AURWEST RESOURCES CORPORATION

(formerly Shamrock Enterprises Inc.)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2019

(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company for the six months ended November 30, 2019 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

AURWEST RESOURCES CORPORATION
(formerly Shamrock Enterprises Inc.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at November 30, 2019 and May 31, 2019
(expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Notes	**November 30, 2019**	May 31, 2019
		$	**$**
ASSETS			
Current assets			
Cash		**4,873**	16,276
Prepaid expenses		**36,417**	1,000
Goods and services tax receivable		**1,260**	5,878
		42,550	23,154
Long term asset			
Exploration and evaluation asset	4, 7	**249,719**	246,485
TOTAL ASSETS		**292,269**	269,639
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**212,113**	248,722
Loans payable	5, 7	**86,568**	71,117
Due to related parties	7	**208,736**	174,406
		507,417	494,245
SHAREHOLDERS' DEFICIT			
Share capital	6	**3,364,975**	3,271,225
Reserves	6	**454,074**	430,324
Accumulated deficit		**(4,034,197)**	(3,926,155)
		(215,148)	(224,606)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**292,269**	269,639

Nature and continuance of operations (Note 1)
Commitments (Notes 4, 5 and 6)
Subsequent events (Notes 6 and 7)

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

Approved on behalf of the Board of Directors

/s/ "Bob Faris"
Director

/s/ "Scott Ansell"
Director

AURWEST RESOURCES CORPORATION
(formerly Shamrock Enterprises Inc.)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and six months ended November 30, 2019 and 2018
(expressed in Canadian dollars)
(Unaudited – Prepared by Management)

		Three Months Ended November 30,		**Six Months Ended November 30,**	
	Notes	**2019**	2018	**2019**	2018
		$	$	**$**	$
EXPENSES					
Advertising and promotion		**14,184**	-	**16,267**	-
Exploration and evaluation		**171**	-	**171**	-
Loan interest	5	**1,846**	1,512	**3,452**	2,715
Office and general		**2,568**	1,866	**3,200**	2,702
Professional fees	7	**40,235**	38,647	**83,485**	85,682
Regulatory and filing		**5,082**	6,684	**9,386**	10,548
Share-based compensation	7	**-**	13,777	**-**	33,361
Loss before other items		**(64,086)**	(62,486)	**(115,961)**	(135,008)
Other items:					
Gain on settlement of debt		**-**	-	**30,000**	-
Impairment		**-**	-	**(22,081)**	-
Net Loss for the period		**(64,086)**	(62,486)	**(108,042)**	(135,008)
Basic and diluted loss per common share		**($0.00)**	($0.01)	**($0.01)**	($0.01)
Weighted average number of shares outstanding		**12,903,681**	7,826,753	**12,399,924**	9,678,892

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

AURWEST RESOURCES CORPORATION
(formerly Shamrock Enterprises Inc.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the six months ended November 30, 2019 and 2018
(expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Share Capital		**Reserves**			
	Number of Shares	Amount	Equity settled benefits	Warrants	Accumulated deficit	Total
	#	$	$	$	$	$
Balance, May 31, 2018	9,432,402	3,020,039	292,415	95,947	(3,508,906)	(100,505)
Cash						
Private Placement	282,964	68,450	-	-	-	68,450
Flow-through premium	-	(9,000)	-	-	-	(9,000)
Property option extensions	250,000	38,000	-	-	-	38,000
Consulting services	25,000	3,000		-	-	3,000
Share-based compensation	-	-	30,361	-	-	30,361
Loss for the period	-	-	-	-	(135,008)	(135,008)
Balance, November 30, 2018	9,990,366	3,120,489	322,776	95,947	(3,581,428)	(104,702)
Balance, May 31, 2019	11,341,181	3,271,225	333,540	96,784	(3,926,155)	(224,606)
Cash						
Private placements	1,187,500	71,250	-	23,750	-	95,000
Debt settlement	375,000	22,500	-	-	-	22,500
Loss for the period	-	-	-	-	(108,042)	(108,042)
Balance, November 30, 2019	**12,903,681**	**3,364,975**	**333,540**	**120,534**	**(4,034,197)**	**(215,148)**

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

AURWEST RESOURCES CORPORATION
(formerly Shamrock Enterprises Inc.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the six months ended November 30, 2019 and 2018
(expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	For the six months ended November 30	
	2019	2018
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	**(108,042)**	(135,008)
Items not involving cash:		
Interest expense	**3,451**	2,715
Share-based compensation expense	**-**	33,361
Gain on settlement of debt	**(30,000)**	-
Write-off of exploration and evaluation asset	**22,081**	-
Changes in non-cash working capital items:		
Prepaid fees	**(35,417)**	948
Goods and services tax receivable	**4,618**	(3,148)
Accounts payable and accrued liabilities	**20,837**	28,494
Due to related parties	**28,747**	45,480
Net cash used in operating activities	**(93,725)**	(27,158)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of mineral properties	**-**	(10,000)
Exploration and evaluation expenditures	**(24,678)**	(33,746)
Net cash used in investing activities	**(24,678)**	(43,746)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	**12,000**	12,000
Private placement proceeds	**95,000**	68,450
Net cash provided by financing activities	**107,000**	80,450
Change in cash	**(11,403)**	9,546
Cash, beginning of the period	**16,276**	1,640
Cash, end of the period	**4,873**	11,186
Supplemental information:		
Interest paid	**-**	-
Income taxes paid	**-**	-

Supplemental disclosure with respect to cash flows – Note 10

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Shamrock Enterprises Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on April 17, 2008 and has been a reporting issuer in British Columbia, Alberta and Ontario, and whose shares have traded on the Canadian Securities Exchange since November 10, 2010 under stock symbol SRS. The Company's registered and records office and corporate office address is address is Suite 1100 – 1111 Melville Street, Vancouver, BC, Canada V6E 3V6. On January 7, 2020, the Company completed a share consolidation on the basis of 4 old shares for 1 new share. The share consolidation has been retroactively presented in these condensed interim financial statements and all share amounts, including per share amounts, reflect the share consolidation. the Company also changed its name to Aurwest Resources Corporation and on January 8, 2020, commenced trading under the stock symbol "AWR".

The Company is pursuing the acquisition, exploration and evaluation of mineral properties. At November 30, 2019, it had acquired a 100% interest in two mineral properties, as described in Note 4. The Company is in the process of exploring those mineral properties and has not yet determined whether the properties contains reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral properties in accordance with industry practice, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. Since these condensed interim financial statements do not include all disclosure required by IFRS for annual financial statements, they should be read in conjunction with the Company's audited financial statements for the year ended May 31, 2019.

The financial statements were authorized for issue by the Board of Directors on January 28, 2020.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared, except for cash flow information, using the accrual basis of accounting. Unless otherwise noted, these financial statements are presented in Canadian dollars, the functional currency of the Company.

Going Concern

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation in the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At November 30, 2019, the Company has not yet achieved profitable operations, has accumulated losses of $4,034,197 since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

2. BASIS OF PRESENTATION (Continued)

Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgements

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going Concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as May 31, 2019. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended May 31, 2019:

Accounting Standards and Amendments Adopted on June 1, 2019

The Company has adopted IFRS 16 *Leases* ("IFRS 16") which is effective for annual periods beginning on or after January 1, 2019. IFRS 16 specifies how to 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. The adoption of IFRS 16 did not have an impact on the Company's condensed interim financial statements.

(expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

For the six months ended November 30, 2019

	Topley-Richfield	Portland	Stellar	Buckley	Milly	Total
Balance, beginning of period	$ -	$ -	$ 182,110	$ 45,000	$ 19,375	$ 246,485
Cash - payment	-	-	-	20,000	-	20,000
	-	-	182,110	65,000	19,375	266,485
Exploration expenditures	-	-	2,609	-	2,706	5,315
	-	-	184,719	65,000	22,081	271,800
Impairment	-	-	-	-	(22,081)	(22,081)
Balance, end of period	$ -	$ -	$ 184,719	$ 65,000	$ -	$ 249,719

For the year ended May 31, 2019

	Topley-Richfield	Portland	Stellar	Buckley	Milly	Total
Balance, beginning of year	$ 41,944	$ 54,828	$ 108,509	$ -	$ -	$ 205,281
Cash - payment	-	30,000	-	-	-	30,000
Shares issued	11,000	27,000	-	45,000	6,000	89,000
	52,944	111,828	108,509	45,000	6,000	324,281
Exploration expenditures	1,183	36,020	73,601	-	13,375	124,179
	54,127	147,848	182,110	45,000	19,375	448,460
Impairment	(54,127)	(147,848)	-	-	-	(201,975)
Balance, end of year	$ -	$ -	$ 182,110	$ 45,000	$ 19,375	$ 246,485

Topley-Richfield Project

On August 18, 2017, the Company entered into an option agreement to acquire a 100% interest in seven contiguous mineral claims covering an area of 2,313 hectares, known as the Topley-Richfield gold/copper/silver/lead/zinc project, located in the Bulkley Valley, 100 km southeast of Smithers, British Columbia. The Company can acquire a 100% interest in the project for total consideration of 250,000 (1,000,000 pre-consolidated) shares (issued 100,000 common shares to May 31, 2019), $200,000 in cash payments (paid $20,000 to May 31, 2019) and a $200,000 work commitment over four years. The project vendors retain a 3% net smelter royalty, which the Company can buy-out at a rate of $1 million for each 1%. An advanced royalty payment of $20,000 per year begins on the 5th anniversary.

The Company incurred $8,024 in exploration and evaluation costs prior to finalization of the option agreement, to assist in its decision to enter into the agreement. That amount was expensed in 2018. During the year ended May 31, 2019, the Company paid $20,000 and issued a total of 50,000 (200,000 pre-consolidated) shares with a then-current market value of $11,000 towards the acquisition and retention of the option. Those amounts were capitalized. The Company incurred $1,183 exploration and evaluation costs. That amount included $593 in costs from a company controlled by a director.

On April 4, 2019, after discussions with the vendors of the Topley-Richfield property option and due consideration by the Company's management, Shamrock provided written notice to discontinue the option agreement. The parties agreed in writing that Shamrock is not responsible for any outstanding or further work commitments, share issuances or property payments. All related costs, totalling $54,127, comprised of property acquisition ($39,500) and exploration and evaluation expenditures ($14,627) were written-off to the statement of loss during the year ended May 31, 2019.

4. EXPLORATION AND EVALUATION ASSETS (Continued)

Portland Project

On October 25, 2017, the Company entered into an Option Agreement to acquire from a private vendor a 100% interest in 16 mineral claims located near Stewart, British Columbia. The properties include the Portland Project, 22 km northeast of Stewart, consisting of 14 contiguous mineral claims covering an area of 2,416 hectares (over 24 sq. km) and two additional separate mineral claims, the American Creek and Kimball Lake claims, 37 km and 42 km northeast of Stewart, covering a combined area of 359 hectares. The Company can acquire 100% interest in the properties for total consideration of 575,000 (2,300,000 pre-consolidated) shares (issued 325,000 common shares to May 31, 2019), $150,000 in cash payments of which $30,000 was paid in May 31, 2018 (paid $30,000 to May 31, 2019) and a $300,000 work commitment over 3 years (incurred $48,848 in exploration to May 31, 2019). The Vendor retains a 3% net smelter royalty with the Company having an option to buyout up to 2% for $2 million.

During the year ended May 31, 2019, the Company paid the project vendor $30,000 and issued 200,000 (800,000 pre-consolidated) shares at a then-current market value of $27,000 towards the acquisition of the option. Those amounts were capitalized. The Company incurred $36,020 in exploration and evaluation costs during the year ended May 31, 2019, which were also capitalized. That amount included $34,347 in costs from a company controlled by a director.

As at May 31, 2019, the Company in accordance with IFRS 6, recorded an impairment totalling $147,848, comprised of property acquisition ($107,000) and exploration and evaluation expenditures ($40,848) on the Portland property due to the upcoming cash commitments. As at November 26, 2019, the Company received notification that the option was terminated.

Stellar Project

On February 9, 2018, the Company entered into an Option Agreement to acquire a 100% interest in 4 mineral claims located in north central British Columbia, comprising 2,343.58 hectares. During the year end May 31, 2018, the Company acquired the 100% interest in the properties for total consideration of 500,000 (2,000,000 pre-consolidated) shares and $20,000 in cash payments. The vendor retains a 2% net smelter royalty, with the Company having an option to buy out one-half of that royalty for $1 million.

During the six months ended November 30, 2019, the Company incurred $2,609 (May 31, 2019 - $73,601) in exploration and evaluation costs, which were also capitalized. That amount included $2,609 (May 31, 2019 - $12,495) in costs from a company controlled by a director.

4. EXPLORATION AND EVALUATION ASSETS (Continued)

Buckley Project

On June 18, 2018, the Company entered into an Option to Purchase Agreement with an arm's-length private vendor to acquire a 100% interest in the Buckley Project mineral claims, in British Columbia, approximately 25 kms southwest of Houston B.C. The Buckley Project consists of 24 mineral claims covering 15,317.5 hectares and is contiguous with Shamrock's Stellar claims. The Buckley and Stellar properties lie along the north-western margin of the Nechako Plateau in west-central British Columbia, bordering the east side of the Coast Mountains.

During the period ended November 30, 2019, the Company acquired 100% working interest in the Buckley Project. The consideration was a cash payment of $20,000 (paid August 1, 2019) and issued 375,000 (1,500,000 pre-consolidated) shares of its common stock (issued on April 4, 2019) fair valued at $45,000. The vendor will retain a 2% Net Smelter Royalty ("NSR") on the property, with the Company having the right to purchase 1% of the NSR for $1 million.

Milly Project

On December 10, 2018, the Company signed an Option to Purchase Agreement ("Option Agreement") with one non-arm's-length and three arms-length private vendors ("Optionors") to acquire a 100% interest in the Milly Project mineral claims in central British Columbia, approximately 50 kms southwest of Mackenzie B.C. At that time, the Milly Project consisted of 4 mineral claims covering an area of 6,013.2 hectares. The Company can acquire a 100% working interest in the Milly Project from the vendors for total consideration of 500,000 (2,000,000 pre-consolidated) shares (issued 60,000 common shares to May 31, 2019), $150,000 in cash payments over a four year period. A 2.0% Net Smelter Return ("NSR") on the property. The Company has retained the right to purchase 1.0% of the NSR for $1.6 million.

On February 27, 2019, the Company announced that the Optionor had acquired an additional 1,003.3 hectares of prospective mineral rights adjoining the original Milly property claims. The newly staked claim became part of the original Option to Purchase Agreement. The Milly Project then consisted of 5 mineral claims covering an area of 7,016.5 hectares.

On March 27, 2019, the Company announced that the Optionor had staked an additional 2,360.3 hectares of claims to the west and south of its Milly property. The newly-staked claims become part of the original Option to Purchase Agreement and the project now consists of seven tenures covering 9,376.8 hectares.

During the three months ended August 31, 2019, the Company incurred $2,706 in exploration and evaluation costs, which were capitalized. Those costs were from a company controlled by a director.

On October 29, 2019, the Company announced that it has terminate the Milly Option Agreement, accordingly all related costs, totalling $22,081, comprised of property acquisition ($6,000) and exploration and evaluation expenditures ($16,081) were written-off to the statement of loss as at November 30, 2019.

5. LOANS PAYABLE

At November 30, 2019, the Company had the following loans payable:

1. From a non-related party, a series of unsecured loans totaling $14,700 (May 31, 2019: $12,700), with interest accruing at 12% per annum from the date of issue and no specific terms of repayment. During the six months ended November 30, 2019, $771 (2018: $972) of interest was accrued on the loan amounts. Total accrued interest at November 30, 2019 was $7,041 (May 31, 2019: $6,269).

2. From a second non-related party, the estate of a former director, $21,000 (May 31, 2019: $21,000), unsecured, with interest at 12% per annum from June 1, 2015 and no specific terms of repayment. During the six months ended November 30, 2019, $1,263 (2018: $1,263) of interest was accrued on the loan. Total accrued interest at November 30, 2019 was $11,343 (May 31, 2019: $10,080).

3. From a third non-related party, $10,000 (May 31, 2019: $10,000), with interest accruing at 12% per annum from September 11, 2018 and no specific terms of repayment. During the six months ended November 30, 2019, $602 (2018: $266) of interest was accrued on the loan. Total accrued interest at November 30, 2019 was $1,466 (May 31, 2019: $865).

4. From a spouse of a director of the Company, $9,400 (May 31, 2019: $9,400), with interest accruing at 12% per annum from September 27, 2018 and no specific terms of repayment. During the six months ended November 30, 2019, $565 (2018: $214) of interest was accrued on the loan. Total accrued interest at November 30, 2019 was $1,368 (May 31, 2019: $803).

5. From a third non-related party, $10,000 (May 31, 2019: $Nil), with interest accruing at 12% per annum from September 17, 2019 and no specific terms of repayment. During the six months ended November 30, 2019, $250 (2018: $Nil) of interest was accrued on the loan. Total accrued interest at November 30, 2019 was $250 (May 31, 2019: $Nil).

6. SHARE CAPITAL

<u>Authorized</u>

The Company is authorized to issue an unlimited number of commons shares without par value. At November 30, 2019, 12,903,681 (May 31, 2019: 11,341,181) common shares were issued and outstanding.

No shares were held in escrow at November 30, 2019 and May 31, 2019.

<u>Issued</u>

For the six months ended November 30, 2019

On July 29 2019, the Company issued 375,000 (1,500,000 pre-consolidated) shares valued at $22,500 to settle outstanding debt of $52,500 resulting in a gain on settlement of debt of $30,000.

On July 29, 2019, the Company completed a private placement comprised of 1,187,500 (4,750,000 pre-consolidated) non-flow-through units at $0.08 ($0.02 pre-consolidated) per unit for total gross proceeds of $95,000. Each unit consisted of common share and one share purchase warrant. One purchase warrant is exercisable to acquire one common share at $0.16 ($0.04 pre-consolidated) for two years from the date of issuance. The Company uses the residual method of valuing its warrants and have allocated $23,750.

6. SHARE CAPITAL (Continued)

Issued (Continued)

For the year ended May 31, 2019

On August 15, 2018, the Company issued 75,000 (300,000 pre-consolidated) shares of its common stock towards acquiring the Portland property option (See Note 4). The shares were valued at $12,000 based on the then-current market price.

On August 16, 2018, the Company issued 50,000 (200,000 pre-consolidated) shares of its common stock towards acquiring the Topley-Richfield property option (See Note 4). The shares were valued at $11,000 based on the then-current market price.

On August 17, 2018, the Company completed the first tranche of a private placement, comprised of 112,500 (450,000 pre-consolidated) flow-through units at $0.28 ($0.07 pre-consolidated) per unit and 134,750 (539,000 pre-consolidated) non-flow-through units at $0.20 ($0.05 pre-consolidated) per unit for total gross proceeds of $58,450. Each flow-through unit consisted of one flow-through common share and one half-share purchase warrant. One whole purchase warrant is exercisable to acquire one common share at $0.36 ($0.09 pre-consolidated) for two years from the date of issuance. Each non-flow-through unit consisted of one common share and one half-share purchase warrant, with one whole purchase warrant being exercisable to acquire one common share at $0.28 ($0.07 pre-consolidated) for two years from the date of issuance. A value of $9,000 was attributed to the flow-through premium liability in connection with the flow-through financing.

On October 24, 2018, the Company completed the second tranche of a private placement, comprised of 35,714 (142,857 pre-consolidated) flow-through units at $0.28 ($0.07 pre-consolidated) per unit for total proceeds of $10,000. Each flow-through unit consisted of one flow-through common share and one half-share purchase warrant. One whole purchase warrant is exercisable to acquire one common share at $0.36 ($0.09 pre-consolidated) for two years from the date of issuance. A value of $2,857 was attributed to the flow-through premium liability in connection with the flow-through financing.

On October 31, 2018, the Company issued 125,000 (500,000 pre-consolidated) shares of its common stock towards acquiring the Portland property option (See Note 4). The shares were valued at $15,000 based on the then-current market price.

October 31, 2018, the Company issued 25,000 (100,000 pre-consolidated) shares of its common stock in lieu of cash, in payment for consulting services provided by an outside party. The shares were valued at $3,000, based on the then-current market price. That amount was included in stock-based compensation expense.

On December 28, 2018 the Company closed the first tranche of a private placement, issuing 442,500 (1,770,000 pre-consolidated) non-flow through units at a price of $0.12 ($0.03 pre-consolidated) per unit and 162,500 (650,000 pre-consolidated) flow through shares at a price of $0.20 ($0.05 pre-consolidated) per share, for gross aggregate proceeds of $85,600. Each non-flow through unit consists of one common share in the Company and one half of a share purchase warrant. Each full warrant is exercisable to purchase one common share at $0.20 ($0.05 pre-consolidated) for two years from the date of closing. The Company paid finder's fees totaling $2,805 in cash, $1,367 in legal fees and 23,375 (93,500 pre-consolidated) finder's warrants, with the warrants having the same terms as described above. The finder's warrants were valued at $329 using the Black-Scholes option pricing model which assumed a risk-free rate of 1.86%; estimated life of 2 years; volatility of 97.02%; and dividend yield of 0%. A value of $13,000 was attributed to the flow-through premium liability in connection with the flow-through financing.

6. SHARE CAPITAL (Continued)

Issued (Continued)

For the year ended May 31, 2019 (Continued)

On February 25, 2019 the Company completed the second tranche of the private placement, issuing 310,814 (1,243,257 pre-consolidated) non-flow through units at a price of $0.12 ($0.03 pre-consolidated) per unit for gross proceeds of $37,298. Each non-flow through unit consists of one common share in the Company and one half of a share purchase warrant. Each full warrant is exercisable to purchase one common share at $0.20 ($0.05 pre-consolidated) for two years from the date of closing. The Company paid finder's fees totaling $1,275 in cash, $1,021 in legal fees and 10,625 (42,500 pre-consolidated) finder's warrants, with the warrants having the same terms as described above. The finder's warrants were valued at $508 using the Black-Scholes option pricing model which assumed a risk-free rate of 1.77%; estimated life of 2 years; volatility of 98.57%; and dividend yield of 0%.

On April 4, 2019, the Company issued 60,000 (240,000 pre-consolidated) shares of its common stock towards acquiring the Milly property option (See Note 4). The shares were valued at $6,000 based on the then-current market price.

On April 22, 2019, the Company issued 375,000 (1,500,000 pre-consolidated) shares of its common stock towards acquiring the Buckley property option (See Note 4). The shares were valued at $45,000 based on the then-current market price.

Commitments

Stock Options

Stock-Option Plan

The Company has a stock option plan in place. Under the stock option plan the Company can issue up to 10% of the issued and outstanding Shares as incentive stock options to directors, officers, insiders, employees and other service providers to the Company. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued Shares of the Company in any 12-month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued Shares of the Company. The options granted under the Stock Option Plan are normally subject to the vesting schedule wherein 25% of the options will vest on the day which is 3 months from the day of grant and 25% of the options will vest every 3 months thereafter for a period of 12 months after the day of grant.

There were no stock options granted during the six months ended November 30, 2019.

For the year ended May 31, 2019

On August 15, 2018, the Company granted a consultant 187,500 (750,000 pre-consolidated) options with an exercise price of $0.20 ($0.05 pre-consolidated) and valid for two years. One-third of the options vested immediately; one third vested three months from grant date; and the final third vested five months from grant date. The options were valued at $10,915 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate of 2.09%, estimated life of 2-1.58 years, volatility of 82.62% and dividend yield of 0%. That value was expensed in the current period. (These were terminated 30 days after notice which was sent on March 3, 2019). As a result of amortization of the value attributed to various options issued by the Company, a stock-based compensation expense totaling $41,125 was incurred during the year ended May 31, 2019.

(expressed in Canadian dollars)

6. SHARE CAPITAL (Continued)

Commitments (Continued)

Stock Options (Continued)

Summary of stock option activity:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
	#	$	
Balance, May 31, 2018	762,500	0.20	3.78
Granted	187,500	0.20	
Forfeited/Cancelled	(225,000)	0.20	
Balance, May 31, 2019	725,000	0.20	2.92
Balance, November30, 2019	**725,000**	**0.20**	**2.42**

Summary of options outstanding and exercisable at November 30, 2019:

Outstanding Options				Exercisable Options	
Exercise Price	Number of Options	Remaining Life (Years): By Grant and Weighted Average - Total	Expiry Date	Number of Vested Options	Weighted Average Exercise Price
$0.20	137,500	0.45	May 11, 2020	137,500	
$0.20	112,500	1.56	June 21, 2021	112,500	
$0.20	62,500	2.46	May 16, 2022	62,500	
$0.24	225,000	3.22	Feb 16, 2023	225,000	
$0.20	187,500	3.42	May 3, 2023	187,500	
	725,000	**2.42**		**725,000**	**$0.20**

Agent's Warrants

Summary of agent's warrant activity:

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
	#	$	
Balance, May 31, 2018	8,000	0.24	1.61
Issued	34,000	0.20	-
Balance, May 31, 2019	42,000	0.20	1.44
Balance, November 30, 2019	**42,000**	**0.20**	**0.94**

(expressed in Canadian dollars)

6. SHARE CAPITAL (Continued)

Commitments (Continued)

Agent's Warrants (Continued)

Summary of agent's warrants outstanding at November 30, 2019:

Warrants	Exercise Price	Expiry Date
8,000	$0.24	January 9, 2020*
23,375	$0.20	December 28, 2020
10,625	$0.20	February 25, 2021
42,000		

*On January 9, 2020, 8,000 agent's warrants expired unexercised.

Share Purchase Warrants

Summary of share purchase warrant activity:

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
	#	$	
Balance, May 31, 2018	3,501,430	0.28	0.68
Expired	(1,954,375)	(0.32)	
Issued	518,140	0.24	
Balance, May 31, 2019	2,065,195	0.26	0.59
Expired	(1,050,000)	(0.28)	
Issued	1,187,500	0.16	
Balance, November 30, 2019	**2,202,695**	**0.20**	**1.16**

Summary of share purchase warrants outstanding at November 30, 2019:

Warrants	Exercise Price	Expiry Date
245,667	$0.24	December 12, 2019*
188,889	$0.24	January 9, 2020*
62,500	$0.24	January 22, 2020*
56,250	$0.36	August 17, 2020
67,375	$0.28	August 17, 2020
17,857	$0.36	October 24, 2020
221,250	$0.20	December 28, 2020
155,407	$0.20	February 25, 2021
1,187,500	$0.16	July 29, 2021
2,202,695		

*Subsequent to November 30, 2019, 497,056 share purchase warrants expired unexercised.

(expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate values of transactions relating to key management personnel were as follows:

		Six months ended November 30, 2019	2018
Consulting fees paid or accrued to a company controlled by a director	$	**45,000**	45,000
Consulting fees paid or accrued to the CFO		**4,500**	-
Exploration expense paid or accrued to a company controlled by a director		**5,316**	31,498
Consulting fees paid or accrued to a company controlled by a current corporate officer		**2,800**	2,700
Stock-based compensation – directors and officers		**-**	19,117
Total fees and other short-term benefits	$	**57,616**	98,315

Included in due to related parties at November 30, 2019, $208,736 (May 31, 2019 - $174,406) was owing to key management personnel or to a company controlled by a director or by key management personnel. The amounts are non-interest bearing, unsecured, and have no specific terms of repayment.

At November 30, 2019, $21,000 loan (May 31, 2019: $21,000) was due to the estate of a former director, together with accrued interest totaling $11,343 (May 31, 2019: $10,080) and $9,400 (May 31, 2019 - $9,400) was due to the spouse of a director of the Company, together with accrued interest total $1,368 (May 31, 2019: $803). (See Note 5)

On December 1, 2019, the Company entered into a management consulting agreement with 0783701 BC Ltd. for management services for a period of one year at a monthly rate of $6,000 per month which shall automatically be extended for an additional one year unless the Company provides written notice at least three months prior to the end of the term.

8. FINANCIAL INSTRUMENTS

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(expressed in Canadian dollars)

8. Financial Instruments (Continued)

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

	Level 1	**Level 2**	**Total**
	$	**$**	**$**
November 30, 2019			
Cash	4,873	-	4,873
Loans payable	-	86,568	86,568
Due to related parties	-	208,736	208,736
	4,873	201,579	300,177
May 31, 2019			
Cash	16,276	-	16,276
Loans payable	-	71,117	71,117
Due to related parties	-	174,406	174,406
	16,276	245,523	261,799

Cash is measured using level 1 fair value inputs. As at November 30, 2019, the Company believes the carrying values of accounts payable and accrued liabilities, loans payable and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations. The loans payable bear interest at 12% per annum and is due on demand.

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

8. Financial Instruments (Continued)

General Objectives, Policies and Processes

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such as a loss is limited because the convertible debentures bear interest at a fixed rate.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

9. CAPITAL MANAGEMENT

The Company's primary source of funds comes from the issuance of share capital. The Company defines its capital as all components of shareholders equity. Capital requirements are driven by the Company's planned exploration and evaluation activities and general and administrative expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities. Although the Company has been successful at raising funds in the past through the issuance of share capital, there can be no assurance that it will continue to be able to do so in the future. There were no changes in the Company's approach to capital management during the three months ended November 30, 2019. The Company is not subject to externally imposed capital requirements.

(expressed in Canadian dollars)

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The following significant non-cash transactions have been excluded from the statements of cash flows:

For the six months ended November 30, 2019

Included in accounts payable and accrued liabilities is $4,945 in exploration and evaluation assets expenditures.

Included in due to related parties is $5,583 in exploration and evaluation assets expenditures.

For the six months ended November 30, 2018

The Company issued shares as follows, in connection with acquiring its mineral claim interests (See Notes 4 and 6).

Property	Shares issued	Value at issue date
Topley-Richfield	50,000	$11,000
Portland	200,000	$27,000
Milly	60,000	$6,000
Buckley	375,000	$45,000
Total	685,000	$89,000