LIONS BAY MINING CORP.

Financial Statements

For the period from incorporation April 25, 2018 to October 31, 2018

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lions Bay Mining Corp.

We have audited the accompanying financial statements of Lions Bay Mining Corp., which comprise the statement of financial position as at October 31, 2018 and the statements of comprehensive loss, changes in shareholders' deficit and cash flows for the period from incorporation on April 25, 2018 to October 31, 2018, and 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, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 the auditor's 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, the auditor considers 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 audit 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 Lions Bay Mining Corp. as at October 31, 2018, and its financial performance and its cash flows for the period from incorporation on April 25, 2018 to October 31, 2018 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Lions Bay Mining Corp.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
February 15, 2019

Lions Bay Mining Corp.
Statement of Financial Position
(Expressed in Canadian dollars)

As at		October 31, 2018
ASSETS		
CURRENT ASSETS		
Cash	$	15,649
GST receivable		3,228
Prepaid expenses (note 5)		14,862
		33,739
Mineral property interests (note 6)		75,004
TOTAL ASSETS	**$**	**108,743**
LIABILITIES AND SHAREHOLDERS'S DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (notes 7 and 8)	$	69,600
Due to related party (note 8)		115,060
TOTAL LIABILITIES		184,660
SHAREHOLDERS' DEFICIT		
Share capital (note 9)		75,004
Reserves (note 9)		10,305
Deficit		(161,226)
TOTAL SHAREHOLDERS' DEFICIT		(75,917)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	**$**	**108,743**

Subsequent event *(Note 13)*

These financial statements were authorized for issue by the Board of Directors on February 15, 2019. They are signed on the Company's behalf by:

/s/ Jeremy Poirier ________________________________,

Director

/s/ William Heenan ________________________________,

Director

The accompanying notes are an integral part of these financial statements

Lions Bay Mining Corp.
Statement of Comprehensive Loss
(Expressed in Canadian dollars)

		From Incorporation, April 25, 2018 to October 31, 2018
EXPENSES		
General and administrative expenses	$	413
Management and consulting fees (note 8)		69,000
Meals and entertainment		1,520
Professional fees		59,860
Share based compensation (note 9)		10,305
Transfer agent, regulatory and listing fees		294
Travel and accommodation		19,834
COMPREHENSIVE LOSS	**$**	**161,226**
Loss per share, basic and diluted	$	0.05
Weighted average number of common shares outstanding		3,061,111

The accompanying notes are an integral part of these financial statements

Lions Bay Mining Corp.
Statement of Shareholders' Deficit
(Expressed in Canadian dollars)

	Number of outstanding shares		Share capital		Reserve		Deficit		Total shareholders' deficit
			$		$		$		$
Balance, April 25, 2018 (date of incorporation)	**-**		**-**		**-**		**-**		**-**
Shares issued pursuant to Arrangement	5,510,000		75,004		-		-		75,004
Share based compensation	-		-		10,305		-		10,305
Comprehensive loss	-		-		-		(161,226)		(161,226)
Balance, October 31, 2018	**5,510,000**	**$**	**75,004**	**$**	**10,305**	**$**	**(161,226)**	**$**	**(75,917)**

The accompanying notes are an integral part of these financial statements

Lions Bay Mining Corp.
Statement of Cash Flows
(Expressed in Canadian dollars)

		From Incorporation, April 25, 2018 to October 31, 2018
OPERATING ACTIVITIES		
Net loss	$	(161,226)
Items not involving cash:		
Share based compensation		10,305
Net changes in non-cash working capital items:		
GST receivable		(3,228)
Prepaid expenses		(14,862)
Accounts payable and accrued liabilities		69,600
Due to related parties		63,000
Cash used in operating activities		(36,411)
FINANCING ACTIVITIES		
Advances from related parties		52,060
Cash provided by financing activities		**52,060**
Change in cash		15,649
Cash, beginning		-
Cash, end	**$**	**15,649**

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Lions Bay Mining Corp. (the “Company”) was a wholly-owned subsidiary of Bearing Lithium Corp. (“Bearing”) and was incorporated on April 25, 2018, pursuant to the provisions of the Business Corporations Act of BC. The Company is a mineral exploration company. The Company adopted October 31 as its fiscal year end. Effective November 20, 2018, the Company’s shares are traded on the Canadian Securities Exchange (the “CSE”) under the symbol “LBM”. The registered and records office is located at Suite 2600, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1.

On July 19, 2018, the Board of Directors of Bearing approved a statutory arrangement (the “Arrangement”) where it distributed the shares of the Company to the shareholders of Bearing on the basis of 0.049921 of the Company’s shares for 1 common share of Bearing. The arrangement resulted in participating shareholders of Bearing holding, immediately following completion of the arrangement, 50% of the outstanding common shares in proportion to their holdings of common shares of Bearing and Bearing holding the remaining 50%. In accordance with the terms of the Arrangement, each holder of Bearing’s options and warrants is entitled to receive a replacement option and warrant, each replacement option or warrant entitles the holder to acquire 0.049921 common share of the Company. At the time of the Arrangement, Bearing had a total of 185,228 outstanding warrants and 3,835,000 outstanding options. As a result of the Arrangement, the Company issued 5,510,000 shares, 191,446 stock options and 9,246 warrants.

Prior to the distribution, Bearing transferred, to the Company, its interest in 81 lode claims (the “Fish Lake Project”) located in Fish Lake Valley, central-western Nevada as well as the Bearing’s interest in 4 additional mineral properties located in the Yukon, Canada.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

(c) Going concern of operation

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company’s ability to continue as a going concern and realize the carrying value of its assets is dependent on its ability to raise capital through equity and debt financing, the outcome of which cannot be predicted at this time. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional and reporting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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 Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

ii. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

ii. Impairment of exploration and evaluation assets or cash-generating units ("CGU") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

iii. The measurement of identifiable assets acquired pursuant to the Arrangement, assumed at fair value on the date of acquisition and the allocation of the purchase consideration over the fair value of the assets acquired is subject to management estimation and judgment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Exploration and evaluation assets

Exploration and evaluation costs include costs to acquire rights to explore, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

Expenditures relating to exploration activities are expensed as incurred and expenditures relating to pre-extraction activities are expensed as incurred until such time proven or probable reserves are established for that project, after which subsequent expenditures relating to development activities for that particular project are capitalized as incurred.

Where proven and probable reserves have been established, the project's capitalized expenditures are depleted over proven and probable reserves using the units-of production method upon commencement of production. Where proven and probable reserves have not been established, the project's capitalized expenditures are depleted over the estimated extraction life using the straight-line method upon commencement of extraction. The Company has not established proven or probable reserves for any of its projects.

Proceeds from the sale of properties or cash proceeds received from option payments are recorded as a reduction of the related mineral property interest.

The carrying values of exploration and evaluation assets are assessed for impairment by management whenever indicators of impairment exist. An impairment loss is recognized if it is determined that the carrying value exceeds the recoverable amount.

c) Asset impairment

The Company performs impairment tests on mineral properties, when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on project by project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

d) Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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 to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. These costs are charged against profit or loss over the economic life of the related asset through amortization using either the unit-of-production or the straight line method. 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 based on a pre-tax rate that reflects the time value of money are used to calculate the net present value. 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.

f) Share-based compensation

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. 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 reserves.

g) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to reserves. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in reserves is transferred to share capital. Charges for options or warrants that are cancelled or expire are reclassified from reserves to deficit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

i) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	New classification IFRS 9
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Amounts due to related parties	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost.

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost.

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

(Expressed in Canadian dollars)

4. RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 16, *Leases*, specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The Company does not anticipate the adoption of this standard to have a significant impact on the Company's financial statements. This standard is effective for periods beginning on or after January 1, 2019.

5. PREPAID EXPENSES

Prepaid expenses include a $13,500 payment made to the CSE relating to the listing application.

6. MINERAL PROPERTY INTERESTS

On July 19, 2018, immediately prior to the closing of the Arrangement, the Company and Bearing entered into an Asset Purchase Agreement pursuant to which the Company acquired Bearing's interest in the Fish Lake Project located in Nevada, USA and Bearing's interests in the HY and Jay, VM and VBA properties located in the Yukon, Canada (collectively, the "North America Assets").

	Fish Lake Valley	Yukon	Total
Balance, April 25, 2018	**$ -**	**$ -**	**$ -**
Additions	75,000	4	75,004
Balance, October 31, 2018	**$ 75,000**	**$ 4**	**$ 75,004**

Fish Lake Valley property

On May 2, 2018, Bearing entered into an Option Agreement with First Division Ventures Inc. ("First Division") whereby First Division has the option to acquire a 50% interest in the Fish Lake Project (the "Option Agreement"). Bearing transferred its interest in the Fish Lake Project and the Option Agreement to the Company under the Asset Purchase Agreement.

Pursuant to the Option Agreement, in order to exercise its option, First Division was required to make a cash payment in the initial amount of $20,000 and issue 20,000 common shares to the Company (both of which have been completed), and thereafter issue an additional 3,000,000 common shares to the Company on or before September 25, 2020. First Division must incur an aggregate of $1,500,000 in exploration expenditures on the Fish Lake Project as follows: (a) $60,000 on or before September 25, 2018 (incurred); (b) $440,000 on or before September 25, 2019; and (c) $1,000,000 on or before September 25, 2020. If First Division exercises the Option, the Company and First Division will form a joint venture on terms to be negotiated by the parties.

(Expressed in Canadian dollars)

6. MINERAL PROPERTY INTERESTS (continued)

Yukon

The Company acquired, from Bearing, the HY (subject to a 2% Net Smelter Return "(NSR")) and Jay, VM, and VBA properties. As part of these properties, the Company acquired royalties on properties owned by Aben Resources Ltd. (a 2% NSR on the VF property) and Precipitate Gold Corporation (a 2% NSR on the Jay East Property).

On January 3, 2017, Bearing entered into an agreement with Golden Predator Mining Corp. ("Golden"), pursuant to which Golden has agreed to purchase all of the Company's interest in certain mineral claims in the Yukon Territory. As partial consideration for the purchase agreement, Golden will pay an aggregate fee of $275,000, payable over 48 months from the execution date of the purchase agreement. In addition, Golden will issue shares according to the following schedule:

i. 35,000 common shares on date of execution with a fair value of $21,700 (received by Bearing)
ii. 50,000 common shares 8 months after date of execution with a fair value of $44,000 (received by Bearing); and
iii. Common shares equal to $100,000 on the 26 month anniversary of the execution date; and
iv. Common shares equal to $250,000 on the 32 month anniversary of the execution date; and
v. Common shares equal to $250,000 on the 48 month anniversary of the execution date.

As part of the Arrangement between the Company and Bearing, related to the acquisition by the Company of the Yukon properties, the Company will be the beneficiary of any amounts paid by Golden as well as any share issuance as stated in the agreement.

Under the terms of the agreement, Golden will also grant to the Company a 2% NSR on certain claims and a 1% NSR on the remaining claims. Golden has the right to re-purchase 50% of the NSR for $1,000,000 at any time.

As of July 19, 2018, the effective date of the Arrangement, Bearing had received $30,000 and 85,000 common shares as part of the agreement with Golden.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		October 31, 2018
Accounts payable	$	3,874
Accrued liabilities		65,726
	$	69,600

8. RELATED PARTY TRANSACTIONS

The Company and Bearing, its former parent company, entered into an Arrangement described in Note 1. The Arrangement provides for the transfer from Bearing of mineral property interests (note 6) to the Company, a wholly-owned subsidiary, and the immediate distribution of a controlling interest in the common shares of the Company to the shareholders of Bearing as at July 19, 2018. The shareholders of Bearing, at the completion of the Arrangement, continued to collectively own the interest in Bearing's assets, albeit through an altered corporate structure.

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS (continued)

Key management compensation

Key management consists of the Officers and Directors who are responsible for planning, directing and controlling the activities of the Company. For the period ended October 31, 2018, the following expenses were incurred to the Company's key management:

		October 31, 2018
Management and consulting fees	$	9,000
Share based compensation		9,618
	$	18,618

As at October 31, 2018, included in accounts payable and accrued liabilities is $9,000 owing to related parties. The amount is non-interest bearing and has no terms of repayments.

During the period ended October 31, 2018, the Company incurred management and consulting fees of $60,000 to Bearing. As at October 31, 2018 the Company was indebted to Bearing for a total of $115,060. The amount is unsecured, non-interest bearing, and due on demand.

9. SHARE CAPITAL

(a) Authorized common shares

Unlimited number of common shares without par value authorized for issue.

(b) Issued

During the period from April 25, 2018 to October 31, 2018, the Company issued 5,510,000 pursuant to the Arrangement (note 1).

(c) Stock options

The Company has a stock option plan (the "Plan") that permits the grant of share purchase options up to 10% of the issued and outstanding common shares of the Company to directors, officers, key employees and consultants. Terms and pricing of options are determined at the date of grant in accordance with the Plan.

During the period from April 25, 2018 to October 31, 2018, the Company issued 191,446 fully vested replacement stock options pursuant to the Arrangement. The Company also recorded share-based compensation of $10,305 related to 450,000 options granted during the period ended October 31, 2018.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

(c) Stock options (continued)

Stock option transactions and the number of stock options outstanding are summarized below:

	Number	Weighted Average Exercise Price $
Balance, April 25, 2018	**-**	**N/A**
Replacement options pursuant Arrangement	191,446	0.028
Options granted	450,000	0.025
Balance, October 31, 2018	**641,446**	0.026

Date of Expiry	Exercise Price	Number of Options Issued and Exercisable
August 1, 2019	$0.010	1,248
October 24 to 30, 2021	$0.013	29,953
December 2, 2021	$0.025	6,240
January 4, 2022	$0.025	6,240
January 5, 2022	$0.027	6,240
January 6, 2022	$0.029	11,232
January 9, 2022	$0.029	2,496
May 25, 2022	$0.041	7,488
October 10, 2021	$0.043	2,496
October 6 to 10, 2021	$0.040	63,898
October 31, 2021	$0.038	7,488
May 4, 2022	$0.019	46,427
July 5, 2023	$0.025	450,000
Balance, October 31, 2018		**641,446**

As of October 31, 2018, the weighted average remaining life for outstanding options was 4.47 years.

The Company used the following assumptions for the Black Scholes Option Pricing Model:

	2018
Risk-free interest rate	2.02%
Estimated annualized volatility based on comparable companies	152.40%
Expected life	5
Expected dividend yield	nil
Exercise price	$ 0.025
Fair value	$ 0.021
Share price	$ 0.025

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

(d) Brokers' warrants

During the period from April 25, 2018 to October 31, 2018, the Company issued 9,246 replacement stock purchase warrants pursuant to the Arrangement:

	Number	Weighted Average Exercise Price
		$
Balance, April 25, 2018	**-**	**-**
Replacement warrants pursuant to the Arrangement	9,246	0.04
Balance, October 31, 2018	**9,246**	**0.04**

		Number of Warrants
Expiry Date	Exercise Price	October 31, 2018
December 10, 2018	$0.04	9,246
Balance, October 31, 2018		**9,246**

Subsequent to October 31, 2018, all outstanding warrants expired.

(e) Reserves

The reserve records items recognized as share based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

10. INCOME TAX

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

		2018
Canadian statutory income tax rate		27%
Income tax recovery at statutory rate	$	(41,919)
Tax effect of:		
Permanent differences and other		2,877
Unrecognized deferred income tax assets		39,042
Deferred income tax recovery	$	-

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		2018
Deferred income tax assets		
Non-capital losses	$	39,042
Net deferred income tax asset	$	39,042

As at October 31, 2018, the Company has non-capital losses carried forward of approximately $150,000 which are available to offset future years' taxable income expiring in 2038.

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS

Fair value

As at October 31, 2018, the Company's financial instruments consist of cash, accounts payable, and amount due to related party. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities recorded at fair value as of October 31, 2018 were calculated as follows:

	October 31, 2018	
	Carrying amount	Fair value
Financial assets		
Loans and receivables:		
Cash	$ 15,649	$ 15,649
Total financial assets	$ 15,649	$ 15,649
Financial liabilities		
At amortized cost:		
Accounts payable	$ 3,874	$ 3,874
Due to related party	115,060	115,060
Total financial liabilities	$ 118,934	$ 118,934

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The functional and reporting currency of the Company is the Canadian dollar. The Company is not exposed to significant foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The does not have significant exposure to credit risk.

11. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at October 31, 2018, the Company is not exposed to significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date.

As of October 31, 2018, the Company had cash of $15,649, accounts payable of $3,874, and amounts due to related party of $115,060. The Company's accounts payable and accrued liabilities are due within 90 days. The amounts due to related party are due on demand. The Company addresses its liquidity through debt and equity financing obtained through the sale of common shares and the exercise of warrants and options. There is no assurance that it will be able to do so in the future.

12. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at October 31 2018, the Company does not have any externally imposed capital requirements. The Company defines its capital as share capital and reserves. The Company has financed its capital requirements primarily through share issuances, option grants, warrant issuances and obtaining loans. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or obtain new loans.

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. The Company will need to raise additional funds since its current cash position is not sufficient to cover its anticipated operating budget for the next twelve months. Given sentiment and capital market conditions in the mining sector, there exists a material uncertainty as to the Company's ability to raise additional funds on favorable terms in order to continue as a going concern.

13. SUBSEQUENT EVENT

Subsequent to October 31, 2018, the Company issued 5,000,000 units for total proceeds of $500,000. Each unit consists of one common share and one share purchase warrant exercisable for a period of two years at an exercise price of $0.10 per share. The Company also issued 122,100 finders warrants exercisable for a period of two years at an exercise price of $0.10 per share.