DEEPROCK MINERALS INC.

Financial Statements

For the years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
DeepRock Minerals Inc.

Opinion
I have audited the financial statements of DeepRock Minerals Inc. (the "Company"), which comprise the statements of financial position as at November 30, 2019 and November 30, 2018, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in equity for the years ended November 30, 2019 and November 30, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019 and November 30, 2018, and its financial performance and its cash flow for the years ended November 30, 2019 and November 30, 2018 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion
I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern
I draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $812,224 during the period ended November 30, 2019 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $1,356,243 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I are required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I are required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Adam Kim, CPA, CA.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Unit# 168 – 4300 North Fraser Way
Burnaby, BC, Canada V5J 5J8
March 10, 2020

DEEPROCK MINERALS INC.
Statements of Financial Position
November 30, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
	$	**$**
Assets		
Current		
Cash and cash equivalents	43,799	313,058
GST receivable	30,689	10,293
Prepaid expenses (Note 9)	325	-
	74,813	323,351
Exploration and evaluation asset (Note 4)	131,000	30,000
Total Assets	205,813	353,351
Liabilities		
Current		
Accounts payable (Note 9)	220,640	124,054
Accrued liabilities	93,800	11,500
Loan payable (Note 7)	8,650	15,625
	323,090	151,179
Shareholders' Equity		
Share capital (Note 5)	1,088,772	704,291
Reserve (Note 5)	150,194	41,900
Deficit	(1,356,243)	(544,019)
	(117,277)	202,172
Total Liabilities and Shareholders' Equity	205,813	353,351

Nature and Continuance of Operations (Note 1)
Commitments (Note 4)

Approved and authorized for issue by the Board of Directors on March 10, 2020:

"Richard Shatto"
Richard Shatto, Director

"Matthew Reams"
Matthew Reams, Director

The accompanying notes are an integral part of these Financial Statements

DEEPROCK MINERALS INC.
Statements of Loss and Comprehensive Loss
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
	$	$
Expenses		
Bank charges	1,211	106
Consulting fees (Note 9)	361,203	141,191
Exploration (Note 4)	354,579	26,982
Office expense	13,238	366
Professional fees	53,526	59,693
Stock based compensation (Notes 5 and 9)	-	5,600
Transfer agent and filing fees	26,800	38,373
Travel and promotion	1,667	-
	(812,224)	(272,311)
Other income		
Interest income	-	30
Net loss and total comprehensive loss for the year	(812,224)	(272,281)
Basic and diluted loss per common share	(0.04)	(0.03)
Weighted average number of common shares outstanding	19,470,064	9,408,524

The accompanying notes are an integral part of these Financial Statements

DEEPROCK MINERALS INC.
Statements of Changes in Shareholders' Equity (Deficit)
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

	Number of Shares #	Share Capital $	Reserve $	Deficit $	Total $
Balance, November 30, 2017	9,046,880	256,841	18,800	(271,738)	3,903
Cash					
Initial public offering	5,000,000	500,000	-	-	500,000
Share issue cost	-	(56,300)	-	-	(56,300)
Agent's shares issued	262,500	26,250	-	-	26,250
Share issue cost Agent's shares		(25,000)	-	-	(25,000)
Agent's warrants issued	-	(17,500)	17,500	-	-
Shares issued pursuant to mineral property agreement	200,000	20,000	-	-	20,000
Stock based compensation	-	-	5,600	-	5,600
Net loss and comprehensive loss for the year	-	-	-	(272,281)	(272,281)
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	9,011,000	359,530	91,040	-	450,570
Share issue cost	-	(45,055)	-	-	(45,055)
Agent's warrants issued	-	(18,000)	18,000	-	-
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
Shares issued pursuant to mineral property agreement	200,000	6,000	-	-	6,000
Net loss and comprehensive loss for the year	-	-	-	(812,224)	(812,224)
Balance, November 30, 2019	24,745,580	1,088,772	150,194	(1,356,243)	(117,277)

DEEPROCK MINERALS INC.
Statements of Cash Flows
For the years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
	$	$
Cash (used in) /provided by:		
Operating activities		
Net loss for the year	(812,224)	(272,281)
Items not affecting cash		
Consulting fees	-	50,596
Stock based compensation	-	5,600
	(812,224)	(216,085)
Change in non-cash working capital components		
GST receivable	(20,396)	1,944
Prepaid expense	(325)	-
Accounts payable	96,586	56,145
Accrued liabilities	82,300	(500)
Net cash provided by (used in) operating activities	(654,059)	(158,496)
Financing activities		
Loans payable	(6,975)	(2,725)
Shares issued for cash	451,830	500,000
Shares issue costs - cash	(45,055)	(56,300)
Net cash provided by financing activities	399,800	440,975
Cash flows from investing activities:		
Note receivable	-	25,500
Exploration and evaluation assets	(15,000)	(5,000)
Due from related parties	-	2,000
Net cash used in investing activities	(15,000)	22,500
Change in cash	(269,259)	304,979
Cash, beginning of the year	313,058	8,079
Cash, end of the year	43,799	313,058
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year:		
Interest expense	-	-
Income taxes	-	-
Non-cash transactions:		
GST receivable	-	1,250
Exploration and evaluation asset	86,000	20,000
Accounts payable	-	-
Share capital	86,000	21,250

The accompanying notes are an integral part of these Financial Statements

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 March 6, 2017, the Company changed its name to Deeprock Minerals Inc. 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 Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on December 1, 2014.

The head office and principal office of the Company is located at Suite 500, Park Place 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 November 30, 2019, the Company has not achieved profitable operations, has accumulated losses of $1,356,243 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").

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

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:

<u>Going concern</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Significant accounting judgments and estimates (continued)

Income taxes

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Stock based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 5.

b. Exploration and evaluation assets

The Company charges all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves to operations. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company may occasionally enter into option-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would otherwise be undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted as a gain on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at November 30, 2019, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

d. Impairment

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument’s original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in the income statement.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Impairment losses recognized for equity securities are not reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Shared-based payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant using the Black-Scholes valuation model and recorded as compensation expense in profit or loss, with a corresponding increase to reserves. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of stock options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments, along with the amounts reflected in reserves, is credited to share capital. Shares are issued from treasury upon the exercise of the equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was determined based on the historical trading prices of the Company.

f. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income 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 income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

g. Financial instruments

The Company has adopted IFRS 9 retrospectively as of December 1, 2018. Changes in accounting policies resulting from the adoption of IFRS 9 did not have a material impact on the Company's financial statements.

Financial Assets - Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL"), and
- Those to be measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial instruments (continued)

Financial Assets – Classification (continued)

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The company's cash are measured at amortized cost.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measures at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Consolidated Statement of Loss and Comprehensive Loss in the period which it arises.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial instruments (continued)

Financial Assets – Measurement (continued)

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities and loans payable as financial liabilities held at amortized cost.

h. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding is 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.

i. Accounting standards, interpretations and amendments to existing standards that are not yet effective.

<u>Accounting standards issued but not yet applied</u>

The following new standard and interpretation will be adopted December 1, 2019.

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.

The Company anticipate that there will be no material changes to the financial statements upon adoption.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

The following table summarizes the Company's mineral property assets as at November 30, 2019 and 2018 and the changes for the years then ended, and exploration expenditures for the years ended November 30, 2019 and 2018.

	Ralleau Property	Golden Gate Property	Total
Deferred costs			
Balance November 30, 2017	$ 5,000	$ -	$ 5,000
Shares issued (200,000 x $0.10)	20,000	-	20,000
Paid in cash	5,000	-	5,000
Balance, November 30, 2018	30,000	-	30,000
Shares issued (600,000 x $0.10)	60,000	-	60,000
Shares issued (400,000 x $0.05)	20,000	-	20,000
Paid in cash	15,000	-	15,000
Shares issued (200,000 x $0.03)	-	6,000	6,000
Balance, November 30, 2019	$ 125,000	$ 6,000	$ 131,000

	Total Cumulative expenditure to November 30, 2017	Exploration Expenditures November 30, 2018	Total cumulative expenditure to November 30, 2018	Exploration Expenditures November 30, 2019	Total cumulative expenditure to November 30, 2019
<u>Ralleau Property</u>					
Exploration expenditures					
Assays	$ -	$ -	$ -	$ 20,005	$ 20,005
Drilling	-	-	-	97,132	97,132
Field and miscellaneous	-	-	-	1,650	1,650
Geological	73,157	13,954	87,111	130,211	217,322
Geological report	2,820	1,138	3,958	-	3,958
Maintenance payment	-	11,890	11,890	8,896	20,786
Surveying	-	-	-	11,510	11,510
	75,977	26,982	102,959	269,404	372,363
<u>Golden Gate Property</u>					
Exploration expenditures					
Geological report	-	-	-	80,151	80,151
	-	-	-	80,151	80,151
Other					
Project investigation	-	-	-	5,024	5,024
Total	$ 75,977	$ 26,982	$ 102,959	$ 354,579	$ 457,538

4. EXPLORATION AND EVALUATION ASSETS (continued)

Ralleau Property

On April 5, 2017 and 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 and 600,000 common shares on the earlier of the exchange listing date or August 31, 2018; (issued and paid subsequent to November 30, 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 (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.

Golden Gate Project

On June 24, 2019, the Company entered into an option agreement with George Willett ("Optionor") 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 date as follows:

Cash and share payments are as follows:

a) Issue 200,000 common shares within 15 days of the approval of the agreement (issued);
b) Pay $30,000 in cash on or before August 22, 2020;
c) Pay $40,000 in cash on or before August 22, 2021;
d) Pay $50,000 in cash on or before August 22, 2022; and
e) Pay $50,000 in cash on or before August 22, 2023.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Golden Gate Project (continued)

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 August 22, 2020;
b) $90,000 in accumulated exploration expenditure on or before August 22, 2021;
c) $150,000 in accumulated exploration expenditure on or before August 22, 2022; and
d) $220,000 in accumulated exploration expenditure on or before August 22, 2023.

5. SHARE CAPITAL

a. Authorized

Unlimited Common shares without par value

b. Issued share capital

For the year ended November 30, 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 (Note 4).

On April 5, 2019, the Company issued 400,000 common shares pursuant to an option agreement with Megastar fair valued at $20,000 (Note 4).

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 22, 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. The Company issued 272,300 agents' warrants at an exercise price of $0.05 per share for up to 18 months expiring on November 22, 2020. The agents' warrants were fair valued at $5,400 using the Black-Scholes model based on the following assumptions: stock price of $0.04; risk-free rate – 1.53%; expected dividend – nil; expected life – 1.5 years; expected volatility – 100%. The Company entered into flow-through shares subscription agreement, whereby it was committed to incur $124,075 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada of which all were incurred by November 30, 2019.

5. SHARE CAPITAL (continued)

a. Issued share capital (continued)

For the year ended November 30, 2019: (continued)

On June 28, 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 27, 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 uses the residual method of valuing its warrants and have allocated $62,880. There was no flow-through premium on the private placement. The Company paid a cash finders fee of $45,055 and issued 628,800 agents' warrants at an exercise price of $0.05 per share for up to 18 months expiring on December 27, 2020. The agents' warrants were fair valued at $12,600 using the Black-Scholes model based on the following assumptions: stock price of $0.04; risk-free rate – 1.46%; expected dividend – nil; expected life – 1.5 years; expected volatility – 100%. The Company entered into flow-through shares subscription agreement, whereby it was committed to incur $276,395 of qualifying CEE as described in the Income Tax Act of Canada of which $225,257 was incurred by November 30, 2019.

On August 22, 2019, the Company issued 200,000 common shares pursuant to an option agreement to the Optionor on the Golden Gate project fair valued at $6,000 (Note 4).

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 (Note 4).

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

b. 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 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

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

Stock options outstanding are as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, November 30, 2017 and 2018	875,000	$0.10
Forfeited/cancelled	(500,000)	$0.10
Balance, November 30, 2019	375,000	$0.10

The following stock options are outstanding and exercisable as at November 30, 2019 are as follows:

Expiry Date	Exercise Price	Number of Shares	Remaining Contractual Life (Years)
November 14, 2023	$0.10	375,000	3.96
Total		375,000	
Weighted average remaining life of options outstanding as at November 30, 2019			3.96

c. Share purchase warrants:

Share purchase warrants for the years ended November 30, 2019 and 2018 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2017 and 2018	-	-
Issued	4,552,000	$0.10
Cancelled	(46,500)	$0.10
Balance, November 30, 2019	4,505,500	$0.10

(Expressed in Canadian dollars)

5. SHARE CAPITAL (continued)

c. Share purchase warrants: (continued)

The following Share purchase warrants are outstanding as at November 30, 2019 are as follows:

Expiry Date	Exercise Price	Number of Shares	Remaining Contractual Life (Years)
November 22, 2020	$0.10	1,361,500	0.98
December 27, 2020	$0.10	3,144,000	1.33
Total		4,505,500	
Weighted average remaining life of warrants outstanding as at November 30, 2019			1.05

d. Agent's Warrants:

Agent's warrant transactions for the years ended November 30, 2019 and 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
Issued	901,100	$0.05
Exercised	(25,200)	$0.05
Expired	(18,690)	$0.05
Balance, November 30, 2019	1,251,100	$0.07

The following Agent's warrants are outstanding as at November 30, 2019 are as follows:

Expiry Date	Exercise Price	Number of Shares	Remaining Contractual Life (Years)
November 14, 2020	$0.10	350,000	0.96
November 22, 2020	$0.05	272,300	0.98
December 27, 2020	$0.05	628,800	1.08
Total		1,251,100	
Weighted average remaining life of warrants outstanding as at November 30, 2019			1.02

5. SHARE CAPITAL (continued)

e. 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 November 30, 2019, there were 2,602,397 common shares held in escrow. The next escrow release will be on May 14, 2020.

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 year ended November 30, 2019.

7. LOANS PAYABLE

As at November 30, 2019, external parties had temporarily advanced $8,650 (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, accounts payable and accrued liabilities and loans payable. The fair values of cash, 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 firstly 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 November 30, 2019, the Company had cash balance of $43,799 and current liabilities of $323,090. 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 short term cash requirement.

8. FINANCIAL INSTRUMENTS (continued)

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Accrued liabilities are denominated in Canadian currency. Therefore, the Company's exposure to currency risk is minimal.

9. RELATED PARTY TRANSACTIONS

Name	Relationship	2019	2018
		$	$
Accounts payable			
0999650 B.C. Ltd.	Controlled by Rodney Gelineau, a shareholder with significant influence	-	19,487
Faith & Grace Capital Inc.	A company controlled by the common-law spouse of the former CEO	45,000	
Geoff Balderson	Former CFO	-	21,075
Harmony Corporate Services	Controlled by Geoff Balderson	-	26,727
Marjerrison Financial Management	Controlled by Paul Marjerrison, former CFO	5,250	-
Point Nexus	Controlled by Richard Shatto, President	23,325	17,325
Matthew Reams	Director, CFO	5,000	-
Rockstar Capital Corp	Company controlled by Pat O'Brien, former CEO	80,073	-
		158,648	84,614

Included in accrued liabilities at November 30, 2019, are $80,000 (2018 - $Nil) in accrued consulting fees to the President of the Company, to the former CFO of the Company and a signing bonus to the former CEO of the Company.

Name	Relationship	2019	2018
Loans payable		$	$
Point Nexus	Controlled by Richard Shatto	-	100
Geoff Balderson	Former CFO	-	3,100
Continental Agro Trade Corp.	Common former directors	8,650	8,650
1011705 B.C. Ltd.	Common director Richard Shatto	-	525
		8,650	12,375

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (continued)

Key management compensation

The Company considers its President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and its directors to be key management. During the years ended November 30, 2019 and 2018 the Company had the following charges to its key management.

Name	Relationship	2019	2018
		$	$
Consulting fees			
0999650 B.C. Ltd.	Controlled by Rodney Gelineau	14,363	57,938
Darrel Woronchak	Former President	-	20,831
Faith & Grace Capital Inc.	Controlled by the common-law spouse of the former CEO	46,150	-
Geoff Balderson	Former CFO	1,000	12,000
Harmony Corporate Services	Controlled by Geoff Balderson	1,000	12,000
Marjerrison Financial	Controlled by Paul Marjerrison, Former CFO	26,667	-
Point Nexus	Controlled by Richard Shatto, President	80,550	32,422
Brooklyn Pacific Capital Corp.	Controlled by Matthew Reams	9,048	-
Matthew Reams	Director and CFO	11,000	-
Rockstar Capital Corp	Controlled by Pat O'Brien, former CEO	121,000	-
		310,778	135,191
Stock based compensation			
Rodney Gelineau	Shareholder with significant influence	-	800
Richard Shatto	Director	-	800
Matthew Reams	Director	-	800
Craig Watters	Director	-	800
Geoff Balderson	Former CFO	-	800
Darrel Woronchak	Former President	-	800
		-	4,800
		310,778	139,991

Included in prepaid expenses is $325 (2018 - $Nil) paid to the President of the Company for advances on expenses.

During the year ended November 30, 2019, the Company was charged $4,000 for office rent by 1011705 BC Ltd., a company related by a Paul Marjerrison, former CFO of the Company.

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.

(Expressed in Canadian dollars)

10. SEGMENTED INFORMATION

During the years ended November 30, 2019 and 2018, the Company had one reportable operating segment, being the acquiring, exploration and development of mineral properties in Canada.

11. INCOME TAXES

The Company has accumulated non-capital losses. Tax attributes are subject to revision and potential adjustment by tax authorities.

A reconciliation of income taxes at statutory rates is as follows:

	2019	2018
	$	**$**
Loss for the period before income taxes	(812,224)	(272,281)
Expected income tax recovery at 27%	(219,300)	(73,500)
Tax effects of:		
Permanent difference and change in tax rate	-	1,500
Current tax attributes not recognized	219,300	72,000
	–	–

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

	2019	2018
	$	**$**
Substantively enacted tax rate	27%	27%
Deferred income tax assets:		
Non-capital losses	242,300	111,300
Share issue cost	24,300	19,600
Exploration and evaluation asset	130,300	34,500
	396,900	165,400
Less: Unrecognized deferred tax assets	(396,900)	(165,400)
	–	–

(Expressed in Canadian dollars)

11. INCOME TAXES (continued)

As at November 30, 2019, the Company has exploration and development expenses of approximately $613,000 (2018: $158,000) and non-capital losses of $897,400 (2018: $414,400) for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years, and if not utilized, expire as summarized below:

Year of Expiry	$
2035	6,900
2036	11,000
2037	135,400
2038	258,600
2039	485,500
Total	897,400

At November 30, 2019, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

The Company entered into flow-through shares subscription agreement during the year ended November 30, 2019, whereby it was committed to incur within a 24 month period a total of $400,470 of qualifying CEE as described in the Income Tax Act of Canada of which $349,332 was incurred to November 30, 2019.