66 RESOURCES CORP.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED NOVEMBER 30, 2018
AND FOR THE PERIOD FROM
INCORPORATION ON MAY 31, 2017 TO
NOVEMBER 30, 2017

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
66 Resources Corp.

We have audited the accompanying financial statements of 66 Resources Corp. which comprise the statements of financial position as at November 30, 2018 and 2017, and the statements of comprehensive loss, changes in equity and cash flows for the year ended November 30, 2018 and the period from incorporation on May 31, 2017 to November 30, 2017, and the related notes comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of 66 Resources Corp. as at November 30, 2018 and 2017, and its financial performance and its cash flows for the year ended November 30, 2018 and the period from incorporation on May 31, 2017 to November 30, 2017, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of 66 Resources Corp. to continue as a going concern.

/s/ Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
February 22, 2019

66 RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
As at

	Note	November 30, 2018	November 30, 2017
		$	$
ASSETS			
CURRENT			
Cash		128,070	64,126
Amounts receivable		13,098	5,032
Prepaid expenses		3,500	-
		144,668	69,158
EXPLORATION AND EVALUATION ASSET	5	223,127	97,828
		367,795	166,986
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	7	11,349	65,174
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	6	568,312	145,100
CONTRIBUTED SURPLUS	6	180,828	56,000
DEFICIT		(392,694)	(99,288)
		356,446	101,812
		367,795	166,986

NATURE OF BUSINESS AND GOING CONCERN (Note 1)

Approved and authorized for issue on behalf of the Board on February 22, 2019

"Michael Dake " Director *"David Grandy"* Director

The accompanying notes are an integral part of these financial statements

66 RESOURCES CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year ended November 30, 2018	Period ended November 30, 2017
		$	$
EXPENSES			
Management fees	7	36,000	15,000
Office and miscellaneous		3,451	1,470
Professional fees		92,089	19,964
Rent		22,834	6,854
Share-based payments	7, 6	98,348	56,000
Transfer agent and filing fees		29,586	-
Travel and promotion		11,098	-
NET LOSS AND COMPREHENSIVE LOSS		293,406	99,288
LOSS PER SHARE – Basic and diluted		0.05	0.06
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		6,255,670	1,586,542

The accompanying notes are an integral part of these financial statements

66 RESOURCES CORP.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Common Shares				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
Shares issued for cash	4,934,000	145,100	56,000	-	201,100
Net loss for the period	-	-	-	(99,288)	(99,288)
Balance, November 30, 2017	4,934,000	145,100	56,000	(99,288)	101,812
Shares issued for cash, net of share issue costs	3,398,398	378,212	26,480	-	404,692
Cancellation of shares	(600,000)	-	-	-	-
Shares issued for Champ Property (Note 5)	300,000	45,000	-	-	45,000
Stock-based payments	-	-	98,348	-	98,348
Net loss for the year	-	-	-	(293,406)	(293,406)
Balance, November 30, 2018	8,032,398	568,312	180,828	(392,694)	356,446

The accompanying notes are an integral part of these financial statements

66 RESOURCES CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended November 30, 2018	Period ended November 30, 2017
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	(293,406)	(99,288)
Item not involving cash:		
Share-based payments	98,348	56,000
Changes in non-cash working capital balances:		
Amounts receivable	(8,066)	(5,032)
Prepaid expenses	(3,500)	-
Accounts payable and accrued liabilities	(53,825)	36,069
Cash used in operating activities	(260,449)	(12,251)
INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(80,299)	(68,723)
FINANCING ACTIVITIES		
Issuance of common shares, net of share issue costs	404,692	145,100
INCREASE IN CASH	63,944	64,126
CASH, BEGINNING	64,126	-
CASH, ENDING	128,070	64,126
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

66 Resources Corp. ("the Company") was incorporated on May 31, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at November 30, 2018, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of $392,694 (2017- $99,288) as at November 30, 2018, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on February 22, 2019.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

c) Cash equivalents

Cash equivalents include short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of November 30, 2018 and 2017, the Company held no cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting years. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting year of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting year for changes in the underlying share price.

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Flow-through shares (continued)

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

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

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the year end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each year end date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At November 30, 2018 and 2017, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At November 30, 2018 and 2017, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

l) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter year. The Company's accounts payable are classified as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial liabilities (continued)

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At November 30, 2018 and 2017, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements 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 reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;

ii. the measurement of deferred income tax assets and liabilities; and

iii. the inputs used in accounting for share-based payments.

Significant accounting judgments

i. the determination of categories of financial assets and financial liabilities; and

ii. the evaluation of the Company’s ability to continue as a going concern.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

IFRS 15 *Revenue from Contracts with Customers*
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which supersedes IAS 18 – Revenue, IAS 11 – Construction Contracts and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers to determine how and when an entity should recognize revenue. The standard also provides guidance on whether revenue should be recognized at a point in time or over time as well as requirements for more informative, relevant disclosures. IFRS 15 is effective to the Company's annual period beginning December 1, 2018. The adoption of IFRS 15 is not expected to materially affect the Company's consolidated financial statements.

IFRS 9 *Financial Instruments*
The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The effective date is for the Company's annual period beginning December 1, 2018. The adoption of IFRS 9 is not expected to materially affect the Company's consolidated financial statements.

IFRS 2 *Share based payment*
In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for the Company's annual period beginning December 1, 2018. The adoption of this standard is not expected to materially affect the Company's consolidated financial statements.

IFRS 16 *Leases*
In January 2016, the IASB issued IFRS 16 – Leases, which supersedes IAS 17 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. IFRS 16 is effective for Company's annual period beginning December 1, 2019 with earlier adoption permitted, but only if also applying IFRS 15 – Revenue from Contracts with customers. The adoption of IFRS 16 is not expected to materially affect the Company's consolidated financial statements.

The Company does not expect the adoption of these standards and interpretations to have a significant impact on the financial statements of the Company.

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting years beginning on or after January 1, 2018, or later years. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list above.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	$	$	$
Balance, date of incorporation on May 31, 2017	-	-	-
Acquisition and exploration costs	10,000	87,828	97,828
Balance, November 30, 2017	10,000	87,828	97,828
Acquisition and exploration costs	45,000	80,299	125,299
Balance, November 30, 2018	55,000	168,127	223,127

Champ Property

Pursuant to an option agreement (the “Agreement”) dated August 24, 2017, the Company was granted an option to acquire a 100% undivided interest in the Champ Property (the “Property”) located in the Greenwood Mining District of British Columbia.

In accordance with the Agreement, the Company acquired a 100% undivided interest in the Property by issuing a total of 300,000 common shares of the Company and making a payment of $10,000.

The optionor retains a 2% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for $1,000,000 and the remaining 1% for $1,000,000 at any time during the five year period starting from the date of commencement of commercial production.

6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

During the year ended November 30, 2018, the Company entered into an escrow agreement, whereby 2,100,000 common shares will be held in escrow and are scheduled for release in accordance with the terms of the escrow agreement. As at November 30, 2018, 1,350,000 common shares were held in escrow.

c) Issued and Outstanding

As at November 30, 2018: 8,032,398 (2017 - 4,934,000) common shares were issued and outstanding.

For the year ended November 30, 2018, the Company had the following share capital transactions:

(i) On February 28, 2018, the Company issued 148,398 common shares at a price of $0.15 per share for gross proceeds of $22,260.

(ii) On April 30, 2018, 600,000 shares were cancelled and returned to treasury for proceeds of $nil.

6. SHARE CAPITAL (continued)

c) Issued and Outstanding (continued)

(i) On June 13, 2018, the Company issued 3,000,000 common shares at a price of $0.15 per share for gross proceeds of $450,000. The Company also incurred share issue costs of $80,068. In conjunction with the private placement, 240,000 warrants were issued as finders fees, exercisable at a price of $0.15 per share for a period of two years. The fair value of the warrants was estimated to be $26,480. These warrants are not subject to any hold period.

(ii) On June 13, 2018, the Company issued 300,000 common shares with a fair value of $45,000 as part of the option agreement for the Champ Property (Note 5).

(iii) On October 31, 2018, the Company issued 250,000 common shares for gross proceeds of $12,500.

For the period from incorporation on May 31, 2017 to November 30, 2017, the Company had the following share capital transactions:

(i) On September 14, 2017, the Company issued 1,600,000 common shares at a price of $0.005 per share for gross proceeds of $8,000. The fair value of the 1,600,000 common shares was estimated to be $64,000. Accordingly, the Company recorded share-based payments of $56,000 and a corresponding increase to contributed surplus.

(ii) On October 1, 2017, the Company issued 3,300,000 units at a price of $0.04 per unit for gross proceeds of $132,000. Each unit consists of one common share and one-half share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at $0.04 per share for 1 year. The expiry date of the warrants commences when the Company has listed its securities on the CSE Exchange. 1,875,000 of those common shares were issued on a flow-through basis. The Company is committed to spend the proceeds of these flow-through shares on eligible mineral exploration and evaluation expenditures, with $75,000 having been spent from the date of issuance to November 30, 2017.

(iii) On November 30, 2017 the Company issued 34,000 common shares at a price of $0.15 per common share for gross proceeds of $5,100 .

For the purposes of the calculating the tax effect of any premium related to the issuance of the flow-through shares, the Company reviewed recent financings and compared it to determine if there was a premium paid on the shares. As a result of the review the Company did not recognize any premium on the flow-through shares issued.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

d) Warrants

A continuity of the warrants outstanding as at November 30, 2018 and 2017 is as follows:

	Number	Weighted average exercise price $
Balance, date of incorporation on May 31, 2017	-	-
Issued	1,650,000	0.04
Balance, November 30, 2017	1,650,000	0.04
Issued	240,000	0.15
Expired	(1,650,000)	0.04
Balance, November 30, 2018	240,000	0.15

A listing of warrants outstanding as at November 30, 2018 is as follows:

	Number	Weighted average exercise price	Weighted average years outstanding
June 13, 2018	240,000	$0.15	1.50

The inputs used in the Black-Scholes calculation for the 2018 warrants are as follows:

	2018
Share price	$0.15
Risk-free dividend rate	1.88%
Expected life of warrants	2
Dividend rate	0.00%
Annualized volatility	156%

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

d) Stock options

During the period ended November 30, 2018, the Company adopted a Stock Option Plan (the "Plan"). Under the Plan, the Company can issue up to 10% of the issued and outstanding common shares as incentive stock options to directors, officers, employees and consultants to the Company. The Plan limits the number of stock options which may be granted to any one individual to not more than 5% of the total issued common shares of the Company in any 12 month period. The Plan also limits the stock options which may be granted to any one individual if the exercise would result in the issuance of common shares more than 2% in any 12 month period. The number of options granted to any one consultant or a person employed to provide investor relations activities in any 12 month period must not exceed 2% of the total issued common shares of the Company. As well, stock options granted under the Plan may be subject to vesting provisions as determined by the Board of Directors.

On December 29, 2017, the Company granted 700,000 stock options to certain directors and officers of the Company at an exercise price of $0.20 for a period of ten years from the date of grant. On February 22, 2018 the number of stock options was reduced to 665,000 and on April 19, 2018 the exercise price was reduced to $0.15. The fair value of these options was calculated to be $98,348. The remaining expected life as at November 30, 2018 is 9.17 years.

A continuity of the options outstanding as at November 30, 2018 and 2017 is as follows:

	Number	Weighted average exercise price $
Balance, November 30, 2017 and date of incorporation May 31, 2017	-	-
Issued	665,000	0.15
Balance, November 30, 2018	665,000	0.15

The inputs used in the Black-Scholes calculation for the 2018 stock options are as follows:

	2018
Share price	$0.15
Risk-free dividend rate	2.14%
Expected life of options	10
Dividend rate	0.00%
Annualized volatility	156%

(Expressed in Canadian dollars)

7. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had incurred the following key management personnel cost from related parties:

	Year ended November 30, 2018	Period ended November 30, 2017
	$	$
Management fees	36,000	15,000
Share-based payments	98,348	56,000
Total	134,348	71,000

The Company had an outstanding balance for management fees as at November 30, 2017 of $10,500 which is included in accounts payable.

Management fees and share-based payments were incurred from a director and a company owned by a director of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

8. INCOME TAXES

The Company has losses carried forward of approximately $241,000 (2017- $43,000) available to reduce income taxes in future years which expire starting in 2037.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward years to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	Year ended November 30, 2018	Period ended November 30, 2017
Canadian statutory income tax rate	27%	26%
	$	$
Income tax recovery at statutory rate	(80,000)	(26,000)
Effect of income taxes of:		
Permanent differences	27,000	15,000
Change in deferred tax assets not recognized	53,000	11,000
Deferred income tax recovery	-	-

8. INCOME TAXES (continued)

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	November 30, 2018	November 30, 2017
	$	$
Non-capital loss carry forwards	64,000	11,000
Deferred tax assets not recognized	(64,000)	(11,000)
	-	-

9. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash, which is classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short years of maturity of these instruments.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair Value of Financial Instruments (continued)

Assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as at November 30, 2018 are as follows:

As at November 30, 2018	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Cash	128,070	-	-	128,070

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at November 30, 2018 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short - term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.