COPPER REEF MINING CORPORATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

NOVEMBER 30, 2019 AND 2018

Independent Auditor’s Report

To the Shareholders of Copper Reef Mining Corporation

Opinion

We have audited the financial statements of Copper Reef Mining Corporation (the “Company”), which comprise the statements of financial position as at November 30, 2019 and 2018, and the statements of loss and comprehensive loss, statements of shareholders’ equity and statements of cash flows 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 November 30, 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.

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- 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 Chris Milios.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 20, 2020

COPPER REEF MINING CORPORATION
STATEMENTS OF FINANCIAL POSITION
EXPRESSED IN CANADIAN DOLLARS

As at November 30,	Notes	2019	2018
Assets			
Current assets			
Cash		**$ 303,185**	$ 13,960
Marketable securities	4	**800**	202,400
Amounts receivable	5	**7,605**	9,850
Total current assets		**$ 311,590**	$ 226,210
Non-current assets			
Exploration and evaluation assets	6, 10	**$ 9,024,880**	$ 9,057,283
Total Assets		**$ 9,336,470**	$ 9,283,493
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7,10	**$ 145,787**	$ 288,546
Non-current liabilities			
Deferred income taxes	9	**856,500**	1,050,500
Total Liabilities		**$ 1,002,287**	**$ 1,339,046**
Shareholders' equity			
Share capital	8(a)(b)	**$ 14,574,847**	$ 13,875,415
Stock option reserve	8(c)	**215,000**	275,000
Warrant reserve	8(d)	**317,368**	173,400
Deficit		**(6,773,032)**	(6,379,368)
Total Shareholders' Equity		**$ 8,334,183**	$ 7,944,447
Total Liabilities and Shareholders' Equity		**$ 9,336,470**	$ 9,283,493

Going Concern (Note 1)

Commitments and contingencies (Notes 6 and 11)

Subsequent events (Note 15)

Approved on behalf of the Board of Directors

"Stephen L. Masson" ***"David Kendall"***

Chief Executive Officer & Director **CFO**

COPPER REEF MINING CORPORATION
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
EXPRESSED IN CANADIAN DOLLARS

For the years ended November 30,		2019	2018
Expenses			
General and administrative	10	**$ 279,992**	$ 196,163
Investor relations		**4,456**	4,758
Share based compensation	8(c)	**–**	14,000
Non-capitalised exploration	6	**87,203**	69,003
Write down of properties	6	**267,572**	–
Total expenses		**$ 639,223**	$ 283,924
Other income/(loss)			
Realised (loss) on marketable securities	4	**$ (32,705)**	$ –
Unrealised (loss) on marketable securities	4	**(107,336)**	47,300
Total other income (loss)		**$ (140,041)**	$ 47,300
(Loss) before income taxes		**$ (779,264)**	$ (236,624)
Deferred income tax (expense)/recovery		**194,000**	24,000
Net (loss) and comprehensive (loss) for the year		**$ (585,264)**	$ (212,624)
(Loss) per share, basic and diluted		**(0.036)**	(0.014)
Weighted average shares outstanding, basic and diluted		**16,206,633**	14,731,292

COPPER REEF MINING CORPORATION
STATEMENTS OF SHAREHOLDERS' EQUITY
EXPRESSED IN CANADIAN DOLLARS

	Notes	Number of Shares	Amount	Stock Option Reserve	Warrant Reserve	Deficit	Total Shareholders' Equity
Balance as at November 30, 2017		**14,188,130**	**$ 13,685,115**	**$ 261,000**	**$ 230,900**	**$ (6,281,544)**	**$ 7,895,471**
Units issued for cash, private placement	8	833,000	257,000	–	–	–	$ 257,000
Value of warrants issued	8	–	(55,800)	–	55,800	–	–
Broker warrants issued	8	–	(1,500)	–	1,500	–	–
Cash commissions on issue of shares	8	–	(9,400)	–	–	–	(9,400)
Fair value of expired warrants	8	–	–	–	(114,800)	114,800	–
Issuance of options	8	–	–	14,000	–	–	14,000
Net loss & comprehensive loss for the year		–	–	–	–	(212,624)	(212,624)
Balance as at November 30, 2018		**15,021,130**	**$ 13,875,415**	**$ 275,000**	**$ 173,400**	**$ (6,379,368)**	**$ 7,944,447**
Units issued for cash, private placement	8	4,093,500	897,000	–	–	–	$ 897,000
Units issued for debt	8	312,000	78,000	–	–	–	78,000
Value of warrants issued	8	–	(275,568)	–	275,568	–	–
Fair value of expired warrants	8	–	–	–	(131,600)	131,600	–
Fair value of cancelled option	8	–	–	(60,000)	–	60,000	–
Net loss & comprehensive loss for the year		–	–	–	–	(585,264)	$ (585,264)
Balance as at November 30, 2019		**19,426,630**	**$ 14,574,847**	**$ 215,000**	**$ 317,368**	**$ (6,773,032)**	**$ 8,334,183**

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COPPER REEF MINING CORPORATION
STATEMENT OF CASH FLOW
EXPRESSED IN CANADIAN DOLLARS

For the years ended November 30	Notes	2019	2018
Cash Flows from Operating Activities			
Net loss for the year		**$ (585,264)**	$ (212,624)
Items not affecting cash:			
Realised loss on marketable securities	4	**32,705**	–
Unrealised loss/(gain) on marketable securities	4	**107,336**	47,300
Write-down of properties	6	**267,572**	–
Share based compensation		**–**	14,000
Deferred income tax recovery		**(194,000)**	(24,000)
(Increase)/decrease in amounts receivable	5	**2,245**	(4,772)
Increase/(decrease) in amounts payable and accrued liabilities	7	**(43,279)**	76,610
Cash (used in) operating activities		**$ (412,685)**	$ (198,086)
Cash Flows from/(used in) Financing Activities			
Proceeds from share and warrant issuance	8	**$ 975,000**	257,000
Shares for debt	8	**(78,000)**	
Share issue costs – cash	8	**–**	(9,400)
Cash provided from financing activities		**$ 897,000**	$ 247,600
Cash Flows from/(used in) Investing Activities			
Exploration, evaluation and expenditures	6	**$ (256,649)**	$ (187,332)
Proceeds from sale of marketable securities	4	**61,559**	
MEAP rebates received	6	**–**	32,946
Cash (used in) from investing activities		**$ (195,090)**	$ (154,386)
Change in cash		**$ 289,225**	$ (104,872)
Cash, beginning of year		**13,960**	118,832
Cash, end of year		**$ 303,185**	$ 13,960
Supplemental Information			
Change in accrued exploration expenditures		**21,481**	(13,224)
Changes in accounts payable – shares for debt		**(78,000)**	–

The accompanying notes are an integral part of these financial statements

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Copper Reef Mining Corporation (the "Company" or "Copper Reef") was incorporated under the laws of the Province of Manitoba on March 27, 1973 as "Copper Reef Mines (1973) Limited". The Company's name was amended to Copper Reef Mining Corporation on September 8, 2006. The Company's Head Office is located at 12 Mitchell Road, Flin Flon, Manitoba R8A 1N1.

The shares of the Company are listed on the Canadian Securities Exchange under the symbol "CZC". The Company is engaged in the identification, acquisition and exploration of mineral properties in Canada, with present activities concentrated in the provinces of Manitoba and Saskatchewan.

The financial statements of Copper Reef for the year ended November 30, 2019, were reviewed by the Audit Committee and approved and authorized by the Board of Directors on March 20, 2020.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

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 exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory, social and environmental requirements. These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These adjustments could be material.

As at November 30, 2019, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. During the year ended November 30, 2019, the Company incurred a net loss of $585,264 including unrealised loss on securities held of $107,336 and write-down of exploration properties of $267,572 (2018 – $212,624 including unrealised gain on securities held of $47,300 and $nil write-down of properties), had a working capital surplus/(deficit) of $165,803 (2018 – $(62,336))and an accumulated deficit of $6,773,032 as at November 30, 2019 (2018 – $6,379,368).

On January 30, 2020 the Company closed a private placement through the issuance of 2,083,334 flow-through shares at a price of $0.48 per flow-through share, representing proceeds of $1,000,000 and 1,666,667 class "A" shares at a price of $0.30 per share representing proceeds of $500,000 for an aggregate total raised of $1,500,000. A finder's fee of $19,250 was paid.

EXPRESSED IN CANADIAN DOLLARS

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) ACCOUNTING POLICIES THAT BECAME EFFECTIVE DURING THE YEAR ENDED NOVEMBER 30, 2019

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

The Company adopted IFRS 9 retrospectively without restating comparatives with the cumulative impact adjusted in the opening balances as at December 1, 2018 and therefore the comparative information in respect of financial instruments for the year ended November 30, 2018 was accounted for in accordance with the Company's previous accounting policy under IAS 39.

There were no effects on opening balances at December 1, 2018 with respect to the adoption of these policies.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	**Under IFRS 9**
Financial assets		
Cash	Loans and receivables	Amortized cost
Marketable securities	FVTPL	FVPL
Amounts receivable	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

b) STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The policies set out below were consistently applied to all periods presented unless otherwise noted below. These financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) BASIS OF PREPARATION

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption for the fiscal year ended November 30, 2019.

d) SIGNIFICANT MANAGEMENT JUDGMENT AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in accordance with IAS 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

e) CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

i. ASSETS' CARRYING VALUES AND IMPAIRMENT CHARGES

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence of the 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 AND BASIS OF PREPARATION (CONT'D)

ii. CAPITALIZATION OF EVALUATION AND EXPLORATION COSTS

Management has determined that evaluation and exploration costs incurred have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 6 for details of capitalised evaluation and exploration costs.

iii. ESTIMATION OF DECOMMISSIONING AND RESTORATION COSTS AND THE TIMING OF EXPENDITURES

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

As at November 30, 2019 and 2018, the Company does not have any material decommissioning obligations due to the early stage of exploration of its properties.

iv. INCOME TAXES AND RECOVERABILITY OF POTENTIAL DEFERRED TAX ASSETS

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement.

Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses income tax assets at each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

v. SHARE-BASED PAYMENTS

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

vi. CONTINGENCIES

Refer to Notes 6 and 11.

f) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of cash on hand and deposits held on call with banks net of bank overdrafts, which are repayable on demand. Cash and cash equivalents normally have a term to maturity of three months or less from the date of acquisition. As at November 30, 2019 and 2018, the Company did not have any cash equivalents.

g) FINANCIAL INSTRUMENTS

Financial assets and liabilities

<u>Accounting policy under IFRS 9 applicable from December 1, 2018</u>

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either Fair Value through Profit or Loss ("FVPL") or Fair Value through Other Comparative Income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company's marketable securities are classified as financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealised gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which is measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Accounting policy under IAS 39 applicable prior to December 1, 2018

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as loans and receivables are measured at amortized cost less impairment. The Company has classified its cash and amounts receivable as loans and receivables.

Financial assets classified as FVTPL are measured at fair value with unrealised gains and losses recognized through earnings. The Company has classified its marketable securities as FVTPL.

Financial assets classified as held-to-maturity are measured at amortized cost. The Company has no financial assets classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealised gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company has no financial assets classified as available-for-sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

FINANCIAL LIABILITIES

Financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or classified as other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

1. The rights to receive cash flows from the asset have expired.
2. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of loss.

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each reporting date whether a financial asset is impaired.

If there is objective evidence that an impairment loss on loans and receivables and held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. Objective evidence of impairment of loans and receivables exists if the counterparty is experiencing significant financial difficulty, there is a breach of contract, concessions are granted to the counter-party that would not normally be granted, or it is probable that the counter-party will enter into bankruptcy or a financial reorganization.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

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. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

h) TAXATION

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case it is recognized in shareholders' equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

i) LOSS PER SHARE

Basic loss per share is calculated using the net loss divided by the weighted-average number of shares outstanding during the year.

Diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. Diluted loss per share for the years presented do not include the effect of issued and outstanding warrants and stock options as they are anti-dilutive.

j) SHARE-BASED PAYMENTS

Employees (including directors and senior executives) of the Company, and individuals providing similar services to those performed by direct employees, receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the estimated fair value at the date on which they are granted.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

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 the estimated fair value of the share-based payment. Otherwise, share-based payments issued to non-employees are measured at the estimated fair value of goods or services received.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the year in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and the corresponding amount is represented in stock option reserve. No expense is recognized for awards that do not ultimately vest. For those awards that expire after vesting, the recorded value is transferred to deficit.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

k) WARRANTS RESERVE

The warrants reserve records the grant date estimated fair value of the warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount recorded is transferred to deficit.

l) STOCK OPTIONS RESERVE

The stock options reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

m) EVALUATION AND EXPLORATION

Direct property acquisition costs, certain exploration and evaluation costs such as drilling, geotechnical analysis and mapping relating to specific properties are deferred until the properties to which they relate are brought into production, at which time they will be amortized on a unit of production basis, or until the properties are sold, abandoned or allowed to lapse, at which time they will be written off. Costs include the cash consideration paid and the fair market value of shares issued, if any, on the acquisition of exploration properties. Properties acquired under option agreements whereby payments are made at the sole discretion of the Company are recorded in the accounts at such time as the payments are made. The proceeds received from options granted are applied to the cost of the related property and any excess is included in operations for the year.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

Costs incurred for administration and general exploration that are not project specific, are charged to operations. Government assistance is recorded when it is more likely than not to be received. Amounts received from government assistance are credited against the deferred exploration expenditures to which they relate.

Generative exploration is expensed and is sometimes called base line exploration, which refers to preliminary exploration work on conducted to determine if the property in question has value as an exploration target. It is also used for outlying properties acquired and for the future and where only sufficient work is conducted annually to ensure title to the property in question is maintained.

Ownership in exploration and evaluation assets involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The ultimate recoverability of the amounts capitalised for the evaluation and exploration assets is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its evaluation and exploration assets have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of evaluation and exploration assets carrying values.

n) Evaluation and exploration costs

Following confirmation of mineral reserves, receipt of permits to commence mining operations and obtaining necessary financing, evaluation and exploration costs are tested for impairment and then capitalised as deferred development expenditures included within property, plant and equipment.

o) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired.

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsid-

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

iaries or other available fair value indicators. For exploration and evaluation assets, indicators of impairment would include expiration of a right to explore, no budgeted or planned material expenditure in an area, or a decision to discontinue exploration in a specific area.

Impairment losses are recognized in net loss in those expense categories consistent with the function of the impaired asset.

p) CURRENCY TRANSLATION

The presentation currency and the functional currency of the Company is the Canadian dollar. The Company does not have any transactions denominated in foreign currencies.

q) EMPLOYEE BENEFITS

WAGES, SALARIES AND ANNUAL VACATION LEAVE

Liabilities arising in respect of wages and salaries, vacation leave and any other employee benefits expected to be settled within twelve months of the financial position reporting date are measured at undiscounted amounts based on remuneration rates which are expected to be paid when the liabilities are settled. In respect of employees' services up to the financial position reporting date, wages and salaries and other employee benefits including annual vacation leave are recognized in accounts payable and accrued liabilities.

EMPLOYEE AND MANAGEMENT BONUS PLANS

A liability is recognized for the amount expected to be paid under the Company's bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Where the effect is material, the liabilities for bonus payments not expected to be settled within twelve months are discounted using a pretax risk-free rate, which most closely match the terms of maturity of the related liabilities.

Bonus liabilities expected to be settled within twelve months of the statement of financial position date are recognized in current provisions, and those that are not expected to settle within twelve months are recognized in non-current provisions.

As at November 30, 2019 and 2018, the Company had no employee or management bonus plans, other than the stock option plan as described in Note 8(c).

r) REHABILITATION PROVISIONS

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the year in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development/construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

For closed sites, changes to estimated costs are recognized immediately in profit or loss.

s) CONTINGENCIES

CONTINGENT ASSETS

Contingent assets are not recognized in the financial statements but they are disclosed by way of a note if they are deemed probable.

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company. Contingent liabilities are recognized in the financial statements unless the possibility of an outflow of economic resources is considered remote, in which case they are disclosed in the notes to the financial statements.

t) FLOW-THROUGH SHARES

Flow-through shares are a unique Canadian tax incentive. Flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted market price of the common shares and the amount the investor pays for the flow-through shares. Flow-through share premium liability is recognized for the premium paid by the investors and is then reversed through the statement of loss in the period of renunciation. If the Company does not incur the required qualifying expenditures, it will be required to indemnify the holders of the flow-through shares for any tax and other costs payable by them as a result of the Company not making the required expenditures.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after December 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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. Earlier adoption is permitted

IFRS 3 – Business Combinations ("IFRS 3") was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

EXPRESSED IN CANADIAN DOLLARS

4. MARKETABLE SECURITIES

As at November 30, 2019 and 2018 the Company held shares in the following public companies.

Jaxon Minerals Inc.	JAX
Rockcliff Copper Corporation	RCU
Callinex Mines Inc.	CNX

Activity in marketable securities is summarized as follows:

	November 30, 2018		**November 30, 2019**						
Securities Issuer	Shares held	Value	**Acquired/ Sold during Year**	**Balance**	**Value**	**Cash Proceeds**	**Realised Gain/ (Loss)**	**Unrealised Gain/ (Loss)**	**Total Realised/ Unrealised Gain/(loss)**
JAX	20,000	1,400	**–**	**20,000**	**$ 800**	**$ –**	**$ –**	**$ (600)**	**$ (600)**
RCLF	1,600,000	192,000	**(1,600,000)**	**–**	**–**	**(56,734)**	**(28,705)**	**(101,736)**	**(130,441)**
CNX	100,000	9,000	**(100,000)**	**–**	**–**	**(4,825)**	**(4,000)**	**(5,000)**	**(9,000)**
	1,720,000	202,400	**1,700,000**	**20,000**	**$ 800**	**$(61,559)**	**$(32,705)**	**$(107,336)**	**$(140,041)**

5. AMOUNTS RECEIVABLE

The Company's amounts receivable are broken down as follows:

	November 30, 2019	November 30, 2018
Goods and services tax receivable	**$ 7,605**	$ 9,850

EXPRESSED IN CANADIAN DOLLARS

6. EVALUATION AND EXPLORATION ASSETS

The following is a continuity schedule of the exploration expenditures allocated to individual major properties and summarized for minor properties:

	Total	Non Capitalised Expenditures	Total Capitalized Expenditures	Gold Rock Group	Alberts Lake Group	Mink Narrows	Smelter Group	Hanson Lake	Other Properties
Balance November 30, 2017			**$ 8,916,122**	**$1,684,445**	**$ 675,792**	**$2,451,771**	**$1,604,775**	**$1,679,733**	**$ 819,604**
Claim acquisition & holding	$ 9,017	*$ 7,218*	1,799	1,252	–	130	182	195	40
Assay	11,276	*1,202*	10,074	–	10,074	–	–	–	–
Geological	23,813	–	23,813	8,573	15,240	–	–	–	–
Field labour costs	166,250	*46,275*	119,975	15,813	103,600	563	–	–	–
Other fields costs	32,753	*14,308*	18,445	332	17,647	466	–	–	–
Total 2018 expenditures	$ 243,109	*$ 69,003*	174,107	$ 25,969	$ 146,561	$ 1,159	$ 182	$ 195	$ 40
MEAP Rebates	–	–	(32,946)	(30,097)	(2,849)	–	–	–	–
Balance November 30, 2018			**$ 9,057,283**	**$1,680,317**	**$ 819,504**	**$2,452,930**	**$1,604,957**	**$1,679,928**	**$ 819,647**
Claim acquisition & holding	$ 40,768	*$ 30,107*	10,661	1,200	1,291	1,013	`–	–	7,157
Assay	9,324	*3,691*	5,634	–	4,691	–	–	–	943
Geological	36,741	*6,680*	30,061	–	30,061	–	–	–	–
Field labour costs	123,055	*32,555*	90,499	563	81,125	1,688	–	3,563	3,560
Other fields costs	40,706	*14,170*	26,536	–	22,612	–	–	–	3,924
Drilling	71,778	–	71,778	–	71,778	–	–	–	–
Total 2019 expenditures	**$ 322,372**	***$ 87,203***	**$ 235,169**	**$ 1,763**	**$ 211,558**	**$ 2,701**	**$ –**	**$ 3,563**	**$ 15,584**
Write-down of properties	**–**	**–**	**(267,572)**	**–**	**–**	**–**	**–**	**–**	**(267,572)**
Balance November 30, 2019			**$ 9,024,880**	**$1,682,080**	**$1,031,062**	**$2,455,631**	**$1,604,957**	**$1,683,491**	**$ 567,659**

6. EVALUATION AND EXPLORATION ASSETS (CONT'D)

PROPERTIES INCLUDED IN THE PRECEDING TABLE

Gold Rock Group, Manitoba

The Gold Rock Group includes the Gold Rock, North Star and Star mineral properties, the North Star mining lease and the Gold Rock mining lease. The North Star mineral property and mining lease are subject to 2% Net Smelter Returns royalty (NSR).

The Gold Rock Mining Lease is 100% owned by the Company, subject to a 2% NSR. In addition, the NSR holder retains a 25% Net Profits Interest (NPI) in the first 25 feet below surface of vein material as currently documented.

Also included in the Gold Rock Group is the Murr claim, also owned 100% by the Company, subject to a 1% NSR.

Alberts Lake Group, Manitoba

The Alberts Lake Group includes the Alberts Lake, Lew, Amulet, Mike, Mur and Hanna mineral properties. With the exception of the Mike 1 (15% NPI) and Mur 6 (2% NSR), all claims are 100% owned by the Company.

Mink Narrows Group, Manitoba

The Mink Narrows Group includes the Mink Narrows, Mystic and Payuk mineral properties. The claims are 100% owned by the Company.

Smelter Group, Manitoba

The Smelter Property (three contiguous claims), which are 100% owned by the Company and the Bartley claims.

Hanson Lake, Saskatchewan

The Hanson Lake Property consists of a single claim located in the Hanson Lake area of Saskatchewan.

OTHER PROPERTIES

During the year, the Company applied for two Mineral Exploration Leases ("MEL's"), both located in Manitoba. Both MEL's are in "Pending" status with no financial requirements until fully registered.

Otter/Twin Lakes Group, Manitoba

The Company holds a 100% interest in the Otter Group claims, comprised of the Otter Lake and Twin Lakes mineral claims. The vendor retained a 1% NSR on the Otter Lake claims. The Twin Lakes property is owned 100% by the Company.

EXPRESSED IN CANADIAN DOLLARS

6. EVALUATION AND EXPLORATION ASSETS (CONT'D)

Pikoo, Saskatchewan

During the year ended November 30, 2019, the Company made the decision to allow these claims to lapse and the property has been written off. The amount written off was $267,572.

Kiss/Kississing

The Kiss/Kississing Group includes the Kississing and Kiss mineral properties. The claims are 100% owned by the Company.

Lucille

The Lucille Lake property includes three, unpatented mineral claims all of which are owned 100% by the Company, with no underlying agreements or royalties.

Burn, Manitoba

The Burn property is 100% owned by the Company.

Optioned Property – East Big Island

On March 3, 2017, the Company entered into an option agreement with Callinex Mines Inc. ("Callinex"). During the year ended November 30, 2018, Callinex abandoned the option and the Company retained title to the property. The carrying value of the Big Island and the East Big Island properties as at November 30, 2019 was $2,375 (2018 - $nil) and are included in "Other" properties.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	November 30, 2019	November 30, 2018
Due to related parties (Note 10)	**$ 102,844**	$ 240,343
Trade payables	**18,943**	48,203
Accrued liabilities	**24,000**	–
Total	**$ 145,787**	$ 288,546

EXPRESSED IN CANADIAN DOLLARS

8. SHARE CAPITAL

a) AUTHORIZED SHARE CAPITAL

Unlimited number of common shares without par value

b) ISSUED SHARE CAPITAL

On November 15, 2019 the Company consolidated all of its issued and outstanding shares, options and warrants. Pre and post-consolidation outstanding shares, options and warrants as at November 30, 2019 are summmarized as follows:

Pre Consolidation			Post-Consolidation		
Shares	Options	Warrants	Shares	Options	Warrants
194,266,300	11,050,000	46,245,000	19,426,630	1,105,000	4,624,500

All share, option and warrant information has been adjusted to reflect the consolidation.

On November 19, 2019, all issued and outstanding warrants were repriced from the post-consolidation price of $0.50/warrant to $0.35/warrant.

As at November 30, 2019, the Company had 19,426,630 issued and fully paid common shares (November 30, 2018 – 15,021,130).

i) During the year ended November 30, 2018, the Company completed the following financing:

On April 6, 2018, the Company closed a $257,000 non-brokered private placement.

The financing was comprised of 195,000 flow-through units at a price of $0.50 per flow-through unit representing proceeds of $97,500 and 638,000 class “A” units at a price of $0.25 per unit, representing proceeds of $159,500 for an aggregate total funds raised of $257,000.

The class A units consisted of, and separated immediately into, one common share of the Company and one share-purchase warrant, each entitling the holder to purchase one common share at a purchase price of $0.50 cents per warrant for a period of twelve (12) months following the date of issuance. The flow-through units consist of, and separated immediately upon closing into, one common share, to be issued as a flow-through share within the meaning of the *Income Tax Act* (Canada), and one warrant. Each warrant attached to the flow-through units shall entitle the holder to purchase one common share for a purchase price of $0.50 per common share for a period of twenty four (24) months following the date of issuance.

A finder’s fee consisting of a cash payment of $9,400 and the issuance of 24,000 finder’s warrants, was paid to an arm's length group for securing proceeds total proceeds of $117,500

8 SHARE CAPITAL – ISSUED SHARE CAPITAL (CONT'D)

through subscriptions for 120,000 flow-through units and 230,000 class A units. Each of the finder's warrants entitles the holder to purchase one common share at an exercise price of $0.50 for twenty-four (24) months following the date of issuance of the class A units pursuant to this tranche of the private placement.

Directors and officers subscribed to 80,000 non-flow-through units and 50,000 flow-through units.

ii) During the year ended November 2019, the Company completed the following financings:

On December 31, 2018, the Company closed a private placement through the issuance of 84,500 flow-through units at a price of $0.50 per flow-through unit, representing proceeds of $42,250 and 359,000 class "A" units at a price of $0.25 per unit representing proceeds of $89,750 for an aggregate total raised of $132,000.

One warrant exercisable at $0.50 per warrant was attached to each share. The flow-through warrants expire after 24 months on December 31, 2020. The non-flow-through warrants expire after 18 months on June 30, 2020. These warrants were extended on November 19, 2019.

On March 20, 2019, the Company closed a private placement through the issuance 110,000 flow-through units at a price of $0.50 per flow-through unit representing proceeds of $55,000 and 352,000 class "A" units at a price of $0.25 per unit representing proceeds of $88,000 for an aggregate total raised of $143,000.

One warrant exercisable at $0.50 per warrant was attached to each share. All flow-through warrants expire after 24 months on March 20, 2021 and all non-flow-through warrants expire after 12 months on March 20, 2020.

Included in the March 20, 2019 non-flow-through financing was the issuance of 312,000 shares for debt of $78,000 that were issued to directors and/or officers.

All class A units consisted of, and separated immediately into, one common share of the Issuer and one share-purchase warrant, each entitling the holder to purchase one common share at a purchase price of $0.50 cents per warrant for a period of twelve (12) months following the date of issuance. The flow-through units consist of, and separated immediately upon closing into, one common share, to be issued as a flow-through share within the meaning of the *Income Tax Act* (Canada), and one warrant. Each warrant attached to the flow-through units shall entitle the holder to purchase one common share for a purchase price of $0.50 per common share for a period of twenty four (24) months following the date of issuance.

Directors and management participated in the above private placements for a total of $157,500 including the shares for debt of $78,000 and comprising 94,500 flow-through shares and 386,500 Class "A" units.

EXPRESSED IN CANADIAN DOLLARS

8 SHARE CAPITAL – ISSUED SHARE CAPITAL (CONT'D)

On October 8 and 18, 2019, the Company closed two tranches of a private placement through the issuance 3,500,000 class "A" units at a price of $0.20 per unit representing proceeds of $700,000.

All class A units consisted of, and separated immediately into, one common share of the Issuer and one share-purchase warrant, each entitling the holder to purchase one common share at a purchase price of $0.50 per warrant for a period of twelve (12) months following the date of issuance.

Directors of the Issuer participated in the second tranche for a total of $60,000 for 300,000 units.

c) INCENTIVE STOCK OPTIONS

Pursuant to the Company's stock option plan (the "Plan"), the Company may grant to its employees, officers, directors and consultants, options to purchase common shares of the Company at a fixed price as determined by the board of directors. The options vest in accordance with the terms of their granting and have a maximum term of five years. The common shares reserved for issuance under the Plan will not exceed, in aggregate, 10% of the Company's common shares issued and outstanding at the time of grant.

During the year ended November 30, 2018, the Company issued 100,000 options to a Director. These options expire January 16, 2023.

The following table summarizes the Company's stock option transactions for the years ended November 30, 2019 and 2018.

Grant Date	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Estimated Grant Date Fair Value
Balance Nov. 30, 2017	1,305,000	$ 0.50	4.2	$ 261,000
Issued Jan. 17, 2018	100,000	0.50	4.5	14,000
Balance Nov. 30, 2018	1,405,000	$ 0.50	3.2	$ 275,000
Cancelled Nov. 30, 2019	(300,000)	–	–	(60,000)
Balance Nov. 30, 2019	**1,105,000**	**$ 0.50**	**2.2**	**$ 215,000**

EXPRESSED IN CANADIAN DOLLARS

8 SHARE CAPITAL – ISSUED SHARE CAPITAL (CONT'D)

The grant date fair value of these options was estimated using the Black Scholes option pricing model with the following assumptions:

	2019	2018
Expected dividend yield	–	0%
Expected volatility	–	117.0%
Risk free interest rate	–	2%
Life	–	5-years

d) WARRANTS

Outstanding warrants as at November 30, 2019 were:

	Issued	**Expiry Date**	**Exercise Price**	**Estimated Grant Date Fair Value**	**Years to expiry**
Issued Apr. 6, 2018	24,000	Apr. 5, 2020	$ 0.35	$ 1,500	0.3
Issued Apr. 6, 2018	195,000	Apr. 5, 2020	0.35	40,300	0.3
Issued Dec. 31, 2018	84,500	Dec. 31, 2020	0.35	7,600	1.1
Issued Dec. 31, 2018	359,000	Jun. 30, 2020	0.35	21,500	0.6
Issued Mar. 22, 2019	40,000	Mar. 21, 2021	0.35	2,400	1.3
Issued Mar. 22, 2019	110,000	Mar. 21, 2020	0.35	6,600	0.3
Issued Mar. 22, 2019	312,000	Mar. 21, 2020	0.35	18,700	0.3
Issued Oct. 8, 2019	1,675,000	Oct. 7, 2020	0.35	104,688	0.9
Issued Oct. 18, 2019	1,825,000	Oct. 17, 2020	0.35	114,080	0.9
Balance Nov. 30, 2019	**4,624,500**		**$ 0.35**	**$ 317,368**	**0.8**

The table overleaf summarizes a continuity of outstanding warrants:

EXPRESSED IN CANADIAN DOLLARS

8 SHARE CAPITAL – ISSUED SHARE CAPITAL – WARRANTS (CONT'D)

	Issued	Expiry Date	Exercise Prices	Estimated Grant Date Fair Value
Balance Nov. 30, 2017	**1,657,200**	**–**	**$ 0.35**	**$ 230,900**
Expired Mar. 9, 2018	(86,000)	–	–	(19,600)
Expired Apr. 4, 2018	(820,000)	–	–	(82,600)
Expired May 11, 2018	(25,000)	–	–	(2,800)
Issued Apr. 6, 2018	195,000	Apr. 5, 2019	0.35	40,300
Issued Apr. 6, 2018	638,000	Apr. 5, 2020	0.35	15,500
Issued Apr. 6, 2018	24,000	Apr. 5, 2020	0.35	1,500
Expired Aug. 24, 2018	(40,000)	–	0.35	(9,800)
Balance Nov. 30, 2018	**1,543,200**		**$ 0.35**	**$ 173,400**
Issued Dec. 31, 2018	84,500	Dec. 31,2020	0.35	7,600
Issued Dec. 31, 2018	359,000	Jun. 30,2020	0.35	21,500
Issued Mar. 22, 2019	40,000	Mar. 21, 2021	0.35	2,400
Issued Mar. 22, 2019	110,000	Mar. 21, 2020	0.35	6,600
Issued Mar. 22, 2019	312,000	Mar. 21, 2020	0.35	18,700
Expired Apr. 4, 2019	(90,000)	–	0.35	(20,700)
Expired Apr. 4, 2019	(40,000)	–	0.35	(4,100)
Expired Apr. 6, 2019	(638,000)	–	0.35	(15,500)
Expired May 26, 2019	(175,000)	–	0.35	(43,700)
Expired May 26, 2019	(350,000)	–	0.35	(43,700)
Expired May 27, 2019	(31,200)	–	0.35	(3,900)
Issued Oct. 8, 2019	1,675,000	Oct. 7, 2020	0.35	104,688
Issued Oct. 18, 2019	1,825,000	Oct. 17, 2020	0.35	114,080
Balance Nov. 30, 2019	**4,624,500**		**$ 0.35**	**$ 317,368**

The weighted average grant date fair value of the warrants issued in 2019 was $0.069 (2018 – $0.11), which was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Expected dividend yield	0%	0%
Expected volatility	198.19%	117%
Risk-free interest rate	2.1%	2.03%
Life (years)	1.0	2.0

EXPRESSED IN CANADIAN DOLLARS

9. INCOME TAX

Provision for income taxes

Major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of approximately 27% (2018 – 27%) are as follows:

		2019		2018
(Loss) before income taxes	**$**	**(779,264)**	$	(236,624)
Expected income tax recovery based at statutory rate		**(210,000)**		(53,000)
Adjustments to benefit arising from:				
Stock based compensation		**–**		4,000
Non-taxable portion of unrealised loss (gain)		**37,000**		(11,000)
Flow-through renunciation		**46,000**		36,000
Other		**(67,000)**		–
Deferred income tax (recovery)	**$**	**(194,000)**		(24,000)

Deferred income taxes

The tax effect of temporary differences that give rise to recognized deferred income tax assets and (liabilities) at November 30, 2019 and 2018 approximate the following:

		2019		2018
Non-capital losses	**$**	**804,000**	$	790,000
Exploration and evaluation assets		**(1,605,000)**		(1,787,000)
Equipment		**3,000**		3,000
Share issue costs		**4,000**		6,000
Other		**(62,500)**		(62,500)
Net deferred income tax liability	**$**	**(856,500)**	$	(1,050,500)

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

		2019		2018
Marketable securities	**$**	**16,000**	$	101,000
Capital losses		**2,867,000**		2,706,000
Total	**$**	**2,883,000**	$	2,807,000

EXPRESSED IN CANADIAN DOLLARS

9 INCOME TAX (CONT'D)

The Company had approximately $2,937,200 of non-capital losses in Canada at November 30, 2019, which under certain circumstances can be used to reduce the taxable income of future years. These losses expire as follows:

Year	
2026	$ 553,900
2027	495,200
2028	285,300
2029	356,500
2031	522,900
2032	478,600
2033	48,000
2034	66,000
2035	64,400
2036	23,200
2037	32,300
2038	10,900
Total	$ 2,937,200

As at November 30, 2019, the Company has Canadian exploration expenditures of $2,960,000 (2018 - $2,440,000), which, under certain circumstances, may be utilized to reduce taxable income in future years.

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10. RELATED PARTY TRANSACTIONS AND BALANCES

a) RELATED PARTY BALANCES

		November 30, 2019		November 30, 2018	
Related party	**Purpose**	**Amounts charged during the year**	**Amounts payable/ accrued at year-end**	Amount charged during the year	Amounts payable/ accrued at year end
Corporation controlled by an officer	Filing fees	**$ 9,848**	**$ –**	$ 6,185	$ 16,806
Accounting firm of which an officer of the Company is a partner	Professional fees	**14,844**	**5,594**	8,987	41,587
Corporation controlled by a director and significant shareholder	Management fees, Director	**93,805**	**97,250**	54,805	122,013
	Exploration	**190,820**	**–**	197,978	19,359
	Office, rent and general expenses	**98,380**	**–**	85,045	40,578
Totals		**$407,697**	**$102,844**	$353,000	$240,343

During the year ended November 30, 2019, the Company recorded director's fees of $nil (2018 - $nil).

The accounts payable and accrued liabilities to related parties are unsecured and non-interest bearing with no fixed terms of repayment (Note 7).

b) KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration of directors and other members of management were as follows:

	November 30, 2019 **$**	November 30, 2018 $
Short term employee benefits	$ 93,805	$ 54,805
Share based compensation	–	14,000
Totals	$ 93,805	$ 68,805

10 RELATED PARTY TRANSACTIONS (CONT'D)

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

c) SHARE SUBSCRIPTIONS

See Note 8(b) for descriptions of related party share subscriptions.

11. COMMITMENTS AND CONTINGENCIES

a) CONSULTING AGREEMENT

Consulting Agreement

The Company entered into an exploration management services agreement dated December 31, 2010, with M'Ore Exploration Services Ltd. ("M'Ore") and the President and significant shareholder of M'Ore, who is an officer, director and shareholder of the Company. Pursuant to the agreement, M'Ore provides consulting and management services to the Company and incurs various administrative expenses, including administrative salaries and office and vehicle rentals on behalf of the Company. The term of the agreement was for a period of two years ended December 31, 2012 and has been subsequently amended to automatically renew every year unless prior notice is provided by either party no later than 90 days prior to the end of the calendar year. This agreement has been automatically extended to December 31, 2020.

This would result in management fees and salaries incurred by M'Ore being capped at $200,000 per annum. Additional charges to the Company in prior years consisted of a lease with M'Ore whereby the Company would pay $30,000, plus operating expenses, per annum for rental of office and storage space. The lease also specifies rates to be charged for the use of various items of equipment if and when utilized by the Company.

b) CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations 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.

c) FLOW-THROUGH EXPENDITURES

During the year ended November 30, 2019, all flow-through renunciation commitments, were met.

11 COMMITMENTS AND CONTINGENCIES (CONT'D)

The Company has indemnified subscribers of current and previous flow-through issues against any shortfalls in the Company's expenditure commitments

12. SEGMENTED INFORMATION

All of the Company's assets, liabilities and operations are domiciled in Canada.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital as well as cash. There were no changes to the Company policy for capital management during the years ended November 30, 2019 and 2018.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and marketable securities. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company is not subject to any externally imposed capital requirements. The Company's investment policy is to invest its excess cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that its current capital resources will be sufficient to fund its present operational commitments and working capital needs for the coming twelve months. However, additional funding will be required to meet any new operational commitments if further drilling programs are to be carried out.

EXPRESSED IN CANADIAN DOLLARS

14. FINANCIAL INSTRUMENTS

a) FAIR VALUE

The carrying values of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

As at November 30, 2019	Amortized Cost	FVPL	Total
Cash	$ 303,185	$ –	$ 303,185
Marketable securities	–	800	800
Amounts receivable	7,605	–	7,605
Accounts payable and accrued liabilities	145,787	–	145,787

As at November 30, 2018	Amortized Cost	FVPL	Total
Cash	$ 13,960	$ –	$ 13,960
Marketable securities	–	202,400	202,400
Amounts receivable	9,850	–	9,850
Accounts payable and accrued liabilities	288,546	–	288,546

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 hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: 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: Inputs that are not based on observable market data.

As at November 30, 2019 and 2018, the financial instruments recorded at fair value on the statement of financial position are marketable securities which are measured using Level 1 of the fair value hierarchy.

14 FINANCIAL INSTRUMENTS (CONT'D)

b) FINANCIAL RISK MANAGEMENT

Credit Risk

The Company is exposed to credit risk with respect to its cash and amounts receivable. Cash has been placed on deposit with major Canadian financial institutions.

Amounts receivable consist of GST.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash, by purchasing term deposits held at a major Canadian financial institution. Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held at a single Canadian financial institution.

The credit risk associated with cash is minimized by ensuring the majority of these financial assets are held with major Canadian financial institutions with strong investment-grade ratings by a primary rating agency.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company's expected source of cash flow for the upcoming year ended November 30, 2020 will be through equity financings.

The Company maintained cash at November 30, 2019 in the amount of $303,185 (November 30, 2018 – $13,960), in order to meet short-term business requirements. At November 30, 2019, the Company had accounts payable and accrued liabilities of $145,787 (November 30, 2018 – $288,546). All accounts payable and accrued liabilities are current.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company also holds a portion of cash in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of November 30, 2019.

14 FINANCIAL INSTRUMENTS (CONT'D)

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. A 1% change in interest rates on cash held during the year ended November 30, 2019 would not have a significant impact on the Company's net loss for the year ended.

Currency Risk

The Company is not exposed to any material currency risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk. The Company is exposed to price risk through its investments in marketable securities.

Marketable Securities

Risk to the Company from its marketable securities is derived from two factors:

- The ability of the issuer to sustain itself financially; and
- The ability to monetize the securities of the issuer.

The Company's marketable securities are detailed in Note 4.

A 10% change in the quoted market value at November 30, 2019 would have resulted in an $80 change to the Company's net loss for the year (2018 - $20,240).

Commodity Risk

The Company is exposed to price risk with respect to commodity prices, specifically precious and non-precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decision by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in investment patterns and monetary systems and political developments. As the Company does not have production assets, management believes this risk is minimal.

15. SUBSEQUENT EVENTS

On January 30, 2020 the Company closed a private placement through the issuance of 2,083,334 flow-through shares at a price of $0.48 per flow-through share, representing proceeds of $1,000,000 and 1,666,667 class “A” shares at a price of $0.30 per share representing proceeds of $500,000 for an aggregate total raised of $1,500,000.

The Company agreed to pay a finder's fee in respect of those purchasers under the offering introduced to the Company by finders. Each finder received a cash commission equal to up to 5% of the gross proceeds received from purchasers under the offering, who were introduced to the Company by such finder. The aggregate payable in connection with the offering totaled $19,250.