

**GO METALS CORP.**

(Formerly known as Go Cobalt Mining Corp.)

Condensed Consolidated Interim Financial Statements

For the Three Months Ended October 31, 2019

(Unaudited)

(Expressed in Canadian dollars)

**GO METALS CORP.**

Suite 810 – 789 West Pender Street  
Vancouver, British Columbia, V6C 1H2  
Phone: (604) 687-2038 Fax: (604) 687-3141

December 17, 2019

**Consolidated Interim Financial Statements**

**First Quarter Report**

**For the three period ended October 31, 2019 and 2018**

***NOTICE TO READER***

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company must disclose if an auditor has not performed a review of the interim financial statements.

The accompanying unaudited consolidated interim financial statements have been prepared by and are the responsibility of the Company's management.

These unaudited consolidated interim financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company.

Yours truly,

**GO METALS CORP.**

"Scott Sheldon"

Scott Sheldon  
CEO

**GO METALS CORP.**

(Formerly known as Go Cobalt Mining Corp.)

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	October 31, 2019 \$	July 31, 2019 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	221,982	507,512
GST and other receivables	9,446	13,436
Prepaid expenses	34,268	22,373
Due from related parties (Note 9)	11,298	10,408
	276,994	553,729
Mineral properties (Note 5)	237,000	237,000
	513,994	790,729
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	40,580	36,433
Due to related parties (Note 9)	24,000	311
Notes payable (Note 6)	35,123	35,123
Flow-through premium liability (Note 8)	11,795	17,514
	111,498	89,381
<b>Shareholders' Equity</b>		
Share capital (Note 8)	3,940,462	3,940,462
Contributed surplus	678,163	668,291
Deficit	(4,216,129)	(3,907,405)
	402,496	701,348
	513,994	790,729

Nature of operations and continuance of business (Note 1)

Approved by the Board of Directors on December 17, 2019:

*"Scott Sheldon"*\_\_\_\_\_  
Scott Sheldon, Director & CEO*"Donald Sheldon"*\_\_\_\_\_  
Donald Sheldon, Director

(The accompanying notes are an integral part of these consolidated interim financial statements)

**GO METALS CORP.**

(Formerly known as Go Cobalt Mining Corp.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended October 31, 2019 \$	Three months ended October 31, 2018 \$
<b>Exploration Expenses</b> (Notes 5 and 9)	204,467	31,396
<b>Administrative Expenses</b>		
Audit and accounting	7,500	7,300
Consulting fees	25,900	40,658
General and administrative	17,856	56,859
Legal	479	53,463
Management fees (Note 9)	35,051	30,000
Marketing	4,148	-
Stock-based compensation (Note 8)	9,872	-
Transfer agent, filing and stock exchange fees	5,032	12,375
Travel	4,138	14,656
	(314,443)	(246,707)
<b>Other Income</b>		
Gain on Option Agreement (Note 5)	-	165,000
<b>Loss before income tax</b>	(314,443)	(81,707)
<b>Income tax</b>		
Deferred income tax recovery	5,719	-
<b>Net loss and comprehensive loss for the period</b>	(308,724)	(81,707)
Loss per share, basic and diluted	(0.00)	(0.00)
Weighted average shares outstanding	62,031,433	58,692,786

(The accompanying notes are an integral part of these consolidated interim financial statements)

**GO METALS CORP.**

(Formerly known as Go Cobalt Mining Corp.)

Condensed Consolidated Interim Statement of Changes in Equity

(Unaudited)

(Expressed in Canadian dollars)

	Share Capital				Contributed Surplus \$	Deficit \$	Total \$
	Common Shares	Amount \$	Preferred Shares	Amount \$			
Balance, at July 31, 2018	58,603,656	3,677,574	10,595,258	-	413,574	(2,830,690)	1,260,458
Distribution of K2 shares to the shareholders (Note 5)	-	-	-	-	-	(115,000)	(115,000)
Plan of arrangement (Note 4)	-	(326,000)	-	-	-	-	(326,000)
Shares issued for warrants exercised	600,000	45,000	-	-	-	-	45,000
Net loss for the period	-	-	-	-	-	(81,707)	(81,707)
Balance, at October 31, 2018	59,203,656	3,396,574	10,595,258	-	413,574	(3,027,397)	782,751
Balance, at July 31, 2019	62,031,433	3,940,462	10,595,258	-	668,291	(3,907,405)	701,348
Stock-based compensation	-	-	-	-	9,872	-	9,872
Net loss for the period	-	-	-	-	-	(308,724)	(308,724)
Balance, at October 31, 2019	62,031,433	3,940,462	10,595,258	-	678,163	(4,216,129)	402,496

(The accompanying notes are an integral part of these consolidated interim financial statements)

**GO METALS CORP.**

(Formerly known as Go Cobalt Mining Corp.)

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended October 31, 2019 \$	Three months ended October 31, 2018 \$
Cash provided by (used in):		
<b>Operating activities</b>		
Net loss for the period	(308,724)	(81,707)
Adjustments for non-cash items		
Gain on Option Agreement (Note 5)	-	(165,000)
Income tax	(5,719)	-
Stock-based compensation (Note 8)	9,872	-
Changes in non-cash operating working capital:		
GST recoverable	3,990	628
Prepaid expenses	(11,895)	-
Accounts payable and accrued liabilities	4,147	(56,536)
Due to related parties	22,799	(59,772)
	(285,530)	(362,387)
<b>Investing activities</b>		
Option payments received	-	50,000
	-	50,000
<b>Financing activities</b>		
Issue of shares	-	45,000
	-	45,000
Decrease in cash	(285,530)	(267,387)
Cash, beginning of period	507,512	868,674
Cash, end of period	221,982	601,287
<b>Supplemental information</b>		
Interest paid	-	-
Taxes paid	-	-

(The accompanying notes are an integral part of these consolidated interim financial statements)

## **GO METALS CORP.**

(Formerly known as Go Cobalt Mining Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended October 31, 2019

(Unaudited)

(Expressed in Canadian dollars)

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### **1. Nature of Operations and Continuance of Business**

Go Metals Corp. (formerly Go Cobalt Mining Corp.) (“Go Metals” or the “Company”) was incorporated on April 27, 2012 in Canada with limited liability under the legislation of the Province of British Columbia. The Company’s common shares trade on the Canadian Securities Exchange (“CSE”) under the symbol “GOCO” and its registered office is located at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2, Canada. The Company changed its name to Go Metals Corp. on July 8, 2019.

The Company is an exploration stage company and is in the process of exploring its mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at October 31, 2019, the Company has not generated any revenues from operations and has an accumulated deficit of \$4,216,129. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

### **2. Basis of Presentation**

#### **(a) Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

## **GO METALS CORP.**

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended October 31, 2019

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### **2. Basis of Presentation (continued)**

#### (a) Statement of Compliance (continued)

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended July 31, 2019.

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's most recent annual consolidated financial statements for the year ended July 31, 2019.

#### (b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

#### (c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements. These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency.

#### (d) Subsidiaries

These consolidated financial statements include the financial statements of the Company and the wholly-owned subsidiary, Shiraz Petroleum Corporation (formerly Hella Resources Corp.) from the date of incorporation on November 17, 2014. Shiraz Petroleum Corporation is a dormant/inactive company.

### **3. Significant Accounting Policies**

#### (a) Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.



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Notes to the Condensed Consolidated Interim Financial Statements

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### 3. Significant Accounting Policies (continued)

#### (a) Critical Accounting Judgments and Estimates (continued)

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

##### Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

##### Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

##### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

##### Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

#### (b) Change in Accounting Policies

In June 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16"). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The adoption of IFRS 16 did not have a material impact on the Company's consolidated financial statements.

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### 3. Significant Accounting Policies (continued)

#### (c) Comparative Figures

Certain comparative figures have been reclassified to conform to the financial presentation in the current period.

### 4. Plan of Arrangement

Pursuant to an agreement dated July 16, 2018, shareholders of the Company approved an arrangement agreement (the "Arrangement") whereby the Company would transfer its New Brenda property to Flow Metals Corp. ("Flow Metals") in exchange for 9,767,234 common shares of Flow Metals based on one Flow Metals common share being issued for every six issued and outstanding common shares of the Company. As a step in the Arrangement, the Company distributed the Flow Metals common shares to its registered shareholders by way of a return of paid-up capital. On September 10, 2018, the B.C. Supreme Court approved the Arrangement effective for September 17, 2018. On September 17, 2018, Flow Metals issued 9,767,234 common shares to shareholders of the Company and the New Brenda property of \$326,000 was transferred to Flow Metals under the terms of the Arrangement.

### 5. Mineral Properties

The Company's mineral property interests are comprised of the following properties:

	<b>New Brenda</b>	<b>Monster</b>	<b>Barchois Vanadium</b>	<b>Total</b>
Balance, at July 31, 2018	\$ 326,000	\$ 237,000	\$ -	\$ 563,000
Additions	-	-	190,000	190,000
Plan of Arrangement (Note 4)	(326,000)	-	-	(326,000)
Write-off	-	-	(190,000)	(190,000)
Balance, at July 31, 2019	-	237,000	-	237,000
Additions	-	-	-	-
<b>Balance, at October 31, 2019</b>	<b>\$ -</b>	<b>\$ 237,000</b>	<b>\$ -</b>	<b>\$ 237,000</b>

During the three months ended October 31, 2019, the Company incurred exploration expenditures as follows:

#### Exploration and related expenditures

	<b>Barchois Vanadium</b>	<b>Monster</b>	<b>Other</b>	<b>Total</b>
Assays	\$ 5,130	\$ 3,572	\$ -	\$ 8,702
Equipment rental	2,400	-	-	2,400
Geological	83,660	34,722	-	118,382
Geophysical survey	-	46,737	-	46,737
Transportation / travel	4,819	23,374	53	28,246
<b>Total mineral property expenditures</b>	<b>\$ 96,009</b>	<b>\$ 108,405</b>	<b>\$ 53</b>	<b>\$ 204,467</b>

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### 5. Mineral Properties (continued)

During the three months ended October 31, 2018, the Company incurred exploration expenditures as follows:

<b>Exploration and related expenditures</b>	<b>New Brenda</b>	<b>Monster</b>	<b>Total</b>
Assays	\$ -	\$ 2,287	\$ 2,287
Geological	-	18,160	18,160
Geophysical survey	-	9,049	9,049
Transportation / travel	1,900	-	1,900
<b>Total mineral property expenditures</b>	<b>\$ 1,900</b>	<b>\$ 29,496</b>	<b>\$ 31,396</b>

#### *Wels Property, Yukon Territory, Canada*

Pursuant to an option agreement dated June 6, 2011, Gorilla Resources Corp. was granted an option to acquire a 100% interest in the Wels property located in Whitehorse, Yukon Territory, Canada. On April 23, 2012, Gorilla Resources Corp. assigned all the benefits, rights and obligations under the option agreement to the Company. The property consists of 136 unpatented mining claims and is subject to a 3% Net Smelter Returns ("NSR") in favour of the optionor. The Company has the right to buy back the NSR for a cash payment of \$750,000 for each 1%, to a maximum of \$1,500,000, at any time. To maintain and exercise the option, the Company must:

- Make cash payments of \$15,900 upon signing (paid by Gorilla Resources Corp.);
- Make cash payments of \$15,450 upon the completion of a National Instrument 43-101 technical report (paid by Gorilla Resources Corp.);
- Issue 30,000 common shares on the sixth month anniversary (issued by Gorilla Resources Corp.);
- Make cash payments of \$25,000 and issue 20,000 common shares on or before September 30, 2012 (subsequently extended to make a cash payment of \$10,000 by October 31, 2012 and \$15,000 by January 31, 2013) (paid/issued by the Company);
- Make payments of \$40,000 on or before September 30, 2013, payable in cash, common shares, or a combination of cash and common shares (subsequently amended to payment of \$20,000 in cash on or before February 28, 2014 pursuant to a payment extension agreement dated November 19, 2013) (paid by the Company);
- Issue 20,000 common shares on or before 14 days from the date of a payment extension agreement dated November 19, 2013 pursuant to a payment extension agreement dated November 19, 2013 (issued on November 21, 2013); and
- Make payments of \$80,000 on or before September 30, 2014, payable in cash, common shares, or a combination of cash and common shares (amended to payment of \$40,000 in cash on October 16, 2014 and \$40,000 issued in shares on October 24, 2014) (paid/issued by the Company).

## **GO METALS CORP.**

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Notes to the Condensed Consolidated Interim Financial Statements

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### **5. Mineral Properties (continued)**

*Wels Property, Yukon Territory, Canada (continued)*

On November 12, 2013, the Company granted to Enfield Resources an option to acquire a 100% undivided right, title and interest in certain mineral claims of the Wels property ("Wels Nickel Project"). The Company was entitled to receive a royalty interest equal to 5% of NSR. Enfield Resources was entitled to redeem the entitlement of the Company to its share of NSR by paying \$1,500,000 to the Company for each 1% so redeemed, to a maximum of \$7,500,000. In order to the option and to earn the interests in the Wels Nickel Project, Enfield was to make the following payments in cash to the Company:

- \$10,000 on or before November 12, 2013 (received);
- \$15,000 within 5 days of CSE Listing (received);
- \$2,500 on or before May 1, 2014 (received);
- \$80,000 on or before September 30, 2014 (Enfield defaulted on payment. The option agreement was terminated on October 30, 2014); and
- \$80,000 on or before September 30, 2015.

On January 7, 2014, the Company entered into an Option and Joint Venture Agreement with First Ferro whereby the Company granted First Ferro an option to acquire a 40% undivided beneficial interest in certain mineral claims of the Wels property ("Wels Gold Project") by making the following payments:

- \$7,500 on execution of the Arrangement Agreement (received);
- \$10,500 within 5 days of the CSE Listing (received);
- \$100,000 on or before June 30, 2014 (First Ferro defaulted on payment, Option Agreement was terminated on August 31, 2014);
- \$100,000 on or before December 31, 2014;
- \$100,000 on or before June 30, 2015; and
- \$100,000 on or before December 31, 2015.

On August 11, 2016, the Company entered into an Option to Joint Venture Agreement (the "Option Agreement") with West Melville Metals Inc. ("WMM", later changed its name to K2 Gold Corporation ("K2")). Pursuant to the Option Agreement, the Company agreed to grant to K2 the sole and exclusive right and option to acquire an undivided 90% interest in the Wels property and other assets, as defined in the Option Agreement, subject to 3% NSR royalty on the minerals produced from the property, and upon the exercise of such option, the parties have agreed to form a joint venture (the "Option").

## **GO METALS CORP.**

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Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited)

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### **5. Mineral Properties (continued)**

*Wels Property, Yukon Territory, Canada (continued)*

In order to exercise the Option, WMM must:

(a) pay to the Company:

- (i) \$50,000, within five Business Days after the date of TSX Venture Exchange ("TSX-V")'s acceptance of the Option Agreement (received);
- (ii) an additional \$100,000 on or before the date that is 30 days after the date of the Option Agreement (received);
- (iii) an additional \$100,000 on or before the date that is 12 months after the date of the Option Agreement (received);
- (iv) an additional \$50,000 on or before the date that is 24 months after the date of the Option Agreement (received); and
- (v) an additional \$50,000 on or before the date that is 27 months after the date of the Option Agreement (received)

for total cash payments in aggregate of \$350,000;

(b) issue and deliver to the Company:

- (i) 500,000 K2 shares within five Business Days after the date of TSX-V's acceptance of the Option Agreement (received, valued at \$150,000);
- (ii) an additional 500,000 K2 shares on or before the date that is 6 months after the date of the Option Agreement (received, valued at \$260,000);
- (iii) an additional 500,000 K2 shares on or before the date that is 12 months after the date of the Option Agreement (received, valued at \$205,000);
- (iv) an additional 500,000 K2 shares on or before the date that is 18 months after the date of the Option Agreement (received, valued at \$122,500);
- (v) an additional 500,000 K2 shares on or before the date that is 24 months after the date of the Option Agreement (received, valued at \$115,000); and
- (vi) an additional 500,000 K2 shares on or before the date that is 30 months after the date of the Option Agreement (received, valued at 127,500)

for a total issuance in aggregate of 3,000,000 K2 shares. The Company is to distribute its K2 shares to the Company's shareholders as soon as is reasonably practicable following the receipt of any such shares from K2 (Note 8).

*New Brenda Property, British Columbia, Canada*

On August 14, 2017, the Company acquired the New Brenda Property with a cash payment of \$65,000 (paid) and 5,220,000 common shares of the Company valued at \$261,000 (issued). The New Brenda Property is comprised of 15 contiguous mineral claims located in South Central British Columbia in the traditional territory of the West Bank First Nation.

On September 17, 2018, the Company and Flow Metals Corp. ("Flow Metals") closed a statutory plan of arrangement to spin-out the Company's New Brenda Property to Flow Metals (Note 4).

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### **5. Mineral Properties (continued)**

#### *Monster Property, Yukon Territory, Canada*

During the year ended July 31, 2018, the Company acquired a 100% interest in a cobalt property located in the Yukon (the "Monster Property"). For consideration, the Company is required to make a cash payment of \$45,000 (paid) and issue 1,600,000 common shares valued at \$192,000 (issued).

#### *Barachois Vanadium Property, Quebec, Canada*

On November 2, 2018, the Company signed an option agreement with Contigo Resources Ltd. ("Contigo") to acquire a 100% interest in the Barachois Vanadium Property located in Gaspé Peninsula, Quebec. For consideration, the Company is required to make cash payment of \$40,000 (paid), issue 500,000 common shares of the Company within 10 days of the closing date (issued, valued at \$150,000) and issue 500,000 common shares of the Company on or before 12 months from the closing date. Upon completion of these payments, the Company will earn a 100% interest in the property subject to a 2% NSR royalty retained by Contigo. At any time, the Company shall have the option to acquire one-half of the 2% NSR by paying \$1,500,000 to Contigo. During the year ended July 31, 2019, the Company recognized a write-off of \$190,000 as a result of terminating the option agreement.

#### *Nickel Palladium Platinum Property, Quebec, Canada*

In February 2019, the Company acquired a 40 claim 2000 Ha nickel-copper-platinum group elements project located about 100km north of Havre-Saint-Pierre in Quebec, Canada.

### **6. Notes Payable**

During the year ended July 31, 2014, the Company received loan proceeds of \$40,365 from directors and companies owned by directors of the Company. During the year ended July 31, 2014, the Company repaid \$7,567. The notes payable was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 12% per annum. During the year ended July 31, 2014, the debt discount of \$4,290 was credited to contributed surplus, debited to notes payable and amortized over the term of the notes.

During the year ended July 31, 2015, the Company received additional loan proceeds of \$22,500 from directors and companies owned by directors of the Company. On March 31, 2015, the Company entered into two loan agreements with companies owned by directors of the Company in the amounts of \$35,000 and \$10,000, respectively (the "Loans"). The Loans replaced the notes payable, in the same amounts, that were previous owed to related parties. The Loans bears 5% interest, are unsecured, and are due on March 31, 2017. The Loans were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 12% per annum. During the year ended July 31, 2015, the debt discount of \$5,539 was credited to contributed surplus, debited to notes payable and amortized over the term of the notes.

On March 31, 2015, the Company entered into a convertible promissory note agreement with a company controlled by a director of the Company to convert \$50,000 of the note into a convertible promissory note (Note 7).

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### **7. Convertible Promissory Notes Payable**

On March 31, 2015, the Company entered into various convertible promissory note agreements for a total principal amount of \$150,000 (the "Convertible Notes"). Total proceeds of \$50,000 was received from a third party, \$50,000 note payable was converted by a company controlled by a director of the Company (Note 6), and \$50,000 amount due to related party was converted by a company controlled owned by the President of the Company (Note 9).

The Convertible Notes bear 5% interest, are unsecured, and are due on March 31, 2017. At any time prior to the maturity date, the lenders may convert all or any part of the principal amount into shares of the Company at a price of \$0.075 per share. At the date of issue, the debt portion of the convertible Notes was recorded at its fair value of \$131,538, assuming a fair value of interest rate for comparable debt of 12% per annum. The equity component, which is the fair value attributed to the conversion feature, had a carrying value of \$18,462, being the difference between the face amount and the fair value of the debt. The carrying value of the equity component was recorded as a separate component of shareholders' equity. Subsequent to initial recognition, the debt has been amortized over the term of the debt using the effective interest rate method at discount rate of 12%.

On March 1, 2017, the Company amended and replaced the Convertible Notes with new convertible promissory note agreements for a total principal amount of \$164,381 (the "Amended Convertible Notes") which included accrued interest up to March 1, 2017. The Amended Convertible Notes bear 5% interest, are unsecured, and are due on February 28, 2019. At any time prior to the maturity date, the lenders may convert all or any part of the principal amount into shares of the Company at a price of \$0.025 per share. At the date of issue, the debt portion of the convertible Notes was recorded at its fair value of \$144,148, assuming a fair value of interest rate for comparable debt of 12% per annum. The equity component, which is the fair value attributed to the conversion feature, had a carrying value of \$20,233, being the difference between the face amount and the fair value of the debt. The carrying value of the equity component was recorded as a separate component of shareholders' equity. Subsequent to initial recognition, the debt has been amortized over the term of the debt using the effective interest rate method at discount rate of 12%.

On March 15, 2018, the Company issued 6,576,000 common shares related to the conversion of convertible promissory notes in the principal amount of \$164,381 (Note 8).

### **8. Share Capital**

#### (a) Authorized

Unlimited number of common shares without par value.

On May 29, 2017, the Company held its annual and special shareholders' meeting and approved the creation of an unlimited number of Class A Preferred Shares with a par value of \$0.001.

On March 26, 2018, the Company split its common shares on the basis of two common shares for each existing common share held. All number of shares and per share amounts have been retroactively restated in these consolidated financial statements to reflect this share split.

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(Formerly known as Go Cobalt Mining Corp.)

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(Unaudited)

(Expressed in Canadian dollars)

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### **8. Share Capital (continued)**

- (b) Share transactions for the three months ended October 31, 2019 and year ended July 31, 2019:

On December 20 2018, the Company closed a non-brokered flow-through financing of 1,111,111 National Units issued at a price of \$0.27 per National Unit for gross proceeds of \$300,000. Each National Unit consisted of one flow-through common share and one non-flow-through share purchase warrant. Every two warrants entitle the holder thereof to purchase one common share of the Company at a price of \$0.40 per common share until December 20, 2020. In addition, the Company closed a non-brokered flow-through financing of 666,666 Quebec Units issued at a price of \$0.30 per Quebec Unit for gross proceeds of \$200,000. Each Quebec Unit consisted of one flow-through common share and one non-flow-through share purchase warrant. Every two warrants entitle the holder thereof to purchase one common share of the Company at a price of \$0.40 per common share until December 20, 2020. The fair value of the warrants was \$98,613 calculated using the Black-Scholes Pricing Model using the following assumptions: expected life – 2 years; expected volatility – 131%; expected dividend yield – 0%; and risk-free rate – 1.90%. The Company paid finders' fees of \$40,000 in cash and issued 142,222 finders' warrants. Every two finders' warrants entitle the holder thereof to purchase one common share of the Company at a price of \$0.30 per common share until December 20, 2020. The fair value of the finders' warrants was \$8,708 calculated using the Black-Scholes Pricing Model using the following assumptions: expected life – 2 years; expected volatility – 131%; expected dividend yield – 0%; and risk-free rate – 1.90%. The flow-through liability associated with these issuances using the residual method was \$28,054. The Company recognized flow-through premium liability of \$10,540 and \$5,719 on incurred expenditures as deferred income tax recovery during the year ended July 31, 2019 and three months ended October 31, 2019, respectively.

On November 12, 2018, the Company issued 500,000 common shares of the Company valued at \$150,000 related to the acquisition of the Barachois Vanadium Property.

On November 6, 2018, the Company issued 250,000 common shares for proceeds of \$18,750 as a result of the exercise of 250,000 warrants with an exercise price of \$0.075.

In November 2018, the Company issued 300,000 common shares for proceeds of \$27,000 as a result of the exercise of 300,000 stock options with an exercise price of \$0.09.

In October 2018, the Company issued 600,000 common shares for proceeds of \$45,000 related to the exercise of 600,000 warrants with an exercise price of \$0.075.



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**8. Share Capital (continued)**

## (c) Warrants

	Three months ended October 31, 2019		Year ended July 31, 2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening	<b>20,069,999</b>	<b>\$ 0.135</b>	19,960,000	\$ 0.120
Granted	-	-	959,999	0.393
Exercised	-	-	(850,000)	0.075
Ending	<b>20,069,999</b>	<b>\$ 0.135</b>	<b>20,069,999</b>	<b>\$ 0.135</b>

As at October 31, 2019, the Company had the following warrants outstanding:

Number of warrants	Exercise price	Expiry date
5,710,000*	\$0.075	July 28, 2021
1,400,000*	\$0.075	July 28, 2021
12,000,000**	\$0.150	February 11, 2022
888,888	\$0.400	December 20, 2020
71,111	\$0.300	December 20, 2020

\* During the year ended July 31, 2019, the Company extended the expiry date of 5,710,000 warrants due on July 28, 2019 and 1,400,000 warrants due on December 22, 2019 to July 28, 2021

\*\* During the three months ended October 31, 2019, the Company extended the expiry date of 12,000,000 warrants due on February 11, 2020 to February 11, 2022

## (d) Stock options

	Three months ended October 31, 2019		Year Ended July 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening	<b>4,100,000</b>	<b>\$ 0.12</b>	3,400,000	\$ 0.09
Granted	<b>250,000</b>	<b>0.085</b>	1,000,000	0.20
Exercised	-	-	(300,000)	0.09
Ending	<b>4,350,000</b>	<b>\$ 0.12</b>	<b>4,100,000</b>	<b>\$ 0.12</b>
Exercisable	<b>4,350,000</b>	<b>\$ 0.12</b>	4,100,000	\$ 0.12

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### 8. Share Capital (continued)

#### (d) Stock options (continued)

As at October 31, 2019, the Company had the following stock options outstanding:

Number of stock options	Exercise price	Expiry date
3,100,000	\$0.09	January 23, 2023
1,000,000	\$0.20	January 9, 2024
250,000	\$0.085	October 28, 2024

The stock options granted during the three months ended October 31, 2019 were valued at \$9,872 using the Black-Scholes Option Pricing Model, using the following assumptions:

Grant date	Expected life	Volatility	Dividend yield	Risk-free interest rate
October 28, 2019	5 years	96%	0%	1.56%

The stock options granted during the year ended July 31, 2019 were valued at \$170,909 using the Black-Scholes Option Pricing Model, using the following assumptions:

Grant date	Expected life	Volatility	Dividend yield	Risk-free interest rate
January 10, 2019	5 years	131%	0%	1.91%

### 9. Related Party Transactions

During the three months ended October 31, 2019, the Company incurred \$24,000 (2018: \$24,000) in management fees from a company owned by the President of the Company and \$Nil (2018: \$4,500) in consulting fees included in exploration expenses from a company owned by a Director of the Company.

At October 31, 2019, the Company owed \$24,000 (July 31, 2019: \$311) to the President, directors and their companies and had \$35,123 (July 31, 2019: \$35,123) of notes payable (Note 6) to directors and their companies.

At October 31, 2019, the Company had a receivable of \$11,298 (July 31, 2019: \$10,408) from Flow Metals, a company with certain management and directors in common. This amount is non-interest bearing, unsecured and repayable on demand.

Refer to Notes 6 and 7 for related party transactions.

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### 10. Financial Instruments

#### (a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	October 31, 2019 \$
<hr/>	
Financial assets, measured at amortized cost:	
Cash	221,982
Due from related parties	11,298
	<hr/>
	233,280
<hr/>	
Financial liabilities, measured at amortized cost:	
Accounts payable	40,580
Due to related parties	24,000
Notes payable	35,123
	<hr/>
	99,703
	<hr/>

#### (b) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

#### (b) Fair Values

As at October 31, 2019, the fair values of accounts payable, due to/from related parties and notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

#### (c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at October 31, 2019, the Company does have sufficient cash to settle current financial liabilities of \$111,498.

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### **10. Financial Instruments (continued)**

#### (d) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST receivable due from the Federal Government of Canada. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

#### (e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

#### (f) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates other than notes payable (Note 6). The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

#### (g) Foreign currency exchange rate risk

The Company currently has no significant operations denominated in foreign currencies. Management believes there is no significant foreign currency exchange rate risk.

### **11. Capital Management**

The Company defines its capital as cash and equity comprised of issued share capital and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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**11. Capital Management (continued)**

The Company is not subject to externally imposed capital requirements as at October 31, 2019 except when the Company issues flow-through shares for which the amount should be used for exploration work. On December 20, 2018, the Company completed flow-through private placements totalling \$500,000. As at October 31, 2019, the Company incurred \$392,321 in eligible exploration and evaluation expenditures and consequently the Company has the obligation to incur a remaining balance of \$107,679 in exploration and evaluation expenditures no later than December 31, 2019.

**12. Segmented Information**

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.