Financial Statements of

Mountain Lake Minerals Inc.

For the years ended
November 30, 2018 and 2017

(Expressed in Canadian dollars)

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Mountain Lake Minerals Inc.

We have audited the accompanying financial statements of Mountain Lake Minerals Inc. which comprise the statements of financial position as at November 30, 2018 and 2017, and the statements of comprehensive income (loss), cash flows and changes in equity (deficiency) for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mountain Lake Minerals Inc. as at November 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Mountain Lake Minerals Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 1, 2019

Mountain Lake Minerals Inc.
Statements of Financial Position
(Expressed in Canadian dollars)

	Note	As at November 30, 2018	2017
		$	$
ASSETS			
Current assets			
Cash		220,944	36,704
Restricted cash	9	376,675	-
Amounts receivable		42,708	26,162
Prepaid expenses		3,000	3,000
		643,327	65,866
Advances	9	1,860,133	-
Equipment		3,982	5,606
Exploration and evaluation assets	5	12,500	101,500
		2,519,942	**172,972**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	450,237	903,237
Notes payable	6	66,000	66,000
Loans payable	9	350,000	-
		866,237	969,237
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	7	6,333,372	5,069,627
Share subscriptions	7	1,019,408	42,500
Contributed surplus	7	583,565	491,953
Deficit		(6,282,640)	(6,400,345)
		1,653,705	(796,265)
		2,519,942	**172,972**

Nature of business and going concern – Note 1
Subsequent event – Note 12

Approved on behalf of the Board:

"Bill Fleming"
Director

"Paul Smith"
Director

Mountain Lake Minerals Inc.
Statements of Comprehensive Income (Loss)
For the years ended November 30, 2018 and 2017
(Expressed in Canadian dollars)

	Note	2018	2017
		$	$
Expenses			
Management fees	9	72,000	72,000
Professional fees		59,378	66,766
Consulting fees		44,471	133,221
Office and general		12,997	28,559
Share transfer, listing and filing fees		7,186	56,487
Travel and business development		5,281	9,628
Amortization		1,624	174
Share-based payments		-	874
		(202,937)	(367,709)
Other income (expense)			
Gain on disposition of mineral property	5	383,000	-
Gain on settlement of liabilities	7	80,250	-
Write-down of exploration and evaluation assets	5	(142,608)	(3,254,708)
		320,642	(3,254,708)
Net and comprehensive income (loss)		**117,705**	**(3,622,417)**
Income (loss) per share – basic and diluted		0.02	(1,22)
Weighted average number of common shares outstanding – basic and diluted		5,310,934	2,971,000

Mountain Lake Minerals Inc.
Statements of Changes in Equity (Deficiency)
For the years ended November 30, 2018 and 2017
(Expressed in Canadian dollars)

	Common shares		Share Subscriptions	Contributed Surplus	Deficit	Total
	#	$	$	$	$	$
Balance, November 30, 2016	2,767,301	4,892,127	-	491,079	(2,777,928)	2,605,278
Shares issued for cash	700,000	175,000	42,500	-	-	217,500
Share issued for exploration	5,000	2,500	-	-	-	2,500
Share-based payment	-	-	-	874	-	874
Net and comprehensive loss	-	-	-	-	(3,622,417)	(3,622,417)
Balance, November 30, 2017	3,472,301	5,069,627	42,500	491,953	(6,400,345)	(796,265)
Share subscriptions received	-	-	2,256,808	-	-	2,256,808
Shares issued for private placements	4,163,000	1,269,900	(1,269,900)	-	-	-
Share issuance costs	-	(142,405)	-	55,612	-	(86,793)
Shares issued for settlement of liabilities	364,996	126,250	-	36,000	-	162,250
Exercise of warrants	20,000	10,000	(10,000)	-	-	-
Net and comprehensive income	-	-	-	-	117,705	117,705
Balance, November 30, 2018	**8,020,297**	**6,333,372**	**1,019,408**	**583,565**	**(6,282,640)**	**1,653,705**

Mountain Lake Minerals Inc.
Statements of Cash Flows
For the years ended November 30, 2018 and 2017
(Expressed in Canadian dollars)

	2018	2017
	$	$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	117,705	(3,622,417)
Adjustments for:		
Amortization	1,624	174
Share-based payments	-	874
Gain on disposition of mineral property	(383,000)	-
Gain on settlement of liabilities	(80,250)	-
Write-down of exploration and evaluation assets	142,608	3,254,708
	(201,313)	(366,661)
Net change in non-cash working capital balances related to operations:		
Amounts receivable	(16,546)	(15,889)
Prepaid expenses	-	-
Accounts payable and accrued liabilities	85,707	211,101
	(132,152)	(171,449)
Investing activities		
Advances	(1,860,133)	-
Exploration and evaluation assets	(53,608)	(10,000)
	(1,913,741)	(10,000)
Financing activities		
Subscriptions received	2,256,808	175,000
Loans received	350,000	-
	2,606,808	217,500
Change in cash	560,915	36,051
Cash - beginning	36,704	653
Cash - ending	**597,619**	**36,704**
Cash - ending, being:		
Cash	220,944	36,704
Restricted cash	376,675	-
	597,619	**36,704**
Supplemental cash flow information		
Interest paid	-	-
Income taxes paid	-	-

NOTE 1 – NATURE OF BUSINESS AND GOING CONCERN

Mountain Lake Minerals Inc. ("Mountain Lake Minerals" or the "Company") was incorporated under the Business Corporations Act of British Columbia on May 16, 2012. The address of the Company's head office is 1853 Sunken Lake Road, RR2, Wolfville, Nova Scotia, Canada, B4P 2R2. Its registered office is Suite 1750 – 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

The Company is a junior exploration company exploring for precious and base metal deposits. Mountain Lake's current projects are located in the province of Newfoundland and Labrador, Canada (Note 5).

The Company completed a ten (10) old for one (1) new basis (the "Share Consolidation"), which was effective on July 16, 2018. All share and per-share figures in these financial statements have been retroactively adjusted to reflect the Share Consolidation.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. The Company has experienced losses and negative cash flow from operations since incorporation. As at November 30, 2018, the Company had not yet generated revenues and had a deficit of $6,282,640. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and future profitable production or proceeds from the disposition of its resource property interests. The timing and availability of additional financing will be determined largely by the performance of the Company and market conditions and there is no certainty that the Company will be able to raise funds as they are required in the future.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to reflect these financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern.

NOTE 2 – BASIS OF PRESENTATION

a) Statement of compliance

These audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on April 1, 2019.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for cash and marketable securities which are measured at fair value.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Company's functional currency.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates

The preparation of these financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of revenues and expenses. 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. Actual results may differ from these estimates. The more significant areas are as follows:

Critical accounting estimates

Estimate of recoverability for non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

Share-based payments

The amounts recorded for share-based payments are based on estimates. The Black Scholes model is based on estimates of assumptions for expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, expected forfeitures and expected life of the options. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the mineral properties. Once technical feasibility and commercial viability of a property can be demonstrated, exploration costs will be reclassified to mineral properties under exploration and subject to different accounting treatment. As at November 30, 2017 management had determined that no reclassification of exploration expenditures was required.

The assessment of deferred income tax assets and liabilities requires management to make judgments on whether or not the Company's deferred tax assets are probable to be recovered from future income. Management has determined that the recoverability of the Company's deferred tax assets is remote due to the history of losses. As a result no deferred income tax assets have been recognized as at November 30, 2017.

Decommissioning liabilities

Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that existed during the year.

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

b) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized as incurred as intangible assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study and a decision to proceed with development, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to resource property and development assets.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Exploration and Evaluation Assets (continued)

An impairment review of exploration and evaluation assets is performed, either individually or at the cash generating unit level, when there are indicators the carrying amount of the assets may exceed their recoverable amounts. To the extent this occurs, the excess is fully provided against the carrying amount, in the period in which this is determined.

Exploration and evaluation assets are reviewed for indicators of impairment on a regular basis and these costs are carried forward provided at least one of the following conditions is met:

- such costs are expected to be recovered through successful exploration and development of the area of interest or by its sale; or
- exploration and evaluation activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned in the future.

c) Equipment

Items of equipment are recorded at cost less accumulated amortization and accumulated impairment. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Amortization is recognized using the declining balance method at the following rates:

Computer hardware	30%
Office and exploration equipment	20%
Vehicles	30%

Amortization methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

d) Impairment

Financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for objective evidence of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against accounts receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. When available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. Impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Impairment (continued)

Non-financial assets
The Company's non-financial assets, excluding exploration and evaluation assets, are reviewed for indicators of impairment annually. If indication of impairment exists, the asset's recoverable amount is estimated. Long-lived assets that are not amortized are subject to an annual impairment assessment.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

e) Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the date of grant. Fair value is measured using the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no-true-up for differences between expected and actual outcomes.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

f) Income Taxes

Income tax on profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset would be recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Income (loss) per Share

Income (loss) per share is computed by dividing the net income (loss) attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted income (loss) per share is computed similar to basic income (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

h) Financial Instruments

(i) All financial assets are classified into one of the following four categories: fair value through profit or loss ("FVTPL"), held to maturity ("HTM"), available for sale ("AFS") and loans and receivables.

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value and changes are recognized in profit or loss. HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. AFS financial assets subsequent to initial recognition are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company's cash and restricted cash have been classified as FVTPL. The Company's advances have been classified as loans and receivables. The Company does not presently have any financial assets designated as AFS or HTM. The carrying value of the Company's cash and restricted cash approximates its fair value due to its nature.

The Company has the following non-derivative financial liabilities: accounts payable, notes payable and loans payable. The carrying value of financial liabilities approximates their fair value due to their short-term nature. Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Common shares of the Company are classified as equity.

(ii) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

i. Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii. Level 2: Inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts, volatility measurements used to value option contracts and observable credit default swap spreads to adjust for credit risk where appropriate), or inputs that are derived principally from or corroborated by observable market data or other means.

iii. Level 3: Inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Decommissioning Liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of loss. The liability is assessed at each reporting date for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

k) Adoption of new standards
The Company did not adopt any new or amended accounting standards during the year ended November 30, 2018 which had a significant impact on the Financial Statements.

l) New standards

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

<u>New accounting standards effective for annual periods on or after January 1, 2018:</u>

IFRS 9 Financial Instruments - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 15 Revenue from Contracts with Customers - In May 2014, IFRS 15 was issued and replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC-31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five–step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The Company does not expect the new and amended standards noted above to have a significant impact on its financial statements.

(Expressed in Canadian dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

l) New standards (continued)

New accounting standards effective for annual periods on or after January 1, 2019:

IFRS 16 Leases - The new standard specifies how an issuer 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 an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 2 Share-based Payments - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. Earlier application is permitted.

The Company is in the process of determining the impact that the adoption of the above noted new standard will have on its financial statements.

NOTE 4 – FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash, advances, accounts payable, notes payable and loans payable. Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. Cash and restricted cash designated as held-for-trading and measured at fair value. Advances are designated as loans and receivable and are measured at amortized cost. Accounts payable, notes payable and loans payable are designated as other financial liabilities and measured at amortized cost. The recorded values of all financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

Fair values of financial instruments

During the year ended November 30, 2018, there were no transfers between level 1, level 2, and level 3 classified assets and liabilities. The fair values of the Company's financial instruments are considered to approximate the carrying amounts. The following table provides the disclosures of the fair value and the level in the hierarchy as at November 30, 2018:

	Level 1	Level 2	Level 3
	$	$	$
Cash	220,994	-	-
Restricted cash	376,675	-	-

Credit risk

The Company has no significant credit risk arising from operations. The Company does not engage in any sales activities, so is not exposed to major credit risks attributable to customers. The Company's credit risk is primarily attributable to cash. The Company holds its cash with Canadian chartered banks and the risk of default is considered to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (Note 1). The Company's accounts payable are due within one year. The Company's notes and loans payable are due on demand. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of stock market conditions generally or as a result of conditions specific to the Company. The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. As at November 30, 2018, the Company has unrestricted cash of $220,944 to settle current liabilities of $779,444.

Interest rate risk
Interest rate risk is the risk that future cash flows of the Company's assets and liabilities can change due to a change in interest rates. The Company is not exposed to interest rate risk as no financial instruments are interest-bearing. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from the financial statements.

(Expressed in Canadian dollars)

NOTE 5 – EXPLORATION AND EVALUATION ASSETS

	Grand Falls - Windsor	Glover Island	Little River	Total
	$	$	$	$
Balance, November 30, 2016	-	2,376,019	850,082	3,226,101
Acquisition costs	12,500	-	-	12,500
Expenditures	-	116,500	1,107	117,607
Impairment charges	-	(2,492,519)	(762,189)	(3,254,708)
Balance, November 30, 2017	12,500	-	89,000	101,500
Acquisition costs	-	-	-	-
Expenditures	-	-	53,608	53,608
Impairment charges	-	-	(142,608)	(142,608)
Balance, November 30, 2018	**12,500**	**-**	**-**	**12,500**

Grand Falls – Windsor, Newfoundland and Labrador, Canada

On October 30, 2017, the Company entered into an option agreement ("Agreement") with New Dawn Resources Inc. (the "Optionor") whereby the Company can acquire a 100% interest in the Grand Falls – Windsor property, a gold exploration property in the Central Newfoundland area of Newfoundland and Labrador consisting of 53 mineral claims under 2 licenses. As consideration, the Company is required to issue an aggregate 45,000 common shares, make $35,000 cash payment and incur accumulated exploration costs of $175,000 as follows:

	Number of common shares	Cash ($)	Exploration expenditures ($)
On closing date of the agreement (issued and paid)	5,000	10,000	-
On or before the first anniversary of the closing date	15,000	-	25,000
On or before the second anniversary of the closing date	25,000	-	50,000
On or before the third anniversary of the closing date	-	25,000	100,000
	45,000	**35,000**	**175,000**

Pursuant to the terms of the Agreement, the Company is required to issue additional 35,000 common shares if prior to the third anniversary of the closing date, when the assay results from the exploration work showing that at least one rock of sample contains one or more than one ounce of gold per tonne.

The property is subject to a net smelter returns royalty ("NSR") of 1.5% of commercial production. The Company can purchase 1% of NSR for $1,500,000 at any time.

As at November 30, 2018, the Company is in violation of the Agreement as it is yet to issue the common shares and incur exploration expenditures due on or before the first anniversary of the closing date.

Little River, Newfoundland and Labrador, Canada

The Company has a 100% interest in other mineral claims in Newfoundland and Labrador. The third party option holders have retained a 2% net smelter return royalty and the Company has the exclusive right and option to acquire half of the net smelter return royalty for $1.5 million.

On August 10, 2016, the Company transferred one of its licenses back to the optionor. During the year ended November 30, 2017, the Company dropped certain lease claims in order to focus further exploration on the claims where management believes there are known mineral reserves. During the year ended November 30, 2018, the Company determined that it would no longer pursue exploration activities on the Glover Island property and would focus on other mineral property interests. Accordingly, an impairment charge of $142,608 (2017 - $762,189) was recorded on the statement of comprehensive income (loss).

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (continued)

Glover Island, Newfoundland and Labrador, Canada

The Company had an undivided 100% interest in the Glover Island property, a gold exploration property in Newfoundland and Labrador consisting of a mineral license and a mining lease. The property was subject to a net smelter returns royalty ("NSR") of 1% of commercial production, which reduces to 0.5% after the payment of the first $1.0 million. The NSR became effective after payment of the South Coast Royalty. The South Coast Royalty is a 3% NSR paid either from production of the Glover Island property or the production of certain other mineral interests including the Pine Cove property (held and operated by Anaconda Mining Inc.) to an aggregate of $3,000,000.

During the year ended November 30, 2017, the Company determined that it would no longer pursue exploration activities on the Glover Island property and would focus on other mineral property interests. As a result, the Company recorded an impairment charge of $2,492,519 related to this property.

During the year ended November 30, 2018, the Company's licenses on the Glover Island property were revoked by the Ministry of Natural Resources due to non-payment of licensing and property maintenance costs to the Ministry of Natural Resources. As a result, the Company has written off previously accrued liabilities totaling $383,000 as the amounts are no longer due upon revocation of the licenses by the Ministry of Natural Resources. The amount of $383,000 has been recorded on the statement of comprehensive income (loss) as a gain on disposition of mineral property.

NOTE 6 – NOTES PAYABLE

On April 17, 2013, the Company received gross proceeds of $88,000 pursuant to an interim bridge loan financing (the "Convertible Notes") from various directors, officers, and other private investors. The Convertible Notes are non-interest bearing and matured on November 30, 2014. As at November 30, 2018, the balance of the notes payable was $66,000 (2017 - $66,000). The amounts owing are non-interest bearing, unsecured, and due on demand.

NOTE 7 – SHARE CAPITAL

Common shares

The Company's authorized capital consists of an unlimited numbers of common shares without par value. As at November 30, 2018, there were 8,020,297 issued and outstanding common shares.

Year ended November 30, 2018

a) The Company completed a ten (10) old for one (1) new basis share consolidation. The share consolidation was effective on July 16, 2018. All share and per-share figures in these financial statements have been retroactively adjusted to reflect the share consolidation.

b) The Company completed a non-brokered private placement by issuing 30,000 units at $1.00 per unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant, each whole warrant being exercisable for one common share at an exercise price of $1.50 for two years from closing. The proceeds for this private placement were received during the year ended November 30, 2017.

c) The Company issued a total of 364,996 common shares to settle accounts payable of $242,500 of which $108,000 was due to directors and officers of the Company. The fair value of the shares issued was $126,500. Accordingly, the Company recorded a gain on settlement of liabilities of $80,250 on the statement of comprehensive income (loss) and the remaining $36,000 was recorded to contributed surplus as a capital transactions as the settlement of debt with directors occurred with related parties and shareholders of the Company.

d) The Company issued 20,000 common shares for gross proceeds of $10,000 received in 2017 pursuant to the exercise of warrants.

e) On July 18, 2018, the Company closed the initial tranche of a non-brokered private placement of units (each a "Unit") at a price of $0.30 per Unit (the "Placement"). An aggregate of 4,133,000 Units were sold in this initial tranche of Placement for gross proceeds of $1,239,900. Each Unit consists of one common share of the Company and one half of one share purchase warrant to acquire a further common share at a price of $0.50 per share until July 17, 2019. In connection with the private placement, the Company has accrued finders' fees payable of $86,793 and issued 289,310 share purchase warrants to acquire common shares of the Company at a price of $0.50 for a period of one year.

(Expressed in Canadian dollars)

NOTE 7 – SHARE CAPITAL (continued)

Year ended November 30, 2017

a) The Company completed a non-brokerage private placement by issuing 7,000,000 units at $0.025 per unit. Each unit consisted of one common share and one purchase warrant. Each purchase warrant entitles the holder to purchase one common share of the Company at $0.05 per share for a period of 24 months.

b) In connection with the Grand Falls -Windsor option agreement (Note 6), the Company issued 50,000 common shares with a fair value of $2,500.

c) The Company received $32,500 subscriptions in connection with a future private placement and $10,000 from the exercise of warrants.

Stock Options

The Company has a Stock Option Plan (the "Plan) which provides that the number of options granted may not exceed 10% of the issued and outstanding shares. Options granted under the Plan generally have a five-year term and are granted at a price no lower than the market price of the common shares at the time of the grant.

Options vested in different stages. During the year ended November 30, 2018, the Company recognized $nil share-based (2017 - $983) payments for the remaining vested options.

A summary of the Company's stock option activity for the years ended November, 2018 and 2017 is as follows:

	November 30, 2018		November 30, 2017	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of the year	195,000	0.40	212,500	0.50
Expired / Cancelled	(195,000)	0.40	(17,500)	2.00
Outstanding, end of the year	-	-	195,000	0.40

Warrants

A summary of the Company's warrant activity for the years ended November, 2018 and 2017 is as follows:

	November 30, 2018		November 30, 2017	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of the year	700,000	0.50	-	-
Issued	2,370,810	0.51	700,000	0.50
Exercised	(20,000)	0.50	-	-
Outstanding, end of the year	3,050,810	0.50	700,000	0.40

During the year ended November 30, 2018, the Company granted 289,310 warrants to finders for the Placement described above. The fair value of these warrants was calculated as $55,612, using the black-scholes model. The fair value was calculated using the following assumptions: share price at grant date - $0.45; exercise price - $0.50; expected life – 1 year; volatility – 120%; annual rate of dividends – 0%; risk-free rate – 1.89%.

The following is a summary of warrants outstanding as at November 30, 2018:

Number of warrants	Exercise Price	Expiry date
	$	
2,355,810	0.50	July 17, 2019
680,000	0.50	August 10, 2019
15,000	1.50	October 30, 2019
3,050,810		

The weighted average useful life of the Company's outstanding warrants as at November 30, 2018 is 0.64 years.

NOTE 8 – RELATED PARTY TRANSLATIONS

Payments to key management personnel including the President and Chief Executive Officer, Chief Financial Officer, Directors and companies directly controlled by key management personnel are for salaries, consulting fees, management fees, or professional fees and are directly related to their position in the Company or to services provided to the Company.

For the year ended November 30, 2018, key management personnel compensation was $72,000 (2017 - $72,000) to directors of the Company for management fees and $19,340 (2017 - $18,000) to the Company's Chief Financial Officer.

In addition, the Company also settled certain liabilities with directors as described in Note 7 through the issuance of common shares.

Included in accounts payable and accrued liabilities are amounts owing to related parties totalling $291,340 (2017 - $339,500). Included in notes payable are amounts owing to related parties totalling $1,500 (2017 - $1,500).

NOTE 9 – PROPOSED TRANSACTIONS

During the year ended November 30, 2018, the Company executed definitive share exchange agreements with 1151024 B.C. Ltd. ("1151024") and 1157630 B.C. Ltd. ("1157630") and their shareholders for the acquisition of all of the issued and outstanding shares of 1151024 and 1157630 (the "Transactions").

The Company has also executed an arrangement agreement dated June 7, 2018 (the "Arrangement Agreement") with a wholly owned subsidiary ("Spinco"), created for the purposes of completing the Spin-Off. Pursuant to the Arrangement Agreement, the Company will transfer to Spinco its existing mineral property assets in exchange for the issuance of common shares of Spinco (the "Spinco Shares") to be distributed to the Company's shareholders by way of a plan of arrangement.

The Transactions and the Arrangement Agreement are subject to various conditions, including approval of the shareholders of each entity and the exchange.

Pursuant to the terms of the Transactions, the Company has received loans totaling $350,000 from 1151024 and 1157630 and their shareholders in order to finance the Company's operations. The amounts outstanding at November 30, 2018 are $350,000 (2017 - $Nil) which are non-interest bearing, unsecured and due on demand.

In connection with the Transactions, the Company has also received share subscriptions amounting to $2,236,808, of which $1,860,133 has been advanced to 1157630 and 1151024, and the remaining $376,675 is restricted for use as part of the Transactions. Furthermore, in exchange for the subscriptions received, the Company issued 4,133,000 units (see Note 7) for gross proceeds of $1,239,000 and the remainder $997,808 remains within share subscriptions as at November 30, 2018.

On November 9, 2018, the definitive share exchange agreement with 1151024 was terminated (the "Termination"). Pursuant to the Termination, $250,000 of the advances noted above are repayable to the Company within one year of the date of Termination and bears interest at 12% per annum effective the date of the Termination.

(Expressed in Canadian dollars)

NOTE 10 - INCOME TAX

In assessing deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and concluding the deferred tax assets were not realized.

	2018	2017
Canadian statutory income tax rate	31%	31%
	$	$
Income tax recovery at statutory rate	36,000	(1,123,000)
Effect on income taxes of:		
Permanent differences and others	(146,000)	83,000
Deferred tax asset not recognized	110,000	1,040,000
Income taxes expense (recovery)	-	-

The nature and effect of the Company's unrecognized deferred tax assets is as follows:

	2018	2017
	$	$
Equipment	4,000	4,000
Exploration and evaluation assets	1,323,000	1,286,000
Non-capital losses carried forward	488,000	446,000
Capital losses carried forward	7,000	7,000
Share issuance costs	22,000	
Deferred tax asset not recognized	(1,843,000)	(1,743,000)
Net deferred tax assets (liabilities)	-	-

As at November 30, 2018, the Company had non-capital losses carried forward of approximately $1,575,000 (2017 - $1,437,000) which may be applied to reduce future years' taxable income, expiring as follows:

	$
2032	235,000
2033	375,000
2034	243,000
2035	119,000
2036	98,000
2037	367,000
2038	138,000
	1,575,000

NOTE 11 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. As at November 30, 2018 the Company had a working capital deficiency of $136,117 (2017 - $903,371).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing, primarily equity financing, to fund its activities. There can be no assurance that the Company will be able to continue to raise capital in this manner. To carry out the planned exploration and fund administrative costs, the Company will utilize its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and business opportunities and seek to acquire an interest in additional properties or businesses if it believes there is sufficient geologic and economic potential and if it has adequate financial resources to do so.

The Company generally invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid financial instruments, such as cashable guaranteed investment certificates, held with a major Canadian financial institution.

There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

NOTE 12 – SUBSEQUENT EVENT

The Company entered into an agreement through Spinco to acquire 100% interest in a mineral property located in Windsor, Nova Scotia in exchange for 3,500,000 common shares of Spinco (the "Purchase Agreement"). Spinco has also agreed to pay finders fees of 6% of the common shares issuable under the Purchase Agreement.