SPEY RESOURCES CORP.

FINANCIAL STATEMENTS

FOR THE PERIODS ENDED

NOVEMBER 30, 2018 AND 2017

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Spey Resources Corp.

We have audited the accompanying financial statements of Spey 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 for the period from incorporation on July 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 based on our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Spey Resources Corp. as at November 30, 2018 and 2017, and its financial performance and cash flows for the year ended November 30, 2018 and for the period from incorporation on July 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 Spey Resources Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
March 28, 2019

SPEY RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT NOVEMBER 30
(Expressed in Canadian dollars)

	Note	2018	2017
		$	$
ASSETS			
CURRENT			
Cash		170,721	48,769
Amounts receivable		7,241	5,854
Deferred financing costs	6	-	20,000
		177,962	74,623
EXPLORATION AND EVALUATION ASSET	5	117,179	85,093
		295,141	159,716
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	7	28,914	3,146
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	6	442,536	184,000
CONTRIBUTED SURPLUS	6	138,325	30,000
DEFICIT		(314,634)	(57,430)
		266,227	156,570
		295,141	159,716

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENT (Note 11)
SUBSEQUENT EVENTS (Note 12)

Approved and authorized for issue on behalf of the Board on March 28, 2019

"Tracy Mabone " Director *"Marshall Farris"* Director

The accompanying notes are an integral part of these financial statements

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

	Note	**Year ended November 30, 2018**	**Period ended November 30, 2017**
		$	$
EXPENSES			
Consulting fees		30,000	12,500
Management fees	7	10,500	-
Office		16,112	7,126
Professional fees		96,812	2,950
Rent		13,953	4,854
Share-based payments	7, 6(c,d)	73,059	30,000
Transfer and filing fees		16,768	-
NET LOSS AND COMPREHENSIVE LOSS		(257,204)	(57,430)
LOSS PER SHARE – Basic and diluted		(0.03)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		8,916,438	6,813,008

The accompanying notes are an integral part of these financial statements

SPEY 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	3,840,000	102,000	30,000	-	132,000
Shares issued for cash (flow-through)	4,100,000	82,000	-	-	82,000
Net loss for the period	-	-	-	(57,430)	(57,430)
Balance, November 30, 2017	7,940,000	184,000	30,000	(57,430)	156,570
Shares issued for cash	3,500,000	350,000	-	-	350,000
Share issuance costs	-	(101,464)	24,375	-	(77,089)
Shares issued for exploration and evaluation asset	100,000	10,000	-	-	10,000
Share-based payments included in exploration and evaluation asset	-	-	10,891		10,891
Share-based payments	-	-	73,059	-	73,059
Net loss for the year	-	-	-	(257,204)	(257,204)
	11,540,000	442,536	138,325	(314,634)	266,227

The accompanying notes are an integral part of these financial statements

SPEY 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 for the period	(257,204)	(57,430)
Item not involving cash:		
Share-based payments	73,059	30,000
	(184,145)	(27,430)
Changes in non-cash working capital balances:		
Increase in amounts receivable	(1,387)	(5,854)
Increase in accounts payable and accrued liabilities	25,768	3,146
Cash used in operating activities	(159,764)	(30,138)
INVESTING ACTIVITIES		
Exploration and evaluation asset	(11,195)	(85,093)
FINANCING ACTIVITIES		
Deferring financing costs	-	(20,000)
Issuance of common shares, net	292,911	184,000
Cash provided by financing activities	292,911	164,000
INCREASE IN CASH	121,952	48,769
CASH, BEGINNING	48,769	-
CASH, END	170,721	48,769
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid	-	-
Income taxes paid	-	-
NON-CASH TRANSACTIONS		
Fair value of agent warrants issued as share issuance costs	24,375	-
Shares and options issued for exploration and evaluation asset	20,891	-

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Spey Resources Corp. ("the Company") was incorporated on July 31, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 900 - 580 Hornby Street, Vancouver, British Columbia, Canada.

During the year, the Company completed its initial public offering ("IPO") and the common shares commenced trading on the Canadian Securities Exchange under the symbol "SPEY" on August 24, 2018 ("Listing").

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.

The Company has not generated revenue and has had a deficit of $314,634 as at November 30, 2018. The Company's operations have been funded by the issuance of equity. These factors form a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. 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 March 28, 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 periods 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, 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 periods. 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 period 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 period for changes in the underlying share price.

f) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) 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.

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.

h) 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.

i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) 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 period. 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.

k) 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 period 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 period end date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) 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, 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, 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.

m) Financial liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial liabilities (continued)

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 period. 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 period. The Company's accounts payable are classified as other financial liabilities.

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, 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 period. 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 period in which the estimate is revised and future periods if the revision affects both current and future periods. 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.

<u>Effective for annual periods beginning on January 1, 2018</u>

IFRS 2 Share-based Payment
The amendments clarify the classification and measurement of share-based payment transactions.

IFRS 9 Financial Instruments – Classification and Measurement
IFRS 9 is the first step in the process to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is a new standards which supersedes *IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers*, and *SIC 31 – Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

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

<u>Effective for annual periods beginning on January 1, 2019</u>

New standard IFRS 16 Leases
IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The Company is currently evaluating the impact of this adoption on the Company's financial statements.

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 periods beginning on or after December 1, 2017, or later periods. 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

	2017	Additions	2018
	$	$	$
Acquisition costs:			
Cash option payment	5,000	-	5,000
Shares issued	-	10,000	10,000
Total acquisition costs	5,000	10,000	15,000
Exploration costs:			
Assaying and samples	1,828	1,602	3,430
Accommodation and meals	9,360	1,320	10,680
Data	4,200	-	4,200
Equipment rentals	15,000	1,800	16,800
Fuels and other costs	1,491	573	2,064
Geological and related services	44,400	5,900	50,300
Management fees	3,814	-	3,814
Share-based payments	-	10,891	10,891
Total exploration costs	80,093	22,086	102,179
Total acquisition and exploration costs	85,093	32,086	117,179

Standfast Wigwam Property

Pursuant to an option agreement (the “Agreement”) dated July 31, 2017, the Company was granted an option to acquire a 100% undivided interest in the Standfast Wigwam Property (the “Property”) located in the Revelstoke Mining Division in British Columbia.

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling $155,000, and incurring a total of $500,000 in exploration expenditures as follows:

	Common Shares	Cash	Exploration Expenditures
	#	$	$
Upon execution of the Agreement (paid)	-	5,000	-
Upon listing of the Company’s common shares on the Canadian Securities Exchange (the “Listing”) (issued)	100,000	-	-
On or before the first anniversary of the Listing	100,000	-	-
On or before the second anniversary of the Listing	100,000	20,000	100,000
On or before the third anniversary of the Listing	100,000	30,000	100,000
On or before the fourth anniversary of the Listing	200,000	100,000	300,000
Total	600,000	155,000	500,000

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for $750,000 and the remaining 2% for $1,000,000 at any time prior to the 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:

As at November 30, 2018, the Company has 3,870,000 common shares held in escrow and are scheduled for release in accordance with the terms of the escrow agreement.

c) Issued:

During the year ended November 30, 2018:

(i) The Company completed an IPO and issued 3,500,000 common shares at $0.10 per share for gross proceeds of $350,000. The Company paid $35,000 as cash commission and issued 350,000 agent warrants with fair value of $24,375 as finder's fees to the agent. The Company also paid the agent a corporate finance fee of $20,000 and the agent's reasonable expenses associated with the IPO in the amount of $22,089, of which $20,000 was recorded as deferred financing costs for the period ended November 30, 2017.

(ii) The Company issued 100,000 common shares with a fair value of $ 10,000 as a payment on the Property as described in Note 5.

During the period ended November 30, 2017:

(i) The Company issued 2,000,000 common shares at a price of $0.005 per share for gross proceeds of $10,000. The fair value of the 2,000,000 common shares was estimated to be $40,000. Accordingly, the Company recorded share-based payments of $30,000 and a corresponding increase to contributed surplus.

(ii) The Company issued 4,100,000 flow-through common shares at a price of $0.02 per share for gross proceeds of $82,000.

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. As at November 30, 2017, the Company had spent and renounced $82,000 in eligible expenditures.

(iii) The Company issued 1,840,000 common shares at a price of $0.05 per share for gross proceeds of $92,000.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

d) Stock options

During the year ended November 30, 2018, the Company adopted a Stock Option Plan ('Plan') for directors, officers and employees, consultants of the Company. The Company may grant options to individuals, options are exercisable over periods of up to ten years, as determined by the Board of Directors of the Company, to buy shares of the Company at the fair market value on the date the option is granted. The maximum number of shares which may be issuable under the Plan can not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis.

On December 21, 2017 the Company granted 790,000 stock options with estimated fair value of $73,059 to the directors and officers of the Company. The options vested on grant date and are exercisable at $0.10 per share until 5 years from the Listing date (August 24, 2018).

On November 5, 2018, the Company granted 140,000 stock options to a consultant of the Company. The options vested on grant date and are exercisable at $0.10 per share until November 4, 2023. As the consultant is solely responsible for the Standfast Wigwam Property, the estimated fair value of $10,891 has been capitalized as exploration and evaluation asset.

The weighted average fair value of options granted during the 2018 year end was $0.09 per share which was estimated using the Black-Scholes pricing model with the following assumptions:

Weighted share price	$0.10
Weighted average risk free interest rate	1.95%
Weighted average expected life	5 years
Weighted average expected volatility	157%
expected dividends	0%
Weighted average expected forfeiture rate	Nil

The following table summarizes stock option transactions:

	Number of options	Weighted average exercise price
		$
Exercisable and outstanding, incorporation date and November 30, 2017	-	-
Granted	930,000	0.10
Exercisable and outstanding, November 30, 2018	930,000	0.10

The following table summarizes the outstanding and exercisable stock options as at November 30, 2018 is:

Exercise price	Number of options	Expiry date
$ 0.10	790,000	December 21, 2022
$ 0.10	140,000	November 5, 2023

The weighted average remaining useful life of outstanding options is 4.19 years as at November 30, 2018.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

d) Warrants

In connection with the IPO, the Company issued 350,000 agent warrants as finder's fees which are included in share issuance costs. The warrants are exercisable at $0.10 per share until August 23, 2020. The fair value of the agent warrants was estimated at $ 24,375 using Black-Scholes option pricing model with the following assumptions:

Share price	$0.10
Risk free interest rate	2.10%
Expected life	5 years
Expected volatility	143%
Expected dividends	0%
Expected forfeiture rate	Nil

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.

As at November 30, 2018, included in accounts payable and accrued liabilities was $2,000 (2017 - $Nil) due to the CEO of the Company. The amount is unsecured, non-interest bearing and due on demand.

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	10,500	-
Share-based payments	73,059	30,000
	83,559	30,000

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

During the year ended November 30, 2018, the Company recorded share-based payments of $73,059 for the 790,000 stock options granted to its officers and directors of the Company.

During the period ended November 30, 2017, the Company issued 2,000,000 common shares for $10,000 that had an estimated fair value of $40,000 (see Note 6c) to the directors and officers of the Company. Accordingly, it has recorded share-based payments of $30,000.

(Expressed in Canadian dollars)

8. INCOME TAXES

The Company has losses carried forward of approximately $227,000 available to reduce income taxes in future years which begin to expire 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 periods 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	(69,445)	(14,932)
Effect of income taxes of:		
Permanent differences	(930)	7,800
Income tax rate change	(274)	(158)
Change in deferred tax assets not recognized	70,649	7,290
Deferred income tax recovery	-	-

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	61,288	7,290
Share issuance costs	16,651	-
Deferred tax assets not recognized	(77,939)	(7,290)
	-	-

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 and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

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:

	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	170,721	-	-	170,721

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.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(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.

(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.

11. COMMITMENT

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 5.

12. SUBSEQUENT EVENTS

i) On January 1, 2019, the Company entered into an advisory consulting agreement with an independent contractor ("contractor") whereby the contractor will provide advisory consulting, and financing introductions and other services related to mineral properties to the Company for a 5 month period ending May 31, 2019. The Company will pay a monthly fee of $5,000 to the contractor.

ii) On January 1, 2019, the Company entered into a consulting agreement with the President of the Company for a monthly fee of $5,000 for a period of 12 months with an automatic renewal term of one year. On January 10, 2019, the Company granted 224,000 stock options to the President of the Company. The options vested on the grant date, are exercisable at $0.10 per share for a period of 5 years.

12. SUBSEQUENT EVENTS (continued)

iii) On January 11, 2019, the Company entered into an option agreement whereby the Company has the option to acquire an undivided 100% interest in New Vanadium property, located in the area of San Juan county, Utah, USA by making cash payments totalling $310,000 and issuing 3,500,000 common shares of the Company over a 3 and 4 year period, respectively, to the Optionor. The Company subsequently issued 500,000 common shares in January 2019 according to the payment schedule. The Company is also to make an additional payment of $1,000,000 either in cash or common shares of the Company on or before the date of commencement of commercial production.

The Optionor will retain a 2% Net Smelter Returns ("NSR") royalty on the New Vanadium property. The Company has the right to purchase the 75% of the NSR royalty for $500,000 per each 25% of NSR at any time prior to the commencement of commercial production and the Optionor will retain the remaining 0.5%.