ROCKSHIELD CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Rockshield Capital Corp.

We have audited the accompanying consolidated financial statements of Rockshield Capital Corp., which comprise the consolidated statements of financial position as at November 30, 2018 and 2017 and the consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Rockshield Capital Corp. as at November 30, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

March 26, 2019

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ROCKSHIELD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	November 30, 2018 $	November 30, 2017 $
ASSETS			
Current assets			
Cash		2,278,777	802,973
Amounts receivable	8(b)	97,410	2,190
GST receivable		-	2,493
Prepaid expenses		13,667	5,250
Investments	5	8,429,047	7,949,236
Total current assets		10,818,901	8,762,142
Non-current assets			
Investment in and advances to REWP	6	1	1
Total non-current assets		1	1
TOTAL ASSETS		10,818,902	8,762,143
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		8,513	97,317
TOTAL LIABILITIES		8,513	97,317
SHAREHOLDERS' EQUITY			
Share capital	7	26,003,283	25,269,145
Share-based payments reserve		3,900,933	3,525,049
Deficit		(19,093,827)	(20,129,368)
TOTAL SHAREHOLDERS' EQUITY		10,810,389	8,664,826
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,818,902	8,762,143

Nature of Operations - Note 1

These consolidated annual financial statements were approved for issue by the Board of Directors on March 26, 2019 and are signed on its behalf by:

*/s/ **Dave Doherty***
Dave Doherty
Director

*/s/ **Nick DeMare***
Nick DeMare
Director

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

ROCKSHIELD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Expressed in Canadian Dollars)

	Note	Year Ended November 30 2018 $	2017 $
Expenses			
Accounting and administration	8(a)(ii)	47,700	35,836
Audit		28,050	33,150
Corporate development		24,273	-
Director and officer compensation	8(a)(i)	108,652	220,128
Insurance		12,838	10,500
Legal		31,831	6,397
Office		16,804	14,458
Professional fees		16,375	-
Regulatory		12,701	9,684
Share-based compensation	7(e)	375,884	-
Shareholder costs		16,097	2,608
Transfer agent		14,289	3,971
Travel		2,860	5,539
Website		2,910	5,410
		711,264	347,681
Loss before other items		(711,264)	(347,681)
Other items			
Realized gain on sale of investments	5	1,625,219	2,359,929
Unrealized (loss) gain on investments	5	(73,216)	1,432,974
Equity loss in REWP	6	-	(192,521)
Impairment provision in REWP	6	(179,207)	(1,675,425)
Interest income		21,705	213,015
Other income	8(b)	251,500	-
Gain on disposition of investments under the Arrangement	4	181,862	-
Foreign exchange		380	(5,461)
		1,828,243	2,132,511
Net income and comprehensive income for the year		1,116,979	1,784,830
Net income per share - basic and diluted		$0.02	$0.04
Weighted average number of common shares outstanding - basic and diluted		47,901,233	45,679,745

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

ROCKSHIELD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Year Ended November 30, 2018				
	Share Capital				
	Number of Common Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at November 30, 2017	45,912,855	25,269,145	3,525,049	(20,129,368)	8,664,826
Common shares issued for cash:					
- private placement	2,472,999	1,187,040	-	-	1,187,040
Share issue costs	-	(68,422)	-	-	(68,422)
Repurchase of common shares	(705,000)	(384,480)	-	298,162	(86,318)
Share-based compensation	-	-	375,884	-	375,884
Distribution to shareholders per Arrangement	-	-	-	(379,600)	(379,600)
Net income for the year	-	-	-	1,116,979	1,116,979
Balance at November 30, 2018	47,680,854	26,003,283	3,900,933	(19,093,827)	10,810,389

	Year Ended November 30, 2017				
	Share Capital				
	Number of Common Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance at November 30, 2016	45,527,855	25,226,795	3,525,049	(21,914,198)	6,837,646
Common shares issued for cash:					
- warrants exercised	385,000	42,350	-	-	42,350
Net income for the year	-	-	-	1,784,830	1,784,830
Balance at November 30, 2017	45,912,855	25,269,145	3,525,049	(20,129,368)	8,664,826

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

ROCKSHIELD CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended November 30,	
	2018	2017
	$	$
Operating activities		
Net income for the year	1,116,979	1,784,830
Adjustments for:		
Realized gain on sale of investments	(1,625,219)	(2,359,929)
Unrealized loss (gain) on investments	73,216	(1,432,974)
Gain on disposition of investments under the Arrangement	(181,862)	-
Equity loss in REWP	-	192,521
Impairment provision in REWP	179,207	1,675,425
Share-based compensation	375,884	-
Interest income	-	(202,329)
Changes in non-cash working capital items:		
Amounts receivable	(95,220)	4,799
GST receivable	2,493	(393)
Prepaid expenses	(8,417)	-
Accounts payable and accrued liabilities	(88,804)	77,229
Net cash used in operating activities	(251,743)	(260,821)
Investing activities		
Proceeds from sale of investments	3,288,988	4,889,600
Investment purchases	(2,414,534)	(3,903,979)
Advances to REWP	(179,207)	(666,164)
Net cash provided by investing activities	695,247	319,457
Financing activities		
Issuance of common shares	1,187,040	42,350
Share issue costs	(68,422)	-
Repurchase of common shares	(86,318)	-
Net cash provided by financing activities	1,032,300	42,350
Net change in cash	1,475,804	100,986
Cash at beginning of year	802,973	701,987
Cash at end of year	2,278,777	802,973

Supplemental cash flow - Note 12

1. Nature of Operations

Rockshield Capital Corp. (the "Company") is a publicly-traded Canadian based venture capital firm focused on investments in early stage companies with high growth potential. The Company also holds a strategic investment in a private company. The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "RKS". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. During fiscal 2018 the Company recorded net income of $1,116,979 and, as at November 30, 2018, had working capital of $10,810,388. The Company believes that it has adequate financial resources to cover current levels of corporate operations and expected investment purchases for the next twelve months. However, as a junior venture capital firm, the Company is subject to risks and challenges similar to other companies in a comparable stage. These risks include, but are not limited to, dependence on key individuals, investment risks, market risks, illiquid securities and the ability to maintain adequate cash flows and continuing as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern or be unable to realize its assets or discharge its liabilities in the normal course of business. Such adjustments can be material.

2. Basis of Preparation

Statement of Compliance

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

Basis of Measurement and Presentation

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

The wholly-owned subsidiaries of the Company are as follows:

Company	Location of Incorporation	Principal Activity
Rockshield Plywood Corp. ("Rockshield Plywood")	Canada	Inactive holding company
Pelaya Copper Corporation	Canada	Inactive holding company

Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform with the current year's presentation.

3. Summary of Significant Accounting Policies

Critical Judgments and Sources of Estimation Uncertainty

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

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management is required to make judgments to determine the fair value of investments in marketable securities subsequent to initial recognition. Management is also required to determine on whether those marketable securities have sufficient trading volume and reasonable bid-ask spread to determine if they are active enough to be measured at Level 1 of the fair value hierarchy or if other levels are more appropriate. Where the fair values of those investments cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value.

(iii) The Company measures financial instruments, such as derivatives, at fair value at the end of each reporting period. Where the Company holds investments in warrants that are publicly traded and have sufficient trading volume, the fair value is generally the closing price on the principal securities exchange on which the warrant is traded. Investments in warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used. Changes in estimates and assumptions about these inputs could affect the reported value. If no such market inputs are available, the warrants are valued at intrinsic value that approximates fair value.

(iv) Classification of investments requires judgment on whether the Company controls, has joint control or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. If an investor holds 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

The Company had previously classified its investment in Rockshield Engineered Wood Products ULC ("REWP") as an associated company based on management's judgment that the Company had significant influence, due to its ownership of REWP and rights to board representation. During fiscal 2018 the Company decided not to participate in any further advances to REWP and its ownership in REWP was diluted, as described in Note 6. The Company no longer considers that it has significant influence in REWP and has ceased to account for the investment under the equity method.

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3. Summary of Significant Accounting Policies (continued)

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

(i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at November 30, 2018 and 2017 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivable. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

Impairment of Long-lived Assets

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

3. Summary of Significant Accounting Policies (continued)

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

Financial Instruments

All 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 ("AFS"), loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through income. Cash and investments are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable and advances are classified as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At November 30, 2018 and 2017 the Company has not classified any financial assets as available-for-sale.

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

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

Financial liabilities classified as other financial liabilities are measured at amortized cost. Accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through income. At November 30, 2018 and 2017 the Company has not classified any financial liabilities as FVTPL.

Impairment of Financial Assets

Financial instruments, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial instruments 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 instrument, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

(i) significant financial difficulty of the issuer or counterparty;
(ii) default or delinquency in interest or principal payments; or
(iii) it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial instruments carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial instrument's original effective interest rate.

The carrying amount of all financial instruments, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

3. Summary of Significant Accounting Policies (continued)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial instrument cannot exceed its amortized cost had impairment not been recognized.

Investments in Associated Companies

The Company accounts for its long-term investments in affiliated companies over which it has significant influence on the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments includes:

(i) significant financial difficulty of the associated companies;
(ii) becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
(iii) national or local economic conditions that correlate with defaults of the associated companies.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Warrants Issued in Equity Financing Transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other compensatory transactions costs are accounted for as share-based payments.

Share-Based Payment Transactions

Stock Option Plan

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

3. Summary of Significant Accounting Policies (continued)

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Deferred Share Unit Plan

The Company has a deferred share unit plan (the "DSU Plan") for its directors and executive officers. DSUs are classified as equity settled share-based payment transactions as the participants will receive either common shares of the Company or payment of cash, or any combination of the foregoing, as determined by the Company in its sole discretion, following a redemption event. As such, the Company recognizes the expense based on the quoted market price of the Company's common shares and a corresponding increase in equity for the eventual redemption when the DSUs are issued.

Revenue Recognition

Security transactions are recorded on a settlement date basis. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of income and comprehensive income and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed to the consolidated statements of income and comprehensive income. Interest income is recorded on an accrual basis.

Current and Deferred Income Taxes

The tax expense comprises current and deferred tax. Tax is recognized in the consolidated statement of income and comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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3. Summary of Significant Accounting Policies (continued)

Income (Loss) Per Share

Basic income (loss) per share is computed by dividing income available (loss attributable) to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted income (loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on income (loss) per share. For the years presented all options, DSUs and warrants have been excluded from the calculation as they are considered anti-dilutive.

Foreign Currency Translation

Functional and Presentation Currency

The presentation currency of the Company is the Canadian dollar. The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The Company considers the functional currency for its parent entity and subsidiaries to be the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive loss.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of income and comprehensive income presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in income.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Accounting Standards and Interpretations Issued but Not Yet Effective

As at the date of these consolidated financial statements, the following standards have not been applied in these financial statements:

(i) The completed version of IFRS 9, *Financial Instruments*, was issued in July 2014. The completed standard provides for revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. The new hedging guidance that was issued in November 2013 is incorporated into this new final standard. This final version of IFRS 9 will be effective for periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect that the adoption of this standard will have a significant effect on the Company's consolidated financial statements.

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3. Summary of Significant Accounting Policies (continued)

(ii) IFRS 15, *Revenue from Contracts with Customers*, outlines the principles for recognizing revenue from contracts with customers. The new standard establishes a new five-step model for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard is effective for annual periods beginning on or after January 1, 2018, and is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. The Company does not expect that the adoption of this standard will have a significant effect on the Company’s consolidated financial statements.

(iii) IFRS 16, *Leases*, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019. Management is currently assessing the impact of this new standard on the Company’s accounting policies and consolidated financial statement presentation.

4. Plan of Arrangement

On March 13, 2018 the Company entered into an arrangement agreement (the “Arrangement”) with Rockshield Acquisition Corp. (“AcquiCo”) and Rockshield Opportunities Corp. (“OppCo”), private British Columbia companies incorporated on December 12, 2017 as wholly-owned subsidiaries of the Company, whereby the Company would distribute AcquiCo shares and OppCo shares, respectively, to Company shareholders. Each Company shareholder would hold one Company share and its pro-rata share of each of the AcquiCo shares and the OppCo shares, respectively, to be distributed under the Arrangement for each Company share held.

On April 17, 2018 the Company held a special meeting of the shareholders of the Company and the shareholders approved the Arrangement. Pursuant to the Arrangement the Company agreed to capitalize AcquiCo with 130,000 common shares in Plus Products Holdings Inc. (“Plus Products”), at a fair value of $201,500, and OppCo with 13,000 common shares in Helius Medical Technologies Inc. (“Helius”), at a fair value of $178,100, resulting in a gain of $181,862 on the disposition. Additionally, on April 19, 2018, the Company obtained the final order of the Supreme Court of British Columbia approving the Arrangement. On June 6, 2018 the Company closed on the Arrangement and the Company capitalized each of AcquiCo and OppCo in return for common shares of each company and the Company distributed on a pro rata basis, without cost as a return of capital, all of its 1,800,001 shares in AcquiCo and 3,159,592 shares in OppCo to the Company’s shareholders. The Arrangement resulted in each of AcquiCo and OppCo being stand-alone corporations owned by the same shareholders that owned the Company.

5. Investments

The Company’s investments in marketable securities include common shares and other equity instruments of Canadian and U.S. companies that are listed on various Canadian stock exchanges or the OTCQB.

Management has designated its investments in common shares and warrants of companies as “investments in equity instruments” with the change in fair value recognized in profit or loss. The carrying values of the listed common shares and warrants have been directly referenced to published price quotations in an active market. The carrying values of unlisted private companies are valued at fair value using non-observable market inputs based on specific company information and general market conditions. The carrying values of the unlisted warrants are valued at fair value using the Black-Scholes option pricing model.

During fiscal 2018 the Company sold certain of its investments for proceeds totalling $3,288,988 (2017 - $4,889,600) and recognized a gain of $1,625,219 (2017 - $2,359,929). In addition, during fiscal 2018 the Company recorded an unrealized loss of $73,216 (2017 - gain of $1,432,974) on investments held.

(Expressed in Canadian Dollars)

6. Investment in and Advances to REWP

Prior to fiscal 2018 the Company held an ownership interest of 33.72% in REWP and had made substantial loans and advances. At that time the Company considered that it had significant influence of REWP and, accordingly, the investment had been accounted for under the equity method. During fiscal 2017 the Company had recognized cumulative equity losses to reduce its net carrying value in REWP to $nil and impaired the loans, advances and accrued interest to a nominal amount of $1.

In fiscal 2018 the Company advanced a further $179,207 to REWP. This amount was fully impaired. REWP has made further cash calls to its shareholders in which the Company declined to participate. The Company has been informed by REWP that its ownership has now been effectively diluted to 18.53%. The Company anticipates that further significant dilution will continue as REWP obtains additional funding from its other shareholders . In addition, the Company no longer has effective board representation. Due to these factors, the Company considers that it no longer has significant influence of REWP and that the equity method is no longer appropriate.

The Company's investment in and advances to Rockshield Engineered Wood Products ULC ("REWP") are as follows:

	2018 $	2017 $
Investment in REWP		
Common shares owned	1,500,000	1,500,000
Accumulated equity loss in REWP	(2,075,837)	(2,075,837)
Accumulated equity gain on REWP share issuances	575,837	575,837
	-	-
Notes issued by REWP		
Principal amounts		
Promissory Notes	777,710	598,503
CAPEX Note	300,000	300,000
Bridge Notes	366,164	366,164
	1,443,874	1,264,667
Accrued interest	410,759	410,759
	1,854,633	1,675,426
Impairment provision	(1,854,632)	(1,675,425)
	1	1

7. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

During fiscal 2018 the Company completed a non-brokered private placement of 2,472,999 units of the Company at $0.48 per unit for gross proceeds of $1,187,040 with each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of $0.80 for a period of two years, expiring February 8, 2020. The Company paid a finder's fee of $67,486 on a portion of the private placement.

The Company incurred $936 for legal and filing costs associated with the private placement.

No financings were conducted by the Company during fiscal 2017.

(Expressed in Canadian Dollars)

7. Share Capital(continued)

On October 22, 2018 the Company filed a normal course issuer bid (the "NCIB") which authorizes the Company to repurchase for cancellation up to 4,693,610 common shares until October 22, 2019 or the date by which the Company has acquired the maximum number of common shares under the NCIB. During fiscal 2018 the Company repurchased a total of 705,000 common shares for $86,318 cash consideration. The average cost of the common shares repurchased was $0.55 per share. The difference between the purchase price and the carrying value of the common shares was $298,162.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2018 and 2017 and the changes for the years ended on those dates is as follows:

	2018		2017	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	-	-	15,000,000	0.11
Issued	1,236,499	0.80	-	-
Exercised	-	-	(385,000)	0.11
Expired	-	-	(14,615,000)	0.11
Balance, end of year	1,236,499	0.80	-	-

As at November 30, 2018 there were 1,236,499 warrants outstanding and exercisable at an exercise price of $0.80 per share, expiring February 8, 2020.

(d) *Share Option Plan*

On October 24, 2016 a fixed share option plan (the "Fixed Share Option Plan") was approved by the Company's Board of directors and later ratified by the Company's shareholders. Under the Fixed Share Option Plan a total of 4,552,785 common shares have been reserved for issuance. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of directors and have a maximum term of ten years.

During fiscal 2018 and 2017 the Company did not grant any share options under the Fixed Share Option Plan. As at November 30, 2018 no share options were outstanding.

(e) *Deferred Share Unit ("DSU") Plan*

On October 24, 2016 the DSU Plan was also approved by the Company's Board of directors and subsequently ratified by the Company's shareholders. Under the DSU Plan, an eligible participant may elect to receive DSUs up to 100% of his or her annual base compensation. In addition, the Board may award additional DSUs to the participant. The maximum number of DSUs that may be granted pursuant to the DSU Plan is 4,552,785 DSUs.

On January 5, 2018 the Company granted 1,500,000 DSUs. The granted DSUs shall vest: one-third on the first anniversary; one-third on the second anniversary; and the remaining one-third on the third anniversary. During fiscal 2018 the Company recognized $375,884 as share-based compensation expense and, as the Company intends to settle the DSUs through equity settlement, recorded a corresponding credit to share-based payments reserve. On January 5, 2019, 500,000 DSUs vested and are issuable to the grantee upon departure from the Company.

(Expressed in Canadian Dollars)

8. Related Party Disclosures

(a) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

(i) During fiscal 2018 and 2017 the following amounts were incurred with respect to these positions:

	2018 $	2017 $
Key management compensation	108,652	220,128
Share-based compensation on DSU	375,884	-
	484,536	220,128

As at November 30, 2018, $nil (2017 - $76,440) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During fiscal 2018 the Company incurred a total of $47,700 (2017 - $33,950) by Chase Management Ltd. ("Chase"), a private corporation owned by the Chief Financial Officer ("CFO"), for accounting and administration services provided by Chase personnel, excluding the CFO. As at November 30, 2018, $1,200 (2017 - $8,300) remained unpaid and has been included in accounts payable and accrued liabilities.

During fiscal 2018 the Company also recorded $62,647 share-based compensation for 250,000 DSUs granted to Chase.

(b) During fiscal 2018 the Company invoiced AcquiCo and OppCo a total of $251,500 for accounting, management and administration services provided. As at November 30, 2018, $86,500 remained unpaid and has been included in amounts receivable.

(c) In September 2018 the Company repurchased the 130,000 shares of Plus Products from AcquiCo for $422,500 cash. See also Note 4.

9. Income Taxes

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

	2018 $	2017 $
Income before taxes for the year	1,116,979	1,784,830
Expected income tax expense	302,000	464,000
Changes in statutory, foreign tax, foreign exchange rates and other	(10,000)	(28,000)
Permanent differences	(210,000)	-
Share issue costs	(18,000)	-
Sale of subsidiary	-	547,000
Adjustments to prior year's provisions versus statutory tax rate	(81,000)	268,000
Change in unrecognized deductible temporary differences	17,000	(1,251,000)
Total income tax expense (recovery)	-	-

The Canadian income tax rate declined/increased during the year due to changes in the law that reduced/increased corporate income tax rates in Canada/British Columbia.

(Expressed in Canadian Dollars)

9. Income Taxes (continued)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2018 $	2017 $
Investments	(994,000)	(1,014,000)
Share issue costs	15,000	4,000
Canadian eligible capital	45,000	49,000
Equity investment	202,000	203,000
Promissory notes and accrued interest receivable	360,000	452,000
Non-capital losses	1,526,000	1,443,000
Net deferred tax asset	1,154,000	1,137,000
Unrecognized deferred tax assets	(1,154,000)	(1,137,000)
Net deferred tax assets	-	-

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

	2018		2017	
	$	Expiry Date Range	$	Expiry Date Range
Share issue costs	55,000	2018 to 2022	15,000	2017 to 2020
Canadian eligible capital	168,000	No expiry date	181,000	No expiry date
Equity investment	1,500,000	No expiry date	1,500,000	No expiry date
Promissory notes and accrued interest receivable	1,335,000	No expiry date	1,675,000	No expiry date
Non-capital losses available for future period	5,653,000	2017 to 2038	5,345,000	2017 to 2037

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

10. Segmented Information

Information on reportable segments is a follows:

	November 30, 2018			
	Corporate $	Investments $	Investment in and Advances to REWP $	Total $
Interest income	21,705	-	-	21,705
Other income	251,500	-	-	251,500
Realized gain on sale of investments	-	1,625,219	-	1,625,219
Unrealized loss on investments	-	(73,216)	-	(73,216)
Impairment provision in REWP	-	-	(179,207)	(179,207)
Segment income (loss)	(435,024)	1,552,003	-	1,116,979
Segment assets	2,389,854	8,429,047	1	10,818,902

(Expressed in Canadian Dollars)

10. Segmented Information

	November 30, 2017			
	Corporate $	Investments $	Investment in and Advances to REWP $	Total $
Interest income	10,686	-	202,329	213,015
Realized gain on sale of investments	-	2,359,929	-	2,359,929
Unrealized gain on investments	-	1,432,974	-	1,432,974
Equity loss in REWP	-	-	(192,521)	(192,521)
Impairment provision in REWP	-	-	(1,675,425)	(1,675,425)
Segment (loss) profit	(342,456)	3,792,903	(1,665,617)	1,784,830
Segment assets	812,906	7,949,236	1	8,762,143

11. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; AFS; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2018 $	November 30, 2017 $
Cash	FVTPL	2,278,777	802,973
Amounts receivable	Loans and receivables	97,410	2,190
Investments	FVTPL	8,429,047	7,949,236
Investment and advances to REWP	Loans and receivables	1	1
Accounts payable and accrued liabilities	Other financial liabilities	(8,513)	(97,317)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Fair Value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

(Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management (continued)

The following is an analysis of the Company's financial assets measured at fair value as at November 30, 2018 and 2017:

	2018		
	Level 1 $	**Level 2** $	**Level 3** $
Cash	2,278,777	-	-
Investments	8,240,341	121,206	67,500
	10,519,118	121,206	67,500

	2017		
	Level 1 $	**Level 2** $	**Level 3** $
Cash	802,973	-	-
Investments	5,491,157	293,395	2,164,684
	6,294,130	293,395	2,164,684

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at November 30, 2018				
	Less than 3 Months $	**3 - 12 Months** $	**1 - 5 Years** $	**Over 5 Years** $	**Total** $
Cash	2,278,777	-	-	-	2,278,777
Amounts receivable	97,410	-	-	-	97,410
Investments	8,429,047	-	-	-	8,429,047
Investment in and advances to REWP	-	-	1	-	1
Accounts payable and accrued liabilities	(8,513)	-	-	-	(8,513)

	Contractual Maturity Analysis at November 30, 2017				
	Less than 3 Months $	**3 - 12 Months** $	**1 - 5 Years** $	**Over 5 Years** $	**Total** $
Cash	802,973	-	-	-	802,973
Amounts receivable	2,190	-	-	-	2,190
Investments	7,949,236	-	-	-	7,949,236
Investment in and advances to associated company	-	-	1	-	1
Accounts payable and accrued liabilities	(97,317)	-	-	-	(97,317)

(Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management (continued)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and demand deposits bear floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Equity Price Risk

The Company holds investments in publicly traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value.

(c) Concentration Risk

As at November 30, 2018, $7,324,763 of the Company's portfolio of investments were held in three companies. These investments represents approximately 87% of the Company's investment portfolio and poor performance in the market price of these investments could adversely affect the Company's results.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its investment. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital. The Company will continue to assess new investment opportunities as opportunities arise and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There have been no changes to the Company's approach to capital management during fiscal 2018 or 2017. The Company is not subject to any externally imposed capital requirements.

12. Supplemental Cash Flow

During fiscal 2018 and 2017 non-cash activities were conducted by the Company as follows:

	2018 $	**2017 $**
Investing activity		
Proceeds from spin-out of investments	(379,600)	-
Financing activity		
Distribution to shareholders per arrangement	379,600	-