SPEY RESOURCES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED MAY 31, 2019

(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors

SPEY RESOURCES CORP.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	May 31, 2019 (Unaudited)	November 30, 2018 (Audited)
ASSETS		
CURRENT		
Cash	$ 71,900	$ 170,721
Amounts receivable	6,811	7,241
Prepaid expenses	-	–
	78,711	177,962
DEFERRED FINANCING COSTS	-	-
EXPLORATION AND EVALUATION ASSET (Note 5)	238,047	117,179
	$ 316,758	$ 295,141
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 12,226	$ 28,914
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	573,536	442,536
CONTRIBUTED SURPLUS	158,325	138,325
DEFICIT	(427,329)	(314,634)
	304,532	266,227
	$ 316,758	$ 295,141

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS (Note 10)

Approved and authorized for issue on behalf of the Board on July 30, 2019

_______________ Director _______________ Director

The accompanying notes are an integral part of these financial statements

SPEY RESOURCES CORP.
CONDENSED INTERIM STATEMENT OF LOSS & COMPREHENSIVE LOSS
(Expressed in Canadian dollars) UNAUDITED

	Notes		For the Three Months Ended February 28		For the Six Months Ended May 31	
			2019	**2018**	**2019**	**2018**
Expenses						
Marketing & Promotion		$	8,358	-	18,078	-
Share based compensation			20,000	-	32,000	-
Legal			-	-	7,531	-
Management & Consulting			10,250	-	33,250	-
Office & Miscellaneous			839		3,886	
Professional Fees			-		1,499	
Registrar and Transfer Agent			2,500		11,451	
Rent			834		5,000	
Net loss and comprehensive loss		**$**	**42,781**	**-**	**122,695**	**-**
Weighted average number of common shares outstanding			11,962,222	7,940,000	12,316,500	7,940,000
Basic and diluted net loss per share		$	(0.00)	(0.00)	(0.01)	(0.00)

The accompanying notes are an integral part of these financial statements

SPEY RESOURCES CORP.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian dollars) UNAUDITED

	Common Shares				
	Number of Shares	Amount $	Contributed Surplus $	Deficit $	Total $
Balance November 30, 2017	7,940,000	184,000	30,000	(57,430)	156,570
Shares issued for cash	3,500,000	248,536	24,375		272,911
Shares issued for exploration and evaluation asset	100,000	10,000	-	-	10,000
Share base payments included in exploration and evaluation asset	-	-	10,891	-	10,891
Share base payments	-	-	73,059	-	73,059
Net loss for the period	-	-	-	(257,204)	(257,204)
Balance, November 30, 2018	11,540,000	442,536	138,325	(314,634)	226,227
Shares issued for cash	1,350,000	81,000	-	-	81,000
Shares issued for exploration and evaluation asset	500,000	50,000	-	-	-
Share base payments	-		32,000	-	32,000
Net loss for the period				(112,695)	(112,695)
Balance, May 31, 2019	13,390,000	573,536	170,325	(427,329)	226,532

The accompanying notes are an integral part of these financial statements

SPEY RESOURCES CORP.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(Expressed in Canadian dollars) UNAUDITED

		May 31, 2019 (Unaudited) 1	May 31, 2018 (Unaudited)\
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss for the period		$ (110,696)	$
Item not involving cash:			
Share-based payments	–	$ 32,000	
Changes in non-cash working capital balances:			
Amounts receivable		430	
Prepaid expenses		-	–
Accounts payable and accrued liabilities		(18,688)	
Cash used in operating activities		(96,954)	
INVESTING ACTIVITIES			
Exploration and evaluation asset expenditures		(70,868)	
FINANCING ACTIVITIES			
Issuance of common shares		81,000	
Deferred finance cost			
INCREASE IN CASH		(86,822)	
CASH, BEGINNING OF PERIOD		170,721	
CASH, END OF PERIOD		$71,900	
SUPPLEMENTAL CASH DISCLOSURES			
Interest paid		-	$ –
Income taxes paid		-	$ –
Shares issued for exploration and evaluation asset		50,000	$ –

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 1315 Moody Avenue, North Vancouver, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at May 31, 2019, the Company had not yet determined whether the Company’s mineral property assets contain 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 $425,329 as at May 31, 2019, 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) The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting (“IAS34”) using accounting policies consistent with the International Financial Reporting Standards (”IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended November 30, 2018 and the quarterly Unaudited Financial Statements of the Company for the period ended February 28, 2019.

   The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards (”IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretation of the International Financial Reporting Interpretation Committee (“IFRIC”).

   The financial statements were authorized for issue by the Board of Directors on October 29, 2018.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 May 31, 2019, the Company held no cash equivalents.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

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 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.

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 May 31, 2019, 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 May 31, 2019, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 May 31, 2019, 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.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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.

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.

<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 extent of the impact of the adoption of these standards and interpretations on the financial statements of the Company has not been determined.

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 July 1, 2016, 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) (UNAUDITED)

5. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	**Exploration Costs**	**Total**
	$	$	$
Balance, November 30, 2018	-	-	-
Acquisition and exploration costs	15,000	102,179	117,179
Cash Option Payment	59,956		59,956
Shares issued for exploration asset	50,000		50,000
Balance, May 31, 2019	109,956	102,179	227,135

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 “SW 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 SW 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 a Canadian Stock 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
On or before the fifth anniversary of the Listing	-		-
Total	600,000	155,000	500,000

Uravan Property

Pursuant to an option agreement (the “Agreement”) dated January 11, 2019, the Company was granted an option to acquire a 100% interest in the Uravan Property (the “Uravan Property”) located in the La Sal area, San Juan County, Utah, USA.

In accordance with the Agreement, the Company has the option to acquire a 100% interest in the Uravan Property by issuing a total of 3,500,000 common shares of the Company to the Optionors and making cash payments totaling US$310,000 as follows:

(Expressed in Canadian dollars) (UNAUDITED)

	Common Shares	**Cash**
	#	$
Within 5 days of the filing of the Option Agreement with the CSE (the "Filing Date") (paid)	500,000	US 35,000
On or before that date that is 12 months from the Filing Date	500,000	US 50,000
On or before that date that is 24 months from the Filing Date	500,000	US 75,000
On or before that date that is 36 months from the Filing Date	1,000,000	US 150,000
On or before that date that is 48 months from the Filing Date	1,000,000	
Total	3,500,000	US 310,000

An additional payment of US 1,000,000 either in cash or common shares of the Company on or before 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:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At as May 31, 2019, there were 3,225,000 common shares are held in escrow.

c) Issued and Outstanding as at May 31, 2019: 13,390,000 common shares.

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

(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 5,940,000 common shares at a prices of $0.02 and $0.05 per share for gross proceeds of $184,000. 4,100,000 of those common shares were issued on a flow-through basis.

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) (UNAUDITED)

(iii) The Company issued 3,500,000 common shares at a price of $0.10 per share pursuant to a prospectus for gross proceeds of $350,000.

(iv) The Company issued 100,000 common shares at a deemed price of $0.10 for the SW Property.

During the period ended May 31, 2019, the Company has the following share capital transactions:

(v) the Company issued 500,000 common share at a deemed price of $0.10 for the Uravan Property.

(vi) the Company issued 1,350,000 common shares at a price of $.06 per common shares pursuant to a private placement.

(d) Stock Options

During the period 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 cannot 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 to certain directors and officers of the Company at an exercise price of $0.10 for a period of five years from the date of grant (August 24, 2018).

On November 5, 2018, the Company granted 140,000 stock options to a consultant of the Company at an exercise price of $0.10 for a period of 5 years from the date of grant.

On January 10, 2019, the Company granted 224,000 stock options to a director of the Company at an exercise price of $0.10 for a period of 5 years from the date of grant.

On April 15, 2019, the Company granted 150,000 stock options to a director of the Company at an exercise price of $0.10 for a period of 5 years from the date of grant.

The weighted average fair value of the options for the period ended May 31, 2019 was $76,936 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 the stock option transactions:

(Expressed in Canadian dollars) (UNAUDITED)

Exercisable and outstanding as at May 31, 2019,

	Number of Options	**Weighted average exercise price**
As at November 30, 2018	930,000	$0.10
Granted January 19, 2019	224,000	$0.10
Granted April 15, 2019	150,000	$0.10
Exercisable and outstanding, May 31, 2019	1,304,000	$0.10

(Expressed in Canadian dollars) (UNAUDITED)

The following table summarizes the outstanding and exercisable stock options as at February 28, 2019:

Exercise price	**Number of Options**	**Expiry Date**
$0.10	790,000	December 21, 2022
$0.10	140,000	November 5, 2023
$0.10	224,000	January 10, 2024
$0.10	150,000	April 15, 2024

6. SHARE CAPITAL (continued)

f) Warrants

A Summary of the Company's share purchase warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, November 30, 2018	350,000	$0.10
Granted April 9, 2019	1,350,000	$0.10
Outstanding and exercisable, May 31, 2019	1,700,000	$0.10

On August 23, 2018 the Company issued 350,000 agent warrants related to the IPO. The agent warrants are exercisable at $0.10 per share and expire on August 23, 2020.

The fair value of the warrants was estimated at $24,375 using the Black-Scholes option pricing model with the following assumptions:

Share price	$0.10
Risk – free interest rate	2.10%
Expected life of warrants	2 years
Dividend rate	0%
Annualized volatility	143%

On April 9, 2019, the Company issued 1,350,000 warrants pursuant to a private placement. The warrants are exercisable at $0.10 per share and expire on April 10, 2020.

The fair value of the warrants was estimated at $37,800 using the Black-Scholes option pricing model with the following assumptions:

Share price	$0.10
Risk – free interest rate	2.10%
Expected life of warrants	1 year
Dividend rate	0%
Annualized volatility	143%

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 May 31, 2019, included in accounts payable and accrued liabilities was $2,000 (February 28, 2019 - $12,000) due to the CEO of the Company. The amount is unsecured, non-interest bearing and due on demand.

Related Party Participation in Private Placement

Marshall Farris, CEO, Corporate Secretary and a director of the Company, purchased 200,000 Units and his participation is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("**MI 61-101**"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the securities to be distributed in the Private Placement nor the consideration to be received for those securities, in so far as the Private Placement involves Mr. Farris, exceeds $2,500,000. The Company did not file a material change report more than 21 days before the expected closing of the Private Placement as the details of the Private Placement and the participation therein by related parties of the Company were not settled until shortly prior to closing and the Company wished to close on an expedited basis for sound business reasons.

Early Warning Disclosure

Prior to the issuance of the units, Mr. Farris held 2,550,000 Common Shares. Following completion of the Private Placement, Mr. Farris now has control and direction over an aggregate of 2,750,000 Common Shares, Warrants exercisable to acquire 200.000 Common Shares and Stock Options exercisable to acquire 275,000 Common Shares. The Common Shares controlled by Mr. Farris represent approximately 20.54% of the outstanding Common Shares of the Company.

(Expressed in Canadian dollars) (UNAUDITED)

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

	Period ended May 31, 2019	**Period ended November 30, 2018**
	$	$
Management Fees	23,000	10,500
Share-based payments	32,000	73,059
Total	55,000	83,559

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. 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.

9. 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 May 31, 2019 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	71,900	–	–	71,900

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at May 31, 2019 because of the demand nature or short-term maturity of these instruments.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

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.

(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.

10. COMMITMENTS

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