ROCKSHIELD CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
NOVEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Rockshield Capital Corp.

Opinion

We have audited the accompanying consolidated financial statements of Rockshield Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2020 and 2019, 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 audits 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 Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated 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 to 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 risk 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 on the audit resulting in this independent auditor’s report is Catherine Tai.

Davidson & Company LLP

Vancouver, Canada Chartered Professional Accountants

March 11, 2021

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

	Note	November 30, 2020 $	November 30, 2019 $
ASSETS			
Current assets			
Cash		3,542,588	3,083,702
Amounts receivable		-	13,700
Advance receivable	6(c)	3,000	-
GST receivable		4,386	-
Prepaid expenses		1,185	13,125
Investments	4	1,492,271	2,857,820
TOTAL ASSETS		5,043,430	5,968,347
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		8,300	31,064
TOTAL LIABILITIES		8,300	31,064
SHAREHOLDERS' EQUITY			
Share capital	5	24,865,933	24,865,933
Share-based payments reserve		4,111,318	4,076,853
Deficit		(23,942,121)	(23,005,503)
TOTAL SHAREHOLDERS' EQUITY		5,035,130	5,937,283
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,043,430	5,968,347

Nature of Operations - Note 1

Events after the Reporting Period - Note 9

These consolidated annual financial statements were approved for issue by the Board of Directors on March 11, 2021 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 LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended November 30 2020 $	2019 $
Expenses			
Accounting and administration	6(a)(ii)	39,050	44,850
Audit		27,500	27,836
Corporate development		-	9,571
Director and officer compensation	6(a)(i)	115,779	155,339
Insurance		13,125	17,816
Legal		710	6,639
Office		4,680	6,842
Professional fees		-	11,825
Regulatory		9,557	11,373
Rent		7,164	-
Share-based compensation	5(f)	34,465	175,920
Shareholder costs		2,555	3,172
Transfer agent		4,795	4,953
Travel		3,120	26,523
Website		2,783	2,640
		265,283	505,299
Loss before other items		(265,283)	(505,299)
Other items			
Realized (loss) gain on sale of investments	4	(964,762)	1,441,064
Unrealized gain (loss) on investments	4	273,239	(6,058,374)
Interest income		22,594	39,730
Other income	6(b)	-	216,000
Recovery of expenses previously recorded		2,000	-
Foreign exchange		(4,406)	1,574
		(671,335)	(4,360,006)
Net loss and comprehensive loss for the year		(936,618)	(4,865,305)
Net loss per share - basic and diluted		$(0.02)	$(0.11)
Weighted average number of common shares outstanding - basic and diluted		45,595,354	46,323,642

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, 2020				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Shareholders' Equity $
Balance at November 30, 2019	45,595,354	24,865,933	4,076,853	(23,005,503)	5,937,283
Share-based compensation			34,465	-	34,465
Net loss for the year	-	-	-	(936,618)	(936,618)
Balance at November 30, 2020	45,595,354	24,865,933	4,111,318	(23,942,121)	5,035,130

	Year Ended November 30, 2019				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Shareholders' Equity $
Balance at November 30, 2018	47,680,854	26,003,283	3,900,933	(19,093,827)	10,810,389
Repurchase of common shares	(2,085,500)	(1,137,350)	-	953,629	(183,721)
Share-based compensation	-	-	175,920	-	175,920
Net loss for the year	-	-	-	(4,865,305)	(4,865,305)
Balance at November 30, 2019	45,595,354	24,865,933	4,076,853	(23,005,503)	5,937,283

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,	
	2020	**2019**
	$	**$**
Operating activities		
Net loss for the year	(936,618)	(4,865,305)
Adjustments for:		
Realized loss (gain) on sale of investments	964,762	(1,441,064)
Unrealized (gain) loss on investments held	(273,239)	6,058,374
Share-based compensation	34,465	175,920
Changes in non-cash working capital items:		
Amounts receivable	13,700	83,710
Advance receivable	(3,000)	-
GST receivable	(4,386)	-
Prepaid expenses	11,940	542
Accounts payable and accrued liabilities	(22,764)	22,551
Net cash (used in) provided by operating activities	(215,140)	34,728
Investing activities		
Proceeds from sale of investments	1,674,373	3,654,353
Investment purchases	(1,000,347)	(2,700,435)
Net cash provided by investing activities	674,026	953,918
Financing activity		
Repurchase of common shares	-	(183,721)
Net cash used in financing activity	-	(183,721)
Net change in cash	458,886	804,925
Cash at beginning of year	3,083,702	2,278,777
Cash at end of year	3,542,588	3,083,702

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

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'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 2020 the Company recorded a net loss of $936,618 and, as at November 30, 2020, had working capital of $5,035,130. 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 certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The consolidated financial statements are presented in Canadian dollars unless otherwise stated.

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.

As at November 30, 2020 the Company had one wholly-owned subsidiary, Rockshield Plywood Corp., which is an inactive holding company.

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.

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) Management is required to make estimates to determine the fair value of investments in private companies subsequent to initial recognition. Where the fair value of the investments in private companies 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 is not available, judgment is required to establish fair value and this value may not be indicative of recoverable value.

(ii) 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.

(iii) 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.

3. Summary of Significant Accounting Policies (continued)

(iv) During March 2020 the World Health Organization characterized COVID-19 as a pandemic. COVID-19 has had a material adverse impact on global economies. In order to combat the spread of COVID-19 governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures.

Determining the impact of COVID-19 on the valuation of the Company's investment portfolio required significant judgement given the amount of uncertainty regarding the long-term impact of COVID-19. The ultimate impact of COVID-19 on the financial results of the Company will depend on future developments, including the duration and spread of the pandemic and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and difficult to predict. If the financial markets and/or the overall economy are impacted for a period significantly longer than currently implied by the markets, the financial results of the Company, including the fair value of its corporate investments, may be materially adversely affected.

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, 2020 and 2019 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and classified as amortized cost. Receivables are subsequently measured at amortized cost using the effective interest method, less expected credit losses. At each reporting date, the Company records credit losses at an amount equal to the lifetime expected credit losses using a present value and probability-weighted model.

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 amortized cost and initially measured 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

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment of Financial Assets at Amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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.

3. Summary of Significant Accounting Policies (continued)

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.

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 at the grant date 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 profit or loss 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 profit or loss. 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 profit or loss, 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.

3. Summary of Significant Accounting Policies (continued)

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.

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 subsidiary 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 profit or loss.

3. Summary of Significant Accounting Policies (continued)

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 loss and comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in profit or loss.

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.

Comparative Figures

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation in the current year.

Adoption of New Accounting Standards

Effective December 1, 2019 the Company adopted IFRS 16 - *Leases* (“IFRS 16”) which replaces IAS 17 - *Leases* and its associated interpretative guidance. 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.

The Company does not have any leases and, therefore, there was no impact on the Company’s accounting policies and financial statements presentation.

4. 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. The Company also has investments in common shares of private companies which plan to publicly list their shares.

Management has designated its investments in common shares and warrants of companies as “investments in equity/debt 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 equity and debt investments in 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 2020 the Company sold certain of its investments for proceeds totalling $1,674,373 (2019 - $3,654,353) and recognized a loss of $964,762 (2019 - gain of $1,441,064). In addition, the Company recorded an unrealized gain of $273,239 (2019 - loss of $6,058,374) on investments held.

(Expressed in Canadian Dollars)

5. 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*

No financings were conducted by the Company during fiscal 2020 or fiscal 2019. See also Note 9(a).

(c) *Normal Course Issuer Bid*

On October 22, 2018 the Company filed a normal course issuer bid (the "NCIB") which authorized the Company to repurchase for cancellation up to 4,693,610 common shares. During fiscal 2019 the Company repurchased a total of 2,085,500 common shares for $183,721 cash consideration. The difference between the purchase price and the carrying value of the common shares was $953,629. The NCIB expired on October 22, 2019.

(d) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2020 and 2019 and the changes for the years ended on those dates is as follows:

	2020		2019	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	1,236,499	0.80	1,236,499	0.80
Expired	(1,236,499)	0.80	-	-
Balance, end of year	-		1,236,499	0.80

(e) *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 subsequently 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 2020 and 2019 the Company did not grant any share options under the Fixed Share Option Plan. As at November 30, 2020 no share options were outstanding. See also Note 9(b).

(f) *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 awarded pursuant to the DSU Plan is 4,552,785 DSUs.

On January 5, 2018 the Company awarded a total of 1,500,000 DSUs. During fiscal 2020 the Company recognized $34,465 (2019 - $175,920) as share-based compensation expense relating to the DSUs.

(Expressed in Canadian Dollars)

5. Share Capital (continued)

A summary of the Company's DSUs outstanding at November 30, 2020 and 2019 and the changes for the years ended on those dates is as follows:

	2020 Number	2019 Number
Balance, beginning of year	1,400,000	1,500,000
Cancelled	(150,000)	(100,000)
Balance, end of year	1,250,000	1,400,000

As at November 30, 2020, 900,000 (2019 - 500,000) DSUs were vested and the remaining 350,000 DSUs vested on January 5, 2021. See also Note 9(b).

6. 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 2020 and 2019 the following amounts were incurred with respect to these positions:

	2020 $	2019 $
Management compensation	115,779	155,339
Share-based compensation on DSUs	19,933	140,644
	135,712	295,983

As at November 30, 2020 $nil (2019 - $13,879) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During fiscal 2020 the Company incurred a total of $39,050 (2019 - $44,850) 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, 2020 $6,500 (2019 - $5,900) remained unpaid and has been included in accounts payable and accrued liabilities.

During fiscal 2020 the Company recorded $14,532 (2019 - $35,276) share-based compensation relating to DSUs granted to Chase in fiscal 2018.

(b) During fiscal 2019 the Company invoiced Rockshield Acquisition Corp. ("Rockshield Acquisition") and Rockshield Opportunities Corp. ("Rockshield Opportunities") a total of $216,000 for accounting, management and administration services provided. No fees were charged by the Company during fiscal 2020. Certain of the Company's directors and officers are also directors and officers of Rockshield Acquisition and Rockshield Opportunities.

(c) During fiscal 2020 the Company advanced $3,000 to Rockshield Opportunities. The advance is non-interest bearing and repayable on demand. As at November 30, 2020 the amount remained unpaid.

(Expressed in Canadian Dollars)

7. Income Taxes

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

	2020 $	2019 $
Loss before taxes for the year	(936,618)	(4,865,305)
Expected income tax (recovery) expense	(253,000)	(1,314,000)
Changes in statutory, foreign tax, foreign exchange rates and other	14,000	-
Permanent differences	270,000	(400,000)
Adjustments to prior year's provisions versus statutory tax rate	448,000	466,000
Change in unrecognized deductible temporary differences	(479,000)	1,248,000
Total income tax expense (recovery)	-	-
Current income tax	-	-
Deferred income tax recovery	-	-

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

	2020 $	2019 $
Investments	550,000	642,000
Share issue costs	7,000	11,000
Canadian eligible capital	39,000	42,000
Equity investment	202,000	202,000
Promissory note receivable	360,000	360,000
Non-capital losses	765,000	1,145,000
Net deferred tax assets	1,923,000	2,402,000

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:

	2020		2019	
	$	Expiry Date Range	$	Expiry Date Range
Equity investment	1,500,000	No expiry date	1,500,000	No expiry date
Promissory note receivable	1,335,000	No expiry date	1,335,000	No expiry date
Canadian eligible capital	145,000	No expiry date	156,000	No expiry date
Share issue costs	27,000	2020 to 2022	41,000	2020 to 2022
Non-capital losses available for future periods	2,819,000	2032 to 2040	4,242,000	2032 to 2039

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

(Expressed in Canadian Dollars)

8. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; amortized cost; and FVOCI. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2020 $	November 30, 2019 $
Cash	FVTPL	3,542,588	3,083,702
Amounts receivable	Amortized cost	-	13,700
Advance receivable	Amortized cost	3,000	-
Investments	FVTPL	1,492,271	2,857,820
Accounts payable and accrued liabilities	Amortized cost	(8,300)	(31,064)

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 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable, advance receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for cash and investments approximate their fair value. The fair value of cash and investment in common shares under the fair value hierarchy is measured using Level 1 and Level 3 inputs.

The following is an analysis of the Company's financial assets measured at fair value as at November 30, 2020 and 2019:

	November 30, 2020		
	Level 1 $	Level 2 $	Level 3 $
Cash	3,542,588	-	-
Investments	1,492,271	-	-
	5,034,859	-	-

(Expressed in Canadian Dollars)

8. Financial Instruments and Risk Management (continued)

	November 30, 2019		
	Level 1 $	Level 2 $	Level 3 $
Cash	3,083,702	-	-
Investments	2,724,042	-	133,778
	5,807,744	-	133,778

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, 2020				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	3,542,588	-	-	-	3,542,588
Advance receivable	3,000				3,000
Investments	1,492,271	-	-	-	1,492,271
Accounts payable and accrued liabilities	(8,300)	-	-	-	(8,300)

	Contractual Maturity Analysis at November 30, 2019				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	3,083,702	-	-	-	3,083,702
Amounts receivable	13,700	-	-	-	13,700
Investments	2,857,820	-	-	-	2,857,820
Accounts payable and accrued liabilities	(31,064)	-	-	-	(31,064)

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.

8. Financial Instruments and Risk Management (continued)

(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. See also Note 2.

(c) Concentration Risk

As at November 30, 2020, $1,185,333 of the Company's portfolio of investments were held in two companies. These investments represents approximately 79% 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 they 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 2020 or fiscal 2019. The Company is not subject to any externally imposed capital requirements.

9. Events after the Reporting Period

(a) On January 15, 2021 the Company completed a non-brokered private placement of 40,000,000 units at $0.075 per unit for total proceeds of $3,000,000. Each unit comprised one common share and one share purchase warrant entitling the holder to purchase an additional common share at a price of $0.15 per share on or before January 13, 2023. In connection with the private placement the Company issued 3,550,333 finders' units having the same terms as the private placement units.

Certain directors and officers of the Company acquired a total of 4,133,334 units of the private placement.

On February 22, 2021 the Company issued 200,000 common shares for $30,000 on the exercise of warrants associated with this private placement.

(b) On December 14, 2020 the Company awarded a total of 500,000 DSUs which vested immediately.

On January 27, 2021 the Company issued 125,000 common shares of the Company on the partial redemption of DSUs by a former director of the Company. The remaining 75,000 DSUs granted to the former director expired without redemption.

On February 26, 2021 the Company's Board of Directors approved:

(i) a rolling share option plan (the "Rolling Share Option Plan") as a replacement to the Company's Fixed Share Option Plan. Under the Rolling Share Option Plan the maximum number of common shares which can be reserved for issuance is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options shall not be less than the price determined in accordance with CSE policies while the Company's shares are listed on the CSE. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years; and

9. Events after the Reporting Period (continued)

(ii) a rolling restricted share unit plan (the "RSU Plan") as a replacement for the Company's DSU Plan. Under the RSU Plan the maximum number of restricted shares units (RSUs") which can be awarded is 10% of the issued and outstanding common shares of the Company. RSUs awarded may be subject to vesting provisions as determined by the Board of Directors.

The remaining 1,550,000 DSUs outstanding were transferred to the RSU Plan, with equivalent and no additional vesting, subject to the terms and provisions of the RSU Plan. The Company also awarded a further 7,350,000 RSUs of which 7,050,000 RSUs are subject to vesting over two years.

The Company has granted share options to purchase a total of 7,700,000 common shares at an exercise price of $0.56 per share, expiring February 26, 2026. 7,450,000 share options are subject to vesting over two years.