,092 during the three and six months ended August 31, 2019 (in 2018, a loss of \$238,861 and \$397,337), and has an accumulated deficit of \$43,322,485 as at August 31, 2019. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its existing commitments for exploration and evaluation programs and pay general and administration costs. As at August 31, 2019, the Corporation had a positive working capital of \$608,597 (positive of \$147,533 as at February 28, 2019).

The Company must secure additional funding to be able to discharge its liabilities and to fund its ongoing working capital requirements. Management is evaluating various alternatives to secure the necessary financing so that the Company can continue as a going concern. The carrying amount of assets, liabilities and expenses presented in the consolidated financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. These consolidated Interim financial statements were approved and authorized for issue by the board of directors on October 28, 2019.

Windfall Geotek Inc.

(formerly known as Albert Mining Inc.)

Notes to condensed consolidated interim financial statements

For the three and six months periods ended August 31, 2019 and 2018

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(in Canadian dollars, except per share amounts)

3 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Reporting Standards (“IFRS”) as issued by the International Financial Reporting Standards Board (“IFRIC”). The accounting policies applied in these consolidated financial statements are presented in note 4 and have been applied consistently to all years unless otherwise noted.

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgements in applying the Company’s accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

4 Summary of significant accounting policies

The Corporation prepares its financial statements in accordance with International Financial Reporting Standards (“IFRS”), as published by the International Accounting Standards Board (“IASB”).

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) *Basis of measurement*

These consolidated financial statements have been prepared on a historical cost basis.

b) *Basis of consolidation*

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Windfall Geotek Inc. (formerly known as Albert Mining Inc.) is the group’s ultimate parent company. The parent controls a subsidiary if it is exposed, or has the rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between companies.

The following companies have been consolidated within the consolidated financial statements:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Tropic Diamonds Inc.	Ontario, Canada	100%	Holding company
Ampanihy Resources S.A.R.L	Madagascar	100%	Holding company
SIMACT Alliance Copper Gold Inc.	Montreal, Canada	100%	Exploration company

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Notes to condensed consolidated interim financial statements

For the three and six months periods ended August 31, 2019 and 2018

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4 Summary of significant accounting policies (continued)

c) *Foreign currency and foreign currency translation*

These consolidated financial statements are presented in Canadian dollars. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates (“the functional currency”). Albert’s functional currency is the Canadian dollar. The functional currency of all of the subsidiaries is the Canadian dollar. The functional currency for Albert and its subsidiaries has remained unchanged during 2019 and 2018.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period: monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date; non monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates of exchange prevailing at the date the fair value was determined; and, non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Such exchange differences arising from retranslation at period end are recognized in net loss.

d) *Jointly controlled exploration operations*

Joint arrangements are arrangements where the Company has joint control through a contractually agreed sharing of control arrangement. Joint control exists when decisions about the relevant activities require the unanimous consent of parties sharing control. Arrangements are classified and recognized as follows:

- Joint operations – when the Company has rights to assets, and obligations for the liabilities, relating to the joint arrangement and recognizes its assets, liabilities, revenue, expenses, and share of any joint transactions arising from the joint operations;
- Joint venture – when the Company has the rights to the net assets of the joint arrangement relating to the joint arrangement and recognizes its interest using the equity method like for investments in associates

e) *Financial instruments*

Adoption of IFRS 9

On March 1, 2018, the Company adopted IFRS 9 in accordance with the transitional provisions of the standard. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. The change did not impact the carrying value of any of the Company’s financial assets on the transition date.

The impact on the statement of financial position from the changes related to IFRS 9 has been summarized below.

Windfall Geotek Inc.

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Notes to condensed consolidated interim financial statements

For the three and six months periods ended August 31, 2019 and 2018

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4 Summary of significant accounting policies (continued)

e) *Financial instruments (continued)*

Adoption of IFRS 9 (continued)

We have assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 as follows:

Financial Assets	IAS 39	IFRS 9
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Investment	n/a	Fair value through profit or loss
Financial Liabilities		
Accounts payables and accrued liabilities	Amortized cost	Amortized cost

The classification of financial assets is based on how the entity manages its financial instruments and contractual cash flow characteristics of the financial asset. Transactions costs with respect to financial instruments classified as fair value through profit or loss are recognized in the statements of loss and comprehensive loss.

Impairment of Financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Impairment of Financial assets

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

f) *Impairment of non-financial assets*

The Company assesses non-financial assets including office equipment and artificial intelligence software for impairment when facts and circumstances suggest that the carrying amount of these assets is impaired. An impairment review is undertaken when indicators of impairment arise.

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Notes to condensed consolidated interim financial statements

For the three and six months periods ended August 31, 2019 and 2018

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4 Summary of significant accounting policies (continued)

f) Impairment of non-financial assets (continued)

Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash inflows (Cash-generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in profit or loss.

g) Revenue recognition

Effective March 1, 2018, the Company adopted and applied the provisions of IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), which clarifies revenue recognition principles, provides a framework for recognizing revenue and cash flows arising from contracts with customers and enhances qualitative and quantitative disclosure requirements. The adoption of this standard did not change the Company's revenue recognition accounting policies.

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the Company, and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discounts, volume rebates and amounts collected on behalf of third parties.

Revenue from a contract to provide services using the CARDS datamining is recognised by reference to the stage of completion of the contract. The revenue is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably, the amount of revenue recognized is limited to the cost incurred in the period. Losses on contracts are recognized as soon as a loss is foreseen by reference to the estimated costs of completion.

h) Office equipment

Computer equipment are part of office equipment and are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of Computer equipment consists of the purchase price, applicable borrowing costs, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to the consolidated statement of loss during the period in which they are incurred.

Depreciation is recognized based on the cost of an item of PP&E, less its estimated residual value, over their expected useful lives: Amortization:

<u>Category</u>	<u>Years</u>	<u>Method</u>
<i>Computer equipment</i>	5	<i>Straight line</i>

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For the three and six months periods ended August 31, 2019 and 2018

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4) Summary of significant accounting policies (continued)

i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of operations in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of operations when the asset is derecognized.

Amortization:

<u>Category</u>	<u>Years</u>	<u>Method</u>
CARDS Software	5	Straight line

j) Exploration and evaluation assets and exploration and evaluation expenses

All of the Company's projects are currently in the exploration and evaluation phase.

All exploration and evaluation expenditures are expensed in the statement of operations.

k) Provisions and contingent liabilities

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 resources 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 at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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4 Summary of significant accounting policies (continued)

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The Company had no material provisions or contingent liabilities as at February 28, 2019 and 2018.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

l) Equity-settled share based payment transactions

The Company operates equity-settled share based remuneration plans (share options plans) for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. Occasionally, the Company issues warrants to brokers.

All goods and services received in exchange for the grant of any share based payments are measured at their fair values, unless fair value cannot be reasonably estimated reliably. Where employees are rewarded using share based payments, the fair value of the services rendered by the employees or a consultant providing similar services as employees is determined indirectly by reference to the fair value of the equity instruments granted. 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 share options that are expected to vest. No adjustment is made to any expense recognized in the prior period if the number of share options ultimately exercised is different from that estimated on vesting, share based payments incorporate an expected forfeiture rate.

All equity settled share based payments under equity settled share based payment plans, except warrants to brokers, are ultimately recognized as an expense in the profit or loss with a corresponding credit to contributed surplus, in equity. At the same time, upon exercise of a share option, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in contributed surplus are then transferred to share capital. Warrants issued to brokers are recognized as issuance cost of equity instruments with a corresponding credit to contributed surplus, in equity.

m) Equity

The share capital represents the amount received upon the share issuance, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously

Windfall Geotek Inc.

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4 Summary of significant accounting policies (continued)

recorded in contributed surplus and warrants.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued according to their fair value using the proportional method.

Other elements of equity

Reserves include the contributed surplus reserve and the warrants reserve.

Contributed surplus includes charges related to stock options. When stock options are exercised, the related compensation costs are transferred to share capital.

Warrants include the fair value on the issuance of warrants. When warrants are exercised, the related amount is transferred to share capital. Any revaluation of warrants based on the extension of warrants life, modification of exercise price, etc., issued in the prior years are recorded directly in deficit. Deficit includes all current and prior period profits or losses.

n) Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax assets and/or liabilities are the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

However, since the Company is in the exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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4 Summary of significant accounting policies (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets and liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

o) Earnings 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. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

p) Segmented reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors.

The Company has determined that it operates in two segments, being acquisition, exploration and development of mineral properties for economically recoverable reserves in Canada and generating revenue from providing services using its CARDS system.

q) Standards, amendments and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the February 28, 2019 reporting period. Updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company is currently assessing the impact of these new standards, if any, on its condensed interim financial statements.

- IFRS 16 – Leases; and
- IAS 12 – Income Taxes.

5 Critical accounting estimates and judgments

Significant estimates, judgements and 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 estimates, judgements and assumptions made, relate to, but are not limited to, the following:

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5 Critical accounting estimates and judgments (continued)

Estimates

- The estimation of stock-based compensation requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share price, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model; and
- The estimation of the useful life of the CARDS system intangible asset.

Judgements

- Determination that no material restoration, rehabilitation and environmental obligations and liabilities existed based on the facts and circumstances;
- The assessment of the Company's ability to execute its strategy by funding future working capital. Further information regarding going concern is outlined in note 2.

6 Asset Purchase Agreement

On March 13, 2017, the Company signed an Asset Purchase Agreement (the "Agreement") with Diagnos Inc. ("Diagnos") for the purchase of the assets from Diagnos' mining division, including the Computer Aided Resources Detection System ("CARDS"), for total value of \$800,000.

Under the terms of the Agreement, the Company issued 8,000,000 common shares to Diagnos, at a price of \$0.10 per share, in payment for the acquisition of the assets, consisting of Diagnos' mining claims, mineral property royalty agreements and the CARDS system.

Per the Agreement, the allocation of the purchase price was as follows:

CARDS system	\$750,000
Mining claims (note 10)	\$26,000
Royalty agreements	\$24,000
	<hr/>
	\$800,000

The Company will remit to Diagnos (i) 50% of any payment that the Company receives from the royalty agreements forming part of the acquired assets, and (ii) 5% of revenues generated by the commercialization of the CARDS system.

Subsequent to the Agreement date, the Company wrote down the royalty agreements to \$1, and incurred a loss on the write down in the amount of \$23,999.

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7 Investment

	Number of shares	August 31, 2019 \$	February 28, 2019 \$
Balance – Beginning of period	-	-	-
Acquisition of shares (1)	2,000,000	100,000	-
Net change in fair value	-	(30,000)	-
Deposit on investment (2)	-	100,000	-
Balance – End of period	2,000,000	170,000	-

(1) On April 12th, 2019, while signing a service agreement with Playfair Mining Inc., the Company purchased 2,000,000 shares in a private placement, at \$0.05 per share for a total of \$100,000. At the end of the current quarter, as the shares closed at the price of \$0.035, therefore, the Company recorded an unrealized loss on investment of \$30,000.

(2) At the end of the quarter, the Company had contribute to an investment in a client's private placement but had not yet received the share certificate as the placement was not yet closed.

8 Office equipment

	August 31, 2019 \$	February 28, 2019 \$
Cost:		
Balance – Beginning of period	1,417	1,417
Additions during the period	25,215	-
Balance – End of period	26,632	1,417
Accumulated depreciation:		
Balance – Beginning of period	-	-
Additions during the period	(444)	-
Balance – End of period	(444)	-
Net book value:		
Balance – Beginning of period	1,417	1,417
Increase (decrease) during the period	24,771	-
Balance – End of period	26,188	1,417

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9 Intangible assets - CARDS software

	August 31, 2019 \$	February 28, 2019 \$
Cost:		
Balance – Beginning of period	750,000	750,000
Balance – End of period	<u>750,000</u>	<u>750,000</u>
Accumulated depreciation:		
Balance – Beginning of period	(300,000)	(150,000)
Additions during the period	(75,000)	(150,000)
Balance – End of period	<u>(375,000)</u>	<u>(300,000)</u>
Net book value:		
Balance – Beginning of period	450,000	600,000
Increase (decrease) during the period	(75,000)	(150,000)
Balance – End of period	<u>375,000</u>	<u>450,000</u>

During the year ended February 28, 2018, the Company acquired the CARDS Software system (note 7).

10 Exploration and evaluation assets

a) *Eastmain - James Bay, Québec*

During the year ended February 28, 2018 the Company decided to abandon this property. The Company had incurred exploration and evaluation expenditures of \$11,539 during the year ended February 28, 2018.

b) *Rupert – James Bay, Québec*

On June 15, 2016, the Company entered into an option agreement to acquire 20 claims.

During the year ended February 28, 2019, the Company did not incur any exploration and evaluation expenditures on the property and allowed the option agreement to lapse without acquiring the claims.

c) *Nelly Neilson*

On October 25, 2016, the Company entered into a four-year option agreement to acquire 16 claims located in the Monts Otish region of central Quebec, north of Chibougamau.

During the year ended February 28, 2019 the Company recorded exploration and evaluation expense totaling \$nil (year ended February 28, 2018 – recoveries in exploration and evaluation expenses of \$43,795) and allowed the option agreement to lapse without acquiring the claims.

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10 Exploration and evaluation assets (continued)

d) Other properties

During the year ended February 28, 2018, the Company map staked and acquired a number of new properties for gold and diamond exploration in Quebec. The following is a brief summary of these acquisitions:

Mirabelli

During the year ended February 28, 2019, and subsequent to year-end, the Company allowed all of the claims making up this property to lapse.

During the year ended February 28, 2018, the Company incurred \$22,739 of exploration and evaluation expenditures on this property.

Laparre

During the year ended February 28, 2018, the Company incurred \$575 of exploration and evaluation expenditures on this property. Exploration work yielded negative results and the Company decided to abandon the property.

Nottaway

During the year ended February 28, 2018, the Company incurred \$2,371 of exploration and evaluation expenditures on this property and decided to allow the claims to lapse.

Ashuanipi

On January 10, 2018, the Company acquired 283 claims comprising the Ashuanipi Gold Property.

During the year ended February 28, 2019, the Company acquired an additional 6 claims, bringing the total number of claims comprising this property to 289.

During the year ended February 28, 2019, the Company incurred \$201,051 (year ended February 28, 2018 - \$40,672) of exploration and evaluation expenditures on assessing the potential of this property.

On March 20, 2018, the Company entered into a purchase agreement to acquire 9 mining claims at the Lac Guillaume property, Quebec.

Per the terms of the agreement, the Company issued 150,000 common shares, valued at \$11,250, to acquire the claims. The vendor retained a 1% NSR on the property. The Company can reduce the NSR to 0.5% at any time by paying to the vendor the amount of \$500,000.

e) Properties acquired from Diagnos (note 6)

James Bay Kimberlite

During the year February 28, 2018, the Company incurred \$82,763 of exploration and evaluation expenditures on this property. However, the exploration work yielded inconclusive results and the Company decided to abandon the property.

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10 Exploration and evaluation assets (continued)

Currie-Madeleine

During the year ended February 28, 2019, the Company allowed the 39 claims comprising this property to lapse.

Wachigabau Lake

The Wachigabau Lake property includes 33 claims totaling 1,842 ha.

During the year ended February 28, 2019, the Company paid \$2,115 to renew these claims. The Company incurred additional exploration and evaluation expenditures of \$99,569 (year ended February 28, 2018 - \$Nil) on this property.

Chapais

The Chapais property consists of 36 claims totaling 1,560 ha.

On December 5, 2017, the Company signed an option agreement with Everton Resources Inc. ("Everton") pursuant to which Everton had the option to acquire up to 75% undivided interest in 7 of the claims making up this property. During the year ended February 28, 2019, Everton did not complete the expenditure requirements and the option agreement was cancelled.

As part of the option agreement with Everton, the Company was reimbursed by Everton for certain exploration expenditures on the property. This resulted in exploration and evaluation expense recoveries on this property of \$25,093 for the year ended February 28, 2018.

During the year ended February 28, 2019, the Company did not incur any exploration and evaluation expenses on this property.

Lasarre

The Lasarre property consists of 4 claims totaling 168 ha.

During the years ended February 28, 2019 and February 28, 2018, the company did not incur any exploration and evaluation expenses on this property.

Rivière France, Penelope, DiscoFloe and Nico

The claims comprising these properties expired during the year ended February 28, 2018, and the Company abandoned these properties.

f) *Other Exploration work*

During the year ended February 28, 2019, the Company incurred \$31,398 (2018 - \$Nil) on exploration and evaluation expenses on other potential properties.

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11 Accounts payable and accrued liabilities

	August 31, 2019 \$	February 28, 2019 \$
Accounts payable and accrued liabilities	65,104	87,101

12 Flow through share premium liability

	August 31, 2019 \$	February 28, 2019 \$
Balance – Beginning of period	-	94,346
Reduction of flow through share liability on qualifying expenditures	-	(94,346)
Balance – End of period	-	-

The Company periodically issues flow through shares to fund Canadian exploration programs with any resulting flow through premium recorded as a flow through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of flow through premium is recorded as income. Based on Canadian tax law, the Company is required to spend the amounts raised on eligible exploration expenditures by the end of the year subsequent to the date the expenditures were renounced.

Fiscal 2018

On December 27, 2017, the Company raised \$330,000 by issuing 4,714,286 flow-through common shares at \$0.07 per share. The premium paid by investors in excess of the market price of the shares was \$94,346. Based on Canadian tax law, the Company is required to spend the \$330,000 on eligible exploration expenditures by December 31, 2018.

As of February 28, 2019, the \$330,000 of the flow-through funds raised in fiscal 2018 had been spent.

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13 Share capital and warrants

a) Share issuance

Fiscal 2020

(i) On March 11, 2019, the Company completed a non-brokered private placement by issuing 10,000,000 units of the Company for gross proceeds of \$500,000. Each unit consisted of (i) one common share at a price of \$0.05 per Common Share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.05 per common share for a period of twenty-four months expiring March 11, 2021.

In connection with the private placement, the Company paid total cash issuance costs of \$12,150.

The 10,000,000 warrants issued in connection with this private placement have been recorded at a value of \$220,138 based on the proportional method using the Black Scholes pricing model, using the following assumptions: share price of \$0.105, an average exercise price of \$0.05, risk free interest rate of 1.66%, expected life of warrants of 2 years, annualized volatility rate of 138.5% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

(ii) On April 11, 2019, the Company completed a non-brokered private placement by issuing 2,062,500 units of the Company for gross proceeds of \$165,000. Each unit consisted of (i) one common share at a price of \$0.08 per Common Share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.095 per common share for a period of twenty-four months expiring April 11, 2024.

In connection with the private placement, the Company paid a total cash issuance costs of \$4,005.

The 10,000,000 warrants issued in connection with this private placement have been recorded at a value of \$81,027 based on the proportional method using the Black Scholes pricing model, using the following assumptions: share price of \$0.125, an average exercise price of \$0.095, risk free interest rate of 1.59%, expected life of warrants of 5 years, annualized volatility rate of 181.89% (based on the Company's historical volatility for 5 years up to the issuance date) and dividend rate of 0%.

Fiscal 2019

(iii) On March 20, 2018, Albert issued 150,000 common shares per the Lac Guillaume purchase agreement (note 8 f). These shares had a fair value of \$11,250.

Fiscal 2018

(iv) On May 18, 2017, Albert issued 8,000,000 common shares of its share capital to Diagnos, at a deemed price of \$0.10 per share, per the Asset Acquisition Agreement (note 6) of which 7,500,000 common shares were the CARDS system, 260,000 common shares were for various mineral properties and 240,000 common shares were for royalty agreements.

(v) On September 27, 2017, the Company completed a non-brokered private placement by issuing 500,000 units of the Company for gross proceeds of \$50,000. Each unit consisted of (i) one common share at a price of \$0.10 per Common Share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.16 per common share for a period of twenty-four months.

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13 Share capital and warrants (continued)

The 500,000 unit warrants issued in connection with this private placement have been recorded at a value of \$18,193 based on the proportional method using the Black Scholes pricing model, using the following assumptions: share price of \$0.0286, an average exercise price of \$0.16, risk free interest rate of 1.73%, expected life of warrants of 2 years, annualized volatility rate of 158.92% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

(vi) On December 27, 2017, the Company issued 4,714,286 flow-through common shares at a price of \$0.07 per share for gross proceeds of \$330,000 of which \$235,654 was recorded in share capital and the remaining \$94,346 was recorded as a flow through shares premium liability (note 10). In connection with the issuance of flow-through shares, the Company paid a cash finder's fee of \$13,720 and issued 196,000 non-transferable finder's warrants. Each finder's warrant entitles the holder to purchase one additional common share at a price of \$0.065 per share for a period of twenty-

four months, expiring on December 27, 2019. The finder's warrants have been recorded at a value of \$10,094 based on the Black-Scholes pricing model, using the following assumptions: share price of \$0.07, an average exercise price of \$0.065, risk free interest rate of 1.66%, expected life of warrants of 2 years, annualized volatility rate of 165.05% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

(vii) On January 19, 2018, the Company completed a non-brokered private placement by issuing 10,000,000 units of the Company for gross proceeds of \$500,000. Each unit consisted of (i) one common share at a price of \$0.05 per Common Share and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.07 per common share for a period of twenty-four months expiring January 19, 2020.

In connection with the private placement, the Company paid a cash finder's fee of \$2,100 and issued 42,000 non-transferable finder's warrants. Each finder's warrant entitles the holder to purchase one additional common share at a price of \$0.065 per share for a period of twenty-four months, expiring on January 19, 2020. The finder's warrants have been recorded at a value of \$2,869 based on the Black-Scholes pricing model, using the following assumptions: share price of \$0.09, an average exercise price of \$0.065, risk free interest rate of 1.80%, expected life of warrants of 2 years, annualized volatility rate of 163.97% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

The 10,000,000 unit warrants issued in connection with this private placement have been recorded at a value of \$215,730 based on the proportional method using the Black Scholes pricing model, using the following assumptions: share price of \$0.09, an average exercise price of \$0.07, risk free interest rate of 1.81%, expected life of warrants of 2 years, annualized volatility rate of 163.97% (based on the Company's historical volatility for 2 years up to the issuance date) and dividend rate of 0%.

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13 Share capital and warrants (continued)

b) Warrants exercised

Fiscal 2020

- i) On March 1, 2019, 600,000 warrants were exercised at \$0.07 for gross proceeds of \$42,000. An amount of \$12,945 representing the fair value allocated at the date of issue for the warrants was reclassified from Warrants to Share capital account.
- ii) On March 5-11, 2019, 1,200,000 warrants were exercised at \$0.16 for gross proceeds of \$192,000. An amount of \$49,320 representing the fair value allocated at the date of issue for the warrants was reclassified from Warrants to Share capital account.

Fiscal 2019

On February 26, 2019, 100,000 warrants were exercised at \$0.07 for gross proceeds of \$7,000. An amount of \$2,160 representing the fair value allocated at the date of issue for the warrants was reclassified from Warrants to Share capital account.

Fiscal 2018

- iii) On March 1, 2017, 1,000,000 warrants were exercised at \$0.07 for gross proceeds of \$70,000. An amount of \$11,075 representing the fair value allocated at the date of issue for the warrants was reclassified from Warrants to Share capital account.
- iv) On February 7, 2018, 500,000 warrants were exercised at \$0.07 for gross proceeds of \$35,000. An amount of \$5,538 representing the fair value allocated at the date of issue for the warrants was reclassified from Warrants to Share capital account.

c) Warrants expired

Fiscal 2020

- i) On April 7, 2019, 4,350,000 warrants, with an exercise price of \$0.16 per warrant, expired. An amount of \$178,785 representing the fair value allocated at the date of issue for the warrants was reclassified from Warrants to Contributed Surplus.
- ii) On April 7, 2019, 76,000 warrants, with an exercise price of \$0.16 per warrant, expired. An amount of \$4,841 representing the fair value allocated at the date of issue for the warrants was reclassified from Warrants to Contributed Surplus.

Fiscal 2019

- iii) On May 12, 2018, 4,230,000 warrants, with an exercise price of \$0.07 per warrant, expired. An amount of \$46,850 representing the fair value allocated at the date of issue for the warrants was reclassified from Warrants to Contributed Surplus.

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13 Share capital and warrants (continued)

- vi) On August 12, 2018, 1,500,000 warrants, with an exercise price of \$0.10 per warrant, expired. An amount of \$155,178 representing the fair value allocated at the date of issue for the warrants was reclassified from Warrants to Contributed Surplus.
- v) On October 10, 2018, 3,400,000 warrants, with an exercise price of \$0.12 per warrant, expired. An amount of \$156,600 representing the fair value allocated at the date of issue for the warrants was reclassified from Warrants to Contributed Surplus.

d) Changes in Corporation warrants are as follows:

	Number of warrants	Weighted average exercise price
Balance, February 28, 2018	25,494,000	0.10
Exercised	(100,000)	0.07
Expired	(9,130,000)	0.09
Balance, February 28, 2019	16,264,000	\$ 0.10
Exercised	(1,800,000)	0.13
Expired	(4,426,000)	0.16
Issued	12,062,500	0.06
Balance, August 31, 2019	22,100,500	\$ 0.07

The weighted average contractual life of all warrants outstanding as at August 31, 2019, is 1.3 years.

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

Number of warrants	Exercise price \$	Expiry Date
500,000	0.16	September 27, 2019
196,000	0.065	December 27, 2019
9,300,000	0.07	January 19, 2020
42,000	0.065	January 19, 2020
10,000,000	0.05	March 11, 2024
2,062,500	0.095	April 11, 2024

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14 Share based payments

The Corporation has a stock option plan whereby the Board of Directors may grant to directors, officers or consultants of the Corporation, options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a "Rolling" stock option plan ("Plan") reserving a maximum of 10% of the shares of the Corporation at the time of the stock option grant, with a vesting period allowed of zero up to eighteen months, when the grant of option is made at market price, for the benefit of its directors, officers, employees and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares. The number of stock options granted to a beneficiary and the vesting period are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee or consultant of the Corporation or between three and up to twelve months after the beneficiary has left.

The options granted in 2019 and 2018 were granted at a price equal to the closing market value of the shares, the previous day before the grant. The changes to the number of stock options granted by the Corporation and their weighted average exercise price are as follows:

	August 31, 2019		February 28, 2019	
Stock option	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance – Beginning of period	6,275,000	0.07	4,475,000	0.08
Granted	950,000	0.095	1,800,000	0.05
Expired	200,000	0.05	-	-
Exercised	800,000	0.06	-	-
Balance – End of period	6,225,000	0.08	6,275,000	0.07
Options exercisable End of period	6,225,000	0.08	6,275,000	0.07

a) Options granted

Fiscal 2020

- i) On April 25th, 2019, the Company granted 950,000 options to an officer and a director. The options are exercisable for five years at an exercise price of \$0.11 per option. The stock options have a Black-Scholes option pricing value of \$105,082 which has been expensed in the Statement of Operations.

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14 Share based payments (continued)

Fiscal 2019

- ii) On September 18, 2018, the Company granted 1,800,000 options to officers and directors. The options are exercisable for five years at an exercise price of \$0.05 per option. The stock options have a Black-Scholes option pricing value of \$51,496 which has been expensed in the Statement of Operations.

Fiscal 2018

- iii) In May 2017, the Company granted 1,750,000 options to officers, directors for a period of five years at an exercise price of \$0.10 per options. The stock options have a Black-Scholes option pricing value of \$134,925 which has been expensed in the Statement of Operations.

b) Options exercised

Fiscal 2020

- i) On April 1, 2019, 300,000 stock options were exercised at a price of \$0.05 per share for gross proceeds of \$15,000. An amount of \$8,582 representing the fair value allocated at the date of issue for the options was reclassified from Surplus to Share capital account.
- ii) On March 1, 2019, 500,000 stock options were exercised at an average price of \$0.07 per share for gross proceeds of \$35,000. An amount of \$28,282 representing the fair value allocated at the date of issue for the options was reclassified from Surplus to Share capital account.

Fiscal 2018

- iv) On March 2, 2017, 100,000 stock options were exercised at a price of \$0.05 per share for gross proceeds of \$5,000.

For the period ended August 31, 2019, the stock-based compensation charged to the consolidated statement of operations was \$105,082 (February 28, 2019 – \$51,496). As at August 31, 2019, the Company had the following stock options outstanding:

Expiry date	Exercise price \$	Options granted	Number of options exercisable	Remaining contracts life (years)
April 18, 2021	0.05	925,000	925,000	1.63
October 31, 2021	0.07	1,400,000	1,400,000	2.17
May 22, 2022	0.10	1,000,000	1,000,000	2.73
May 31, 2022	0.10	750,000	750,000	2.75
September 18, 2023	0.05	1,200,000	1,200,000	4.05
April 25, 2024	0.11	950,000	950,000	4.65
		<u>6,225,000</u>	<u>6,225,000</u>	<u>2.99</u>

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14 Share based payments (continued)

Stock-based compensation fair value was calculated on options based on the following assumptions:

Grant Date	April 25, 2019	September 18, 2018	May 31, 2017
Number of options	950,000	1,800,000	750,000
Exercise price	\$0.11	\$0.05	\$0.10
Risk free interest	1.54%	2.28%	0.85%
Expected volatility	182.32%	185.44%	190.11%
Expected life (years)	5	5	5
Estimated fair value per option	\$0.11	\$0.029	\$0.077
Estimated fair value	\$105,082	\$51,496	\$57,825
Forfeiture rate	0.00%	0.00%	0.00%

The underlying expected volatility was determined by reference to historical data of the Company's shares on the TSX Venture Exchange over the expected average life of the options. No special features inherent in the options granted were incorporated into measurement of fair value.

15 Loss per share

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Corporation has two categories of dilutive potential common shares: warrants and stock options. For both, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Corporation's outstanding shares for the year), based on the exercise prices attached to the warrants and stock options. The number of shares calculated above is compared with the number of shares that would have been issued assuming exercise of the warrants and stock options. For the periods ended August 31, 2019 and 2018, all share options and warrants were anti-dilutive since the Corporation reported a net loss.

The calculation of basic and diluted loss per share is based on the net loss for the period divided by the weighted average number of shares outstanding during the same period.

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15 Loss per share (continued)

	Three-months period ended August 31 2019 \$	Three-months period ended August 31 2018 \$	Six-months period ended August 31 2019 \$	Six-months period ended August 31 2018 \$
Net income (loss) for the period	(128,915)	(238,861)	(462,092)	(397,337)
Weighted average number common shares outstanding	78,054,561	63,292,061	77,105,735	63,275,757
Dilutive share options and warrants	-	-	-	-
Weighted average number of outstanding shares for diluted earnings per share	78,054,561	63,292,061	77,105,735	63,275,757
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)

16 General and administration

	Three-months period ended August 31 2019 \$	Three-months period ended August 31 2018 \$	Six-months period ended August 31 2019 \$	Six-months period ended August 31 2018 \$
General and administrative				
Management, consulting fees, salaries	70,489	72,902	143,783	143,240
Travel and promotion	9,034	3,461	102,939	18,463
Shareholder information	8,705	7,439	19,864	11,707
Professional fees	58,491	25,078	82,516	64,631
Office and general expense	14,027	4,409	36,429	12,859
	160,746	113,289	385,531	250,900

17 Related party balances and transactions

Related parties include the Board of Directors and key management personnel, as well as, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. These transactions were measured by the exchange amount that is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

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17 Related party balances and transactions (continued)

(a) Transactions with key management personnel

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

Related party transactions	Three-month period ended August 31 2019 \$	Three-month period ended August 31 2018 \$	Six-month period ended August 31 2019 \$	Six-month period ended August 31 2018 \$
Management - director fees	34,950	28,500	70,822	57,000
Salaries and benefit	42,308	30,736	80,498	62,975
Share based payments	-	-	105,082	-
	<u>77,258</u>	<u>59,236</u>	<u>256,402</u>	<u>119,975</u>

As at August 31, 2019, directors and key management personnel were owed \$10,000 (2018 - \$23,965), which is included in accounts payables and accrued liabilities.

b) Transactions with related companies

Related party transactions	Three-month period ended August 31 2019 \$	Three-month period ended August 31 2018 \$	Six-month period ended August 31 2019 \$	Six-month period ended August 31 2018 \$
Everton Resources Inc. – Shared costs (1)	-	7,089	-	10,544
Diagnos Inc. – Consulting fees	30,225	-	37,285	-
Diagnos – Cards commission (2)	5,000	-	8,750	-
	<u>35,225</u>	<u>7,089</u>	<u>46,035</u>	<u>10,544</u>

The Company entered into the following transactions with related companies:

(1) Under an agreement, which was signed on March 25, 2013 between the Company and Everton, the Company reimbursed the cost of shared salaries and benefits, rent and office expenses paid by Everton (which shared common management).

The Company received \$30,000 in option payments from Everton Resources Inc., per the Chapais option agreement (note 8 e)). Of this amount, \$20,000 is in accounts receivable at August 31, 2019.

(2) See note 7 for calculation of the commission payable on sales. The Company and Diagnos Inc. share a common director.

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18 Segmented information

The Company has determined that it operates in two segments, being acquisition, exploration and development of mineral properties for economically recoverable reserves in Canada and providing services using its CARDS system.

19 Capital management policies and procedures

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity attributable to equity holders of the parent company, which is comprised of share capital, reserves and deficit which at August 31, 2019, totalled a surplus of \$1,009,786 (February 28, 2019 – a surplus of \$598,951).

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities.

In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) minimizing discretionary disbursements;
- (ii) focusing financing exploration expenditures on those properties considered to have the best potential; and
- (iii) Exploring alternative sources of liquidity by providing services using the Company's CARDS system.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company thinks there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company's capital management objectives, policies and processes have remained unchanged during the period ended August 31, 2019 and the year ended February 28, 2019.

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20 Financial instruments

Measurement categories

As explained in Note 4, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of operations. Those categories are: amortized cost, fair value through profit or loss, and fair value through other comprehensive income; and, for liabilities, amortized cost and fair value through profit or loss. The following table shows the carrying values of assets and liabilities for each of these categories at August 31, 2019 and February 28, 2019.

	August 31 2019 \$	February 28, 2019 \$
Financial instruments		
Assets – Amortized cost		
Cash	349,961	175,006
Receivable from related party and other receivables (except indirect taxes)	145,519	20,000
Investment	170,000	-
	<u>665,480</u>	<u>195,006</u>
Liabilities – Amortized cost		
Accounts payable, accrued liabilities	65,104	87,101

As at August 31, 2019, the carrying values of cash, amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their relative short maturities.

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. As at August 31, 2019 and February 28, 2019, no financial assets and liabilities were categorized as level 1.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). As at August 31, 2019 and February 28, 2019, no financial assets and liabilities were categorized as level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data. As at August 31, 2019 and February 28, 2019, no financial assets and liabilities were categorized as level 3.

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21 Financial risks factors

The Corporation's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, fair value risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Corporation's overall risk management program seeks to minimize potential adverse effects on the Corporation's financial performance.

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and accounts receivable. The Corporation reduces its credit risk by maintaining part of its cash in financial instruments held with a Canadian chartered bank.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements.

ii) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. Management estimates that the funds as at August 31, 2019, will not be sufficient to meet the Corporation's obligations and budgeted assets through February 28, 2020. Any additional funding may be met in the future in a number of ways including but not limited to, the issuance of new equity instruments. Cash flow forecasting is performed by the Corporation which monitors rolling forecasts of the Corporation's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Surplus cash over and above balances required for working capital management are invested in interest bearing short-term deposits with a maturity within 12 months, which are selected with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. Accounts payable and accrued liabilities as at August 31, 2019, consist of items that should be settled within approximately 30 days (see note 2 for information on going concern).

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

a) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian. The Company is therefore not exposed to fluctuations in the value of assets and liabilities as they are denominated in Canadian dollars.

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21 Financial risks factors (continued)

b) Equity price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

As at August 31, 2019, the Company holds publicly listed shares of companies – Note 7 - Investment. The Company is exposed to market risk from unfavourable or favourable market conditions.

22 Commitments and contingencies

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is committed to using the financing proceeds for mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements; or
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

23 Subsequent events

Pursuant to a resolution passed by shareholders on October 10th, 2019, the company has changed its name to Windfall Geotek Inc.