

DEEPROCK MINERALS INC.

Condensed Interim Financial Statements

For the six months ended May 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these condensed interim financial statements.

DEEPROCK MINERALS INC.

Condensed Interim Statement of Financial Position

May 31, 2019 and November 30, 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

| | May 31, 2019 | November 30, 2018 |
|---|-----------------|----------------------|
| | \$ | \$ |
| Assets | | |
| Current | | |
| Cash | 255,513 | 313,058 |
| GST receivable | 9,839 | 10,293 |
| Due from related party | 2,363 | - |
| Prepaid expenses | 15,000 | - |
| | 282,715 | 323,351 |
| Exploration and evaluation asset (Note 4) | 125,000 | 30,000 |
| Total Assets | 407,715 | 353,351 |
| Liabilities | | |
| Current | | |
| Accounts payable | 64,546 | 39,440 |
| Due to related parties (Note 9) | 31,575 | 84,614 |
| Accrued liabilities | 44,600 | 11,500 |
| Loans payable (Note 7) | 8,750 | 15,625 |
| | 149,471 | 151,179 |
| Shareholders' Equity | | |
| Share capital (Note 5) | 898,937 | 704,291 |
| Shares to be issued | 121,520 | - |
| Reserve (Note 5) | 69,314 | 41,900 |
| Deficit | (831,527) | (544,019) |
| | 258,244 | 202,172 |
| Total Liabilities and Shareholders' Equity | 407,715 | 353,351 |

Nature and Continuance of Operations (Note 1)**Subsequent Event (Note 4)****Approved and authorized for issue by the Board of Directors on July 30, 2019:***“Richard Shatto”*

Richard Shatto, Director

“Patrick O'Brien”

Patrick O'Brien, Director

The accompanying notes are an integral part of these Financial Statements

DEEPROCK MINERALS INC.

Condensed Interim Statement of Loss and Comprehensive Loss

For the three and six months ended May 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

| | For the three months ended May 31, | | For the six months ended May 31, | |
|---|---------------------------------------|------------------|-------------------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| Expenses | | | | |
| Bank charges and interest | 262 | 43 | 303 | 62 |
| Consulting fees (Note 9) | 96,636 | 28,738 | 153,739 | 77,619 |
| Exploration and evaluation | 71,352 | 12,506 | 73,950 | 12,506 |
| Office expense | 657 | 67 | 6,657 | 292 |
| Professional fees | 18,574 | 11,630 | 34,349 | 14,860 |
| Transfer agent and filing fees | 5,921 | 15,915 | 18,510 | 17,115 |
| Net loss and comprehensive loss for the period | (193,402) | (68,899) | (287,508) | (122,454) |
| Basic and diluted loss per common share | (0.01) | (0.01) | (0.02) | (0.01) |
| Weighted average number of common shares outstanding | 15,654,537 | 9,046,880 | 15,197,584 | 9,046,880 |

The accompanying notes are an integral part of these Financial Statements

DEEPROCK MINERALS INC.

Condensed Interim Statement of Changes in Shareholders' (Deficit) Equity

For the six months ended May 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

| | Number of Shares # | Share Capital \$ | Shares to be issued \$ | Reserve \$ | Deficit \$ | Total \$ |
|--|-----------------------------------|---------------------------------|---------------------------------------|-----------------------|-----------------------|---------------------|
| Balance, November 30, 2017 | 9,046,880 | 256,841 | - | 18,800 | (271,738) | 3,903 |
| Shares issued pursuant to mineral property agreement | 200,000 | 20,000 | - | - | - | 20,000 |
| Net loss and comprehensive loss for the period | - | - | - | - | (122,454) | (122,454) |
| Balance, May 31, 2018 | 9,246,880 | 276,841 | - | 18,800 | (394,192) | (95,551) |
| Balance, November 30, 2018 | 14,509,380 | 704,291 | - | 41,900 | (544,019) | 202,172 |
| Cash | | | | | | |
| Agent's shares issued | 25,200 | 2,006 | - | (746) | - | 1,260 |
| Private placement | 2,816,000 | 112,640 | - | 28,160 | - | 140,800 |
| Subscriptions received | | | 121,520 | - | - | 121,520 |
| Shares issued pursuant to mineral property agreement | 600,000 | 60,000 | - | - | - | 60,000 |
| Shares issued pursuant to mineral property agreement | 400,000 | 20,000 | - | - | - | 20,000 |
| Net loss and comprehensive loss for the period | - | - | - | - | (287,508) | (287,508) |
| Balance, May 31, 2019 | 18,350,580 | 898,937 | 121,520 | 69,314 | (831,527) | 258,244 |

The accompanying notes are an integral part of these Financial Statements

DEEPROCK MINERALS INC.

Condensed Interim Statement of Cash Flows
For the six-months ended May 31, 2019 and 2018
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

| | May 31, 2019 \$ | May 31, 2018 \$ |
|--|-----------------------|-----------------------|
| Cash (used in) /provided by: | | |
| Operating activities | | |
| Net loss for the period | (287,508) | (122,454) |
| Items not affecting cash | | |
| Consulting fees | - | 50,596 |
| | (287,508) | (71,858) |
| Change in non-cash working capital components | | |
| GST receivable | 454 | 8,513 |
| Prepaid expenses | (15,000) | (2,240) |
| Accounts payable and accrued liabilities | 58,206 | (9) |
| Due to related parties | (53,039) | - |
| Net cash provided by (used in) operating activities | (296,887) | (65,594) |
| Financing activities | | |
| Loans payable | - | 69,500 |
| Repayment of loans | (6,875) | - |
| Shares issued for cash | 142,060 | - |
| Commitment to issue shares | 121,520 | - |
| Net cash provided by financing activities | 256,705 | 69,500 |
| Cash flows from investing activities: | | |
| Note receivable repaid | - | 25,500 |
| Exploration and evaluation assets | (15,000) | (5,000) |
| Due from related party | (2,363) | 2,000 |
| Net cash provided by investing activities | (17,363) | 22,500 |
| Change in cash | (57,545) | 26,406 |
| Cash, beginning of the period | 313,058 | 8,079 |
| Cash, end of the period | 255,513 | 34,485 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash paid during the period: | | |
| Interest expense | - | - |
| Income taxes | - | - |
| Noncash transactions | | |
| Exploration and evaluation asset | 80,000 | 20,000 |
| Share capital | 80,000 | 20,000 |

The accompanying notes are an integral part of these Financial Statements

DEEPROCK MINERALS INC.

Notes to the Condensed Interim Financial Statements

May 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Deeprock Minerals Inc. (the “Company”) is a mining property exploration company whose common shares trade on the Canadian Securities Exchange (“CSE”). On November 14, 2018, the Company completed its initial public offering (“IPO”) dated July 24, 2018 and became a reporting issuer. On November 16, 2018, the Company commenced trading under the trading symbol “DEEP”.

The head office and principal office of the Company is located at Suite 500 – 666 Burrard Street, Vancouver BC V6C 3P6.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At May 31, 2019, the Company has not achieved profitable operations, has accumulated losses of \$831,527 since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon successful results from its operations, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

2. BASIS OF PRESENTATION

These financial statements are prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of interim financial statements, including the International Accounting Standard (“IAS”) 34 – Interim Financial Reporting.

These financial statements are presented in Canadian dollars, which is the Company’s functional and reporting currency. These financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss (“FVTPL”), which are stated at their fair value.

DEEPROCK MINERALS INC.

Notes to the Condensed Interim Financial Statements

May 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently with those used in the preparation of the audited financial statements as at November 30, 2018. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2018.

a. Significant 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 year. 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 judgement and estimates are as follows:

Going concern

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

b. Financial instruments

On December 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9"), which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss ("ECL") impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The standard is effective for annual periods beginning on or after December 1, 2018.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively. IFRS 9 does not require restatement of comparative periods.

DEEPROCK MINERALS INC.

Notes to the Condensed Interim Financial Statements

May 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Financial instruments (continued)

The change in accounting policy did not result in a change in carrying value of any of the Company's financial instruments on transition date and did not have a significant impact on the Company's policies related to financial assets and liabilities. The adoption of the ECL impairment model did not have an impact on the Company's condensed interim financial statements.

| | December 1, 2018 | |
|--|------------------|----------------|
| | IAS 39 | IFRS 9 |
| <u>Financial Asset</u> | | |
| Cash | FVTPL | FVTPL |
| Due from related party | Amortized cost | Amortized cost |
| <u>Financial Liabilities</u> | | |
| Accounts payable and accrued liabilities | Amortized cost | Amortized cost |
| Due to related parties | Amortized cost | Amortized cost |
| Loans payable | Amortized cost | Amortized cost |

c. Revenue from contracts with customers

On December 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers. IFRS 15 specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for the Company's annual period beginning December 1, 2018.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

Revenue is recognized based on a five-step model:

- 1) Identify the contract with customer;
- 2) Identify the performance obligations;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations; and
- 5) Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount timing and uncertainty of revenue and cash flows from contracts with customers.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The adoption of IFRS 15 resulted in no impact to the opening accumulated deficit as the Company had no revenues.

DEEPROCK MINERALS INC.

Notes to the Condensed Interim Financial Statements

May 31, 2019

(Expressed in Canadian dollars)

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- d. Accounting standards, interpretations and amendments to existing standards that have been recently adopted and that are not yet effective:

The following new standard and interpretation are not yet effective and have not been applied in preparing these financial statements. The Company does not anticipate any material changes to the financial statements upon adoption of this new and revised accounting pronouncements.

On January 13, 2016, the IASB issued IFRS 16 *Leases* which requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are “capitalized” by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. This standard is effective for reporting periods beginning on or after January 1, 2019

4. EXPLORATION AND EVALUATION ASSETS

The following table summarizes the Company’s mineral property assets as at May 31, 2019 and November 30, 2018 and the changes for the periods then ended, and exploration expenditures for the six-months ended May 31, 2019 and the year ended November 30, 2018.

| | Ralleau Property | Total |
|---|-----------------------------|-------------------|
| Balance November 30, 2017 | \$ 5,000 | \$ 5,000 |
| Shares issued pursuant to the terms of the agreements | 20,000 | 20,000 |
| Paid in cash | 5,000 | 5,000 |
| Balance November 30, 2018 | 30,000 | 30,000 |
| Shares issued pursuant to the terms of the agreement | 80,000 | 80,000 |
| Paid in cash | 15,000 | 15,000 |
| Balance May 31, 2019 | \$ 125,000 | \$ 125,000 |

| | Total Cumulative expenditure to November 30, 2018 | Current period Exploration Expenditures to May 31, 2019 | Total cumulative expenditure to May 31, 2019 |
|--------------------------|---|---|---|
| Ralleau Property | | | |
| Exploration expenditures | | | |
| Drilling | \$ - | \$ 66,942 | \$ 66,942 |
| Geological | 87,111 | 638 | 87,749 |
| Geological report | 3,958 | | 3,958 |
| Maintenance payment | 11,890 | 6,370 | 18,260 |
| | \$ 102,959 | \$ 73,950 | \$ 176,909 |

DEEPROCK MINERALS INC.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

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4. EXPLORATION AND EVALUATION ASSETS (continued)

On April 5, 2017 and as amended on March 15, 2018 and June 30, 2018, the Company entered into an option agreement with Megastar Development Corp. (“Megastar”), whereby Megastar granted the Company the right to acquire a 50% interest in and to the Ralleau Property located in the Quevillon area of Quebec. In order to acquire the 50% interest in the Ralleau Property the Company shall pay \$100,000 in cash, issue 1,700,000 common shares of the Company and incur \$250,000 in eligible exploration work as follows:

(a) Cash payment of \$100,000 and issuance of 1,700,000 common shares as follows:

- (i) \$5,000 on or before the execution of this agreement (paid);
- (ii) \$5,000 (paid) and 600,000 common shares (issued) on the earlier of the exchange listing date or August 31, 2018;
- (iii) \$5,000 (paid) and 200,000 common shares (issued) on or before the first anniversary date of this agreement, April 5, 2018;
- (iv) \$10,000 (paid) and 400,000 common shares (issued) on or before the second anniversary date of this agreement, April 5, 2019;
- (v) \$75,000 and 500,000 common shares on or before the third anniversary date of this agreement, April 5, 2020.

(b) Exploration expenditures of \$250,000 on the Property as follows:

- (i) \$40,000 on or before May 30, 2017 (incurred);
- (ii) \$15,000 on or before July 31, 2017 (incurred);
- (iii) \$25,000 on or before October 31, 2018 (incurred);
- (iv) \$50,000 on or before the second anniversary date of this agreement, April 5, 2019 (incurred);
- (v) \$120,000 on or before the third anniversary date of this agreement, April 5, 2020. (subsequently incurred)

If the exploration expenditures incurred are less than the amount of the exploration expenditures required to be incurred in any period, the Company may at its option pay the deficiency to Megastar within sixty days after the end of such period in order to maintain the Option in good standing.

5. SHARE CAPITAL

a. Authorized

Unlimited Common shares without par value

DEEPROCK MINERALS INC.

Notes to the Condensed Interim Financial Statements

May 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

5. SHARE CAPITAL (continued)

b. Issued share capital

For the six months ended May 31, 2019:

On December 11, 2018, the Company issued 25,200 common shares pursuant to the exercise of 25,200 agent's options at \$0.05 per share for total proceeds of \$1,260.

On January 29 2019, the Company issued 600,000 common shares pursuant to an option agreement with Megastar fair valued at \$60,000.

On April 5, 2019, the Company issued 400,000 common shares pursuant to an option agreement with Megastar fair valued at \$20,000.

On May 22, 2019, the Company issued 2,482,000 flow-through units at a price of \$0.05 and 334,000 non-flow-through units at a price of \$0.05 per unit for total proceeds of \$140,800. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of \$0.10 per share expiring on November 21, 2020. Each non-flow-through unit consists of one non-flow-through common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of \$0.10 per share expiring on November 21, 2020. On July 19, 2019, 93,000 non-flow-through units were cancelled. The Company uses the residual method of valuing its warrants and have allocated \$28,160. There was no flow-through premium on the private placement.

For the year ended November 30, 2018:

On November 14, 2018, the Company completed its IPO of 5,000,000 common shares of the Company at \$0.10 per share for gross proceeds of up to \$500,000. The Company paid the Agent a cash commission of 7% of the gross proceeds from the IPO totalling \$35,000 and \$21,300 in out of pocket cost. The Company also pay the Agent a Work Fee of \$25,000 plus GST, which were paid by the issuance of 262,500 common shares of the Company at a price of \$0.10 per share. The Company issued 350,000 agents' warrants at an exercise price of \$0.10 per share for up to 24 months from the date of closing of the IPO. The agents' warrants were fair valued at \$17,500 using the Black-Scholes model based on the following assumptions: risk-free rate - \$2.21%; expected dividend – nil; expected life – 2 years; expected volatility – 100%.

On April 5, 2018, the Company issued 200,000 common shares pursuant to an option agreement with Megastar fair valued at \$20,000.

c. Stock options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

DEEPROCK MINERALS INC.

Notes to the Condensed Interim Financial Statements

May 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

5. SHARE CAPITAL (continued)

c. Stock options: (continued)

On September 19, 2017, the Company granted 875,000 stock options to consultants, directors and an officer of the Company at a price of \$0.10 per share expiring five years from the date on which the shares of the Company are first listed and called for trading on a Canadian stock exchange. The Company has recorded a fair value of \$17,500 or \$0.02 per option which was determined using the Black Scholes option pricing model with the following assumptions: \$0.0275 per share on grant date, 0.85% risk free rate, 0% dividend yield, 100% expected annualized volatility; 5 years expected stock option life and 0% forfeiture rate. Excepted annualized volatility was estimated based on reference to volatility of comparable companies. The Company recorded a stock based compensation charge of \$5,600 on November 14, 2018, date of listing. This transaction was recorded as a modification of stock options utilizing the Black-Scholes option pricing model with the following assumptions – \$0.10 per share on grant date, 2.27% risk-free rate, 0% dividend yield, 100% expected annualized volatility; 5 years expected stock option life and 0% forfeiture rate.

Stock options outstanding are as follows:

| | Number of Stock Options | Weighted Average Exercise Price |
|----------------------------|------------------------------------|--|
| Balance, November 30, 2018 | 875,000 | \$0.10 |
| Forfeited/cancelled | (500,000) | \$0.10 |
| Balance, May 31, 2019 | 375,000 | \$0.10 |

As at May 31, 2019, the Company has outstanding 375,000 stock options to directors of the Company at a price of \$0.10 per share expiring on November 14, 2023. As at May 31, 2019, the weighted average remaining life of the stock options was 4.46 years.

d. Share purchase warrants:

Share purchase warrants for the six months ended May 31, 2019 and the year ended November 30, 2018 are as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|-------------------------------------|-------------------------------|--|
| Balance, November 30, 2017 and 2018 | - | - |
| Issued | 1,408,000 | \$0.10 |
| Balance, May 31, 2019 | 1,408,000 | \$0.10 |

As at May 31, 2019, the Company has outstanding 1,408,000 share purchase warrants exercisable at \$0.10 per share expiring on November 21, 2020. As at May 31, 2019, the weighted average remaining life of the share purchase warrants was 1.48 years. On July 19, 2019, 46,500 share purchase warrants were cancelled

DEEPROCK MINERALS INC.

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May 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

5. SHARE CAPITAL (continued)

e. Agent's warrants:

Agent's warrant transactions for the six months ended May 31, 2019 and for the year ended November 30, 2018 are as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|----------------------------|-----------------------|------------------------------------|
| Balance, November 30, 2017 | 43,890 | \$0.05 |
| Issued | 350,000 | \$0.10 |
| Balance, November 30, 2018 | 393,890 | \$0.09 |
| Exercised | (25,200) | \$0.05 |
| Expired | (18,690) | \$0.05 |
| Balance, May 31, 2019 | 350,000 | \$0.10 |

The following Agent's warrants are outstanding as at May 31, 2019 are as follows:

| Expiry Date | Exercise Price | Number of Shares | Remaining Contractual Life (Years) |
|--|----------------|---------------------|--|
| November 14, 2020 | \$0.10 | 350,000 | 1.46 |
| Total | | 350,000 | |
| Weighted average remaining life of warrants outstanding as at May 31, 2019 | | | 1.46 |

d. Escrow:

Pursuant to an escrow agreement dated September 18, 2017, 4,337,330 common shares were placed into escrow to be released as to 10% on the Listing Date with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the Listing Date. On November 14, 2018, 10% of the escrow was released.

As at May 31, 2019, there were 3,252,998 (November 30, 2018 – 4,049,630) common shares held in escrow. The next escrow release will be on November 14, 2019.

DEEPROCK MINERALS INC.

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6. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to pay for general administrative costs, the Company will raise additional amounts as needed. The Company is not subject to any capital requirements imposed by a regulator. There has been no change in the Company's approach to capital management during the period ended May 31, 2019.

7. LOANS PAYABLE

As at May 31, 2019, external parties had temporarily advanced \$8,750 (November 30, 2018: \$15,625) to the Company in order to finance its short-term operating expenses. These loans are non-interest bearing and have no fixed terms of repayment.

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, notes receivable, due from/to related parties, accounts payable and accrued liabilities and loans payable. Cash is stated at fair value. The fair values of due from/to related parties, accounts payable, accrued liabilities and loans payable approximate their carrying values due to their short-term nature of these instruments.

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

The Company's credit risk was primarily attributable to bank balances. The Company limits its credit exposure on cash held in bank accounts by holding its key transactional bank accounts with banks of international financial institutions.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2019, the Company had cash balance of \$255,513 and current liabilities of \$149,471. All of the Company's financial liabilities are subject to normal trade terms. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short-term cash requirements.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

DEEPROCK MINERALS INC.

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(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

9. RELATED PARTY BALANCES AND TRANSACTIONS

The amounts due to/from related parties are non-interest bearing, unsecured and due on demand.

| Name | Relationship | May 31, 2019 | November 30, 2018 |
|----------------------------------|---|-----------------|----------------------|
| | | \$ | \$ |
| <u>Due from Related Party</u> | | | |
| 0999650 B.C. Ltd. | Controlled by Rodney Gelineau, a shareholder with significant influence | 2,363 | - |
| | | 2,363 | - |
| <u>Due to Related Parties</u> | | | |
| 0999650 B.C. Ltd. | Controlled by Rodney Gelineau, a shareholder with significant influence | - | 19,487 |
| Geoff Balderson | Former CFO | - | 21,075 |
| Harmony Corporate Services | Controlled by Geoff Balderson | - | 26,727 |
| 1011705 BC Ltd. | Common officers | 2,000 | - |
| Marjerrison Financial Management | Controlled by Paul Marjerrison, former CFO | 5,250 | - |
| Point Nexus | Controlled by Richard Shatto, Director | 22,825 | 17,325 |
| | | 31,575 | 84,614 |
| <u>Loans Payable</u> | | | |
| Point Nexus | Controlled by Richard Shatto, Director | 100 | 100 |
| Geoff Balderson | Former CFO | - | 3,100 |
| Continental Agro Trade Corp. | Common directors | 8,650 | 8,650 |
| 1011705 B.C. Ltd. | Common officers | - | 525 |
| | | 8,750 | 12,375 |

Included in accrued liabilities at May 31, 2019, are \$42,100 (November 30, 2018 - \$Nil) in unpaid consulting fees to directors and to current and former officers of the Company.

DEEPROCK MINERALS INC.

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(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Key Management Compensation

The Company considers its Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and its Directors to be key management. During the six months ended May 31, 2019 and 2018 the Company had the following charges to its key management.

| Name | Relationship | May 31, 2019 | May 31, 2018 |
|--|---|-----------------|-----------------|
| | | \$ | \$ |
| <u>Consulting fees</u> | | | |
| 0999650 B.C. Ltd. | Controlled by Rodney Gelineau, a shareholder with significant influence | 12,000 | 29,367 |
| Reams Enterprises/ Brooklyn Pacific | Controlled by Matthew Reams, President | 14,048 | - |
| Darrel Woronchak | Former President | - | 20,831 |
| Point Nexus | Controlled by Richard Shatto, Director | 26,000 | 15,422 |
| Marjerrison Financial Management | Controlled by Paul Marjerrison, CFO | 26,667 | - |
| Geoff Balderson | Former CFO | 1,000 | 6,000 |
| Harmony Corporate Services | Controlled by Geoff Balderson | 1,000 | 6,000 |
| Rockstar Capital Corp | Controlled by Pat O’Brien, CEO | 24,000 | - |
| | | 104,714 | 77,619 |

During the six months ended May 31, 2019, the Company was charged \$6,000 for office rent by 1011705 BC Ltd., a company related by a common officer.

These transactions above are in the normal course of operations and are measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

10. SEGMENTED INFORMATION

During the six-months ended May 31, 2019 and 2018, the Company had one reportable operating segment, being the acquiring, exploration and development of mineral properties in Canada.

DEEPROCK MINERALS INC.

Notes to the Condensed Interim Financial Statements

May 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

11. SUBSEQUENT EVENTS

On June 22, 2019, the Company issued 5,529,000 flow-through units at a price of \$0.05 and 759,000 non-flow-through units at a price of \$0.05 per unit for total proceeds of \$314,400. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of \$0.10 per share expiring on December 21, 2020. Each non-flow-through unit consists of one non-flow-through common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of \$0.10 per share expiring on December 21, 2020. The Company paid a cash finders fee of \$45,055.

On June 24, 2019, the Company entered into an agreement option agreement to acquire 100% interest in 13 mineral claims situated in Gloucester Count, Bathurst Mining Division, New Brunswick. ("Golden Gate Project") In order to acquire the 100% interest, the Company is required to pay \$170,000 in cash, issue 200,000 common shares of the Company and incur \$220,000 in exploration expenditures on or before the 4th anniversary of the CSE approval as follows:

Cash and share payments are as follows:

- a) Issue 200,000 common shares within 15 days of the approval of the agreement by the CSE;
- b) Pay \$30,000 in cash on or before the first anniversary of the CSE approval date;
- c) Pay \$40,000 in cash on or before the second anniversary of the CSE approval date;
- d) Pay \$50,000 in cash on or before the third anniversary of the CSE approval date; and
- e) Pay \$50,000 in cash on or before the fourth anniversary of the CSE approval date.

At the Company's discretion 50% of the cash payments can be paid out in shares based on the average share price of the last 10 trading days prior to the day the payment is made.

Exploration work commitment schedule:

- a) \$40,000 in accumulated exploration expenditure on or before the first anniversary of the CSE approval date;
- b) \$90,000 in accumulated exploration expenditure on or before the second anniversary of the CSE approval date;
- c) \$150,000 in accumulated exploration expenditure on or before the third anniversary of the CSE approval date; and
- d) \$220,000 in accumulated exploration expenditure on or before the fourth anniversary of the CSE approval date.