***A copy of this preliminary prospectus has been filed with the securities regulatory authority in British Columbia, Alberta, and Ontario but has not yet become final. Information contained in this preliminary prospectus may not be complete and may have to be amended.***

***This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.***

**PRELIMINARY PROSPECTUS**

**New Issue** May 21, 2019

# BLUE LAGOON RESOURCES INC.

610 – 700 West Pender Street, Vancouver, BC V6C 1G8

**4,030,500 Common Shares on Exercise of 4,030,500 Outstanding Special Warrants**

This prospectus (the "**Prospectus**") qualifies the distribution of 4,030,500 common shares (each, a "**Special Warrant Share**") of Blue Lagoon Resources Inc. (the "**Company**") to be distributed, without additional payment, upon the exercise or deemed exercise of 4,030,500 issued and outstanding special warrants (each, a "**Special Warrant**") of the Company.

**The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the securities under this Prospectus upon the exercise or deemed exercise of the Special Warrants.**

The Special Warrants were issued by the Company on a private placement basis, in two tranches, (the "**Special Warrant Private Placement**") on November 30, 2018 (the "**First Closing Date**") and December 3, 2018 (the "**Second Closing Date**") (together, the "**Closing Dates**"). The Company issued an aggregate of 4,030,500 Special Warrants at a price of $0.10 per Special Warrant and received gross proceeds of $403,050 from the sale of the Special Warrants. Each Special Warrant entitles the holder to acquire, without further payment, one Common Share and will automatically convert at 5:00 p.m. (Vancouver time) on the date that is the earlier of: (a) the third business day after the date on which a receipt (the "**Receipt**") for a final prospectus to qualify for distribution the Special Warrant Shares has been issued; and (b) one year from the First Closing Date. Upon exercise or deemed exercise of the Special Warrants, and without additional payment therefor, the Company will issue 4,030,500 Special Warrant Shares.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted on any stock exchange or quotation service.

Concurrently with the filing of this Prospectus, the Company intends to apply to list its issued and outstanding Common Shares, the Special Warrant Shares qualified under this Prospectus and all other Common Shares issuable as described in this Prospectus on the Canadian Securities Exchange (the "**Exchange**").

**There is currently no market through which any of the securities being distributed under this Prospectus, may be sold, and purchasers may not be able to resell such securities acquired hereunder. This may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices, the liquidity of such securities and the extent of issuer regulation. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Information".**

**An investment in securities of the Company involves a high degree of risk and must be considered speculative due to the nature of the Company's business and the present stage of exploration of its mineral property. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully**

**reviewed and considered by investors in connection with an investment in the Company's securities. See "Risk Factors".**

**No underwriter has been involved in the preparation of the Prospectus or performed any review or independent due diligence of the contents of the Prospectus.**

As at the date of this prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Notwithstanding that this Prospectus is being filed to qualify the distribution of all securities issuable upon the exercise or deemed exercise of the Special Warrants, in the event that a holder of Special Warrants exercises such securities prior to the date that the Receipt is received by the Company, the securities issued upon exercise of such Special Warrants will be subject to statutory hold periods under applicable securities legislation and shall bear such legends as required by applicable securities laws.

Investors should rely only on the information contained in this Prospectus and the documents incorporated by reference herein. The Company has not authorized anyone to provide investors with information different from that contained in this Prospectus. The information contained in the Prospectus is accurate only as of the date of this Prospectus.

The Company's head office is located 610 – 700 West Pender Street, Vancouver, BC V6C 1G8. The Company's registered office is located at 6th Floor, 905 West Pender Street, Vancouver, BC, V6C 1L6.

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## GLOSSARY

The following is a glossary of certain terms used in this Prospectus. Terms and abbreviations used in the financial statements of the Company may be defined separately and the terms defined below may not be used therein.

"**2017 Report**" means the previous NI 43-101 technical report on the Property entitled "Technical Report on the RD Cobalt Property, British Columbia, Canada", with an effective date of November 18, 2017, prepared by the Author for Primary Cobalt Corp (now Primary Energy Metals Inc.).

"**Author**" means Jeffrey J. Reeder, P. Geo, the author of the Technical Report;

"**Board**" means the Board of Directors of the Company;

"**Closing Dates**" mean November 30, 2018 and December 3, 2018;

"**Common Shares**" means the common shares in the capital of the Company and "**Common Share**" means any one of them;

"**Company**" means Blue Lagoon Resources Inc.;

**"Effective Date"** means the date of the Exchange bulletin giving notice that the Common Shares of the Company have been approved for listing on the Exchange.

"**Escrow Agent**" means Odyssey Trust Company, a trust company incorporated under the *Loan and Trust Corporation Act* (Alberta);

"**Escrow Agreement**" means the NP 46-201 escrow agreement dated [◆] among the Escrow Agent, the Company and various Principals and shareholders of the Company;

"**Exchange**" means the Canadian Securities Exchange;

"**First Closing Date**" means November 30, 2018;

"**Listing Date**" means the date on which the Common Shares of the Company are listed for trading on the Exchange;

"**Net Smelter Return**" or "**NSR**" means a 2% net smelter royalty interest in the Property held by DG Resource Management Ltd., a company incorporated under the laws of the Province of Alberta, as more particularly described in the Property Agreement.

"**NI 41-101**" means National Instrument 41-101 *General Prospectus Requirements* of the Canadian Securities Administrators;

"**NI 43-101**" means National Instrument 43-101 *Standards of Disclosure for Mineral Properties* of the Canadian Securities Administrators;

"**NI 52-110**" means National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators;

"**NI 58-101**" means National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators;

"**NP 46-201**" means National Policy 46-201 *Escrow for Initial Public Offerings* of the Canadian Securities Administrators;

"**NP 58-201**" means National Policy 58-201 *Corporate Governance Guidelines* of the Canadian Securities Administrators;

"**Offering**" means the offering of 4,030,500 Special Warrant Shares of the Company as described in this Prospectus;

"**Option Plan**" means the Company's stock option plan adopted on December 14, 2018 by the Board, and providing for the granting of incentive options to the Company's directors, officers, employees and consultants in accordance with the rules and policies of the Exchange;

"**PEM**" means Primary Energy Metals Inc, a company incorporated under the laws of the Province of British Columbia.

"**Principal**" of an issuer means:

(a) a person or company who acted as a promoter of the issuer within two years before the prospectus;

(b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the prospectus;

(c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's initial public offering; or

(d) a 10% holder – a person or company that:

(i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's initial public offering, and

(ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries;

"**Property**" or "**Golden Wonder Property**" means the claims comprising the the Golden Wonder Property located in west central British Columbia, in which the Company will acquire a 100% interest upon the closing of the Property Agreement, subject to the NSR.

"**Property Agreement**" means the Property Purchase Agreement entered into between the Company and PEM, dated April 18, 2019, pursuant to which the Company will acquire a 100% interest in the Property, subject to the NSR.

"**Private Placement**" means the non-brokered private placement financing by the Company conducted on February 27, 2017, and consisting of an aggregate of 1,000,000 Common Shares at a price of $0.02 per Share;

"**Prospectus**" means the preliminary or final prospectus with respect to the Offering, as the case may be;

"**Qualified Person**" means an individual who:

(a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;

(b) has experience relevant to the subject matter of the Property and of the Technical Report; and

(c) is in good standing with a professional association and, in the case of a foreign association listed in Appendix A of NI 43-101, has the corresponding designation in Appendix A of NI 43-101;

"**Second Closing Date**" means December 3, 2018;

"**Special Warrant**" means a special warrant issued by the Company entitling the holder the right to acquire, without additional payment, one Special Warrant Share for each Special Warrant held, the issuance of which Special Warrant Shares is qualified under this Prospectus;

"**Special Warrant Private Placement**" means the private placement closed by the Company in two tranches of an aggregate of 4,030,500 Special Warrants at a price of $0.10 per Special Warrant for total gross proceeds of $403,050. Each Special Warrant entitles the holder to acquire, without further payment, one Common Share and will automatically convert on the earlier of: (a) the third business day after the date on which a receipt for a final prospectus to qualify for distribution the Special Warrant Shares has been issued; and (b) one year from the First Closing Date;

"**Special Warrant Shares**" means the 4,030,500 Common Shares of the Company issued on exercise or deemed exercise of the Special Warrants, qualified under this Prospectus; and

"**Technical Report**" means the report on the Property prepared for the Company by the Author, in accordance with NI 43-101.

## CURRENCY

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to $ are to Canadian dollars.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain statements in this Prospectus may constitute forward-looking information, future oriented financial information, or financial outlooks (collectively, "forward looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this Prospectus, the Company's future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue" or other similar expressions concerning matters that are not historical facts and include, but are not limited in any manner to, those with respect to commodity prices, mineral resources, mineral reserves, realization of mineral reserves, existence or realization of mineral resource estimates, the timing and amount of future production, the timing of construction of any proposed mine and process facilities, capital and operating expenditures, the timing of receipt of permits, rights and authorizations, and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions, as such matters may be applicable. In particular, this Prospectus contains forward-looking statements pertaining to the following:

- Proposed expenditures for exploration work, and general and administrative expenses (see "Property Description and Location" and " Use of Available Funds" for further details);

- Expectations generally about the Company’s business plans and its ability to raise further capital for corporate purposes; and

- Treatment under applicable governmental regimes for permitting and approvals (see "Risk Factors").

Such forward-looking statements are based on a number of material factors and assumptions, and include the ultimate determination of mineral reserves, if any, the availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop and operate any proposed mine, access to adequate services and supplies, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to capital and debt markets and associated costs of funds, availability of a qualified work force, and the ultimate ability to mine, process and sell mineral products on economically favourable terms. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in this Prospectus. See "Risk Factors". Forward-looking statements are based upon management's beliefs, estimates and opinions on the date the statements are made and, other than as required by law, the Company does not intend, and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

Upon becoming a reporting issuer, the Company intends to discuss in its quarterly and annual reports referred to as the Company's Management's Discussion & Analysis documents, any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in the Prospectus. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Investors are cautioned against placing undue reliance on forward-looking statements.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.*

**Principal Business of the Company:** The Company is currently engaged in the business of exploration of mineral properties in Canada. Upon closing of the Property Agreement, the Company will acquire the 100% right, title and interest in and to the Property, subject to the NSR. The Company's objective is to explore and, if warranted, develop the Property. It is the intention of the Company to remain in the mineral exploration business. Should the Property not be deemed viable, the Company shall explore opportunities to acquire interests in other properties. See "Description of the Business".

**Management, Directors & Officers:**

| | |
|---|---|
| Rana Vig | President, Chief Executive Officer, Corporate Secretary, and Director |
| Carmelo Marrelli | Chief Financial Officer |
| Gurdeep Bains | Director |
| Norman Brewster | Director |

See "Directors and Executive Officers".

**The Property:** The Property is an exploration stage property that consists of five mineral claims, totaling approximately 7,180 hectares in west central British Columbia, in the Hazleton area. See "The Golden Wonder Property".

**Special Warrants:** This Prospectus is being filed to qualify the distribution in British Columbia, Alberta, and Ontario of 4,030,500 Shares issuable to the holders of a total of 4,030,500 Special Warrants, upon the automatic exercise of those Special Warrants. The Special Warrants will automatically convert at 5:00 p.m. on the date that is the earlier of: (a) the third business day after the date on which a receipt for a final prospectus to qualify for distribution the Special Warrant Shares has been issued; and (b) one year from the First Closing Date.

Each Special Warrant was acquired by the holder for $0.10 per Special Warrant for net proceeds of $403,050, and there will be no additional proceeds to the Company from the exercise of the Special Warrants.

**Listing:** The Company has applied to have its Common Shares listed on the Exchange. Listing is subject to the Company fulfilling all of the requirements of the Exchange, including minimum public distribution requirements. See "Plan of Distribution".

**Use of Available Funds:** The estimated funds available to the Company as of April 30, 2019 are approximately $300,500. The expected principal purposes for which the available funds will be used are described below:

| | |
|---|---|
| To pay for the Phase I exploration program expenditures on the Property(1) | $115,610 |
| To pay the remaining portion of the purchase price under the Property Agreement | $10,000 |
| Initial Listing Fees(2) | $35,000 |
| To pay for general and administrative costs for next 12 months | $60,000 |
| Unallocated working capital | $79,890 |
| **TOTAL:** | **$300,500** |

1. See "The Golden Wonder Property – Recommendations".
2. Including legal, audit, securities commissions and Exchange fees.

**Summary of Financial Information:** The following selected financial information has been derived from and is qualified in its entirety by the audited financial statements of the Company for the years ended November 30, 2018 and November 30, 2017 and the unaudited financial statements of the Company for the three month period ended February 28, 2019 and notes thereto included in this Prospectus and should be read in conjunction with those financial statements and related notes thereto, along with the Management's Discussion and Analysis included in this Prospectus. All financial statements are prepared in accordance with IFRS. The Company's financial year end is November 30.

| | **Three months ended February 28, 2019 ($)** | **For the year ended November 30, 2018 ($) (audited)** | **For the period ended November 30, 2017 ($) (audited)** |
|---|---|---|---|
| Revenue | 0 | 0 | 0 |
| Total Expenses | 69,348 | 18,224 | 39 |
| Net loss and comprehensive loss for the period | (69,348) | (18,224) | (39) |
| Loss per share (basic and diluted) | (0.07) | (0.02) | (0.20) |
| Current Assets | 341,071 | 348,292 | 261 |
| Total Assets | 341,071 | 373,292 | 261 |
| Current Liabilities | 5,612 | 13,485 | 280 |
| Long Term Debt | 0 | 0 | 0 |
| Shareholders' Equity (Deficit) | 335,459 | 359,807 | (19) |

See "Selected Financial Information" and "Management's Discussion and Analysis".

**Risk Factors:** An investment in the securities of the Company should be considered highly speculative and investors may incur a loss on their investment. The Company has an option only to acquire an interest in the Property. There is no guarantee that the Company will be able to meet its obligations under the Option Agreement. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: insufficient capital; limited operating history; lack of operating cash flow; there is not presently an active market for the Company's Common Shares; the future price of the Company's Common Shares will vary depending on factors unrelated to the Company's performance or intrinsic fair value; the Company's ability to discover commercial quantities of ore is uncertain; the Company's ability to market ore discovered by the Company is uncertain and dependent on variables beyond the Company's control and subject to a high degree of variability and uncertainty; the Company's ability to develop commercially marketable ore depends on variables that are unknown at this time; some aspects of the Company's operations entail risk that cannot be insured against or may not be covered by insurance; the calculation of the economic value of ore is subject to a high degree of variability and uncertainty; some of the Company's mineral claims have not yet been surveyed; if the Company cannot raise additional equity financing, then it may lose some or all of its interest in the Property; the Company is an early stage Company; the Company operates at a loss and may never generate a profit; the Company operates in a highly competitive environment; the Company operates in a highly regulated environment that is subject to changes, some unforeseen, to government policy; the Company operates in an environment with significant environmental and safety regulations and risks; regulatory requirements; volatility of mineral prices; some of the Company's directors have significant involvement in other companies in the same sector; the value of the Offered Securities may be significantly diluted; and price volatility of publicly traded securities. See the section entitled "Risk Factors" for details of these and other risks relating to the Company's business.

# CORPORATE STRUCTURE

## Name and Incorporation

Blue Lagoon Resources Inc. was incorporated under the *Business Corporations Act* (British Columbia) on March 17, 2017. The Company's registered and records office is located at 6th Floor, 905 West Pender Street, Vancouver, BC, V6C 1L6. The Company's head office is located at 610 – 700 West Pender Street, Vancouver, BC V6C 1G8.

On December 17, 2018, the name of the Company was changed from Blue Lagoon Capital Inc. to Blue Lagoon Resources Inc.

## Inter-corporate Relationships

The Company has no subsidiaries.

# DESCRIPTION OF THE BUSINESS

The Company is engaged in the business of mineral exploration in Canada and its objective is to locate and, if warranted, develop economic mineral properties.

Upon closing of the Property Agreement, the Company will hold a 100% interest in five mineral claims totaling approximately 7,180 hectares comprising the Property. The Company's agreement with PEM is an arm's length transaction. Under the terms of the Property Agreement, the Company shall pay to PEM a total of $25,000 and issue to PEM a total of 200,000 Common Shares. The Company's interest in the Property is also subject to a 2% net smelter royalty interest held by DG Resource Management Ltd. The Company has the right to purchase one-half of the NSR for $1,000,000 at any time prior to commencement of commercial production.

As of the date of this Prospectus, the Company has made a payment of $15,000 to PEM under the Property Agreement. The closing of the Property Agreement is conditional on the Company making the final payment of $10,000 within three days of the Company receiving receipt for the final Prospectus, and issuing to PEM 200,000 Common Shares within 10 days of the Common Shares being listed on the Exchange. See "The Golden Wonder Property".

Prior to the Company entering into the Property Agreement to acquire the Property, the Company had previously held the right to acquire up to a 100% interest in a property located in Quebec (the "**Lac Gainsmoor Property**"), pursuant to an option agreement with Kode Mineral Exploration Ltd. ("**Kode**") dated October 15, 2018 (the "**Kode Agreement**"). On April 23, 2019, the Kode Agreement was terminated by the Company and the Company no longer has any interest in the Lac Gainsmoor Property, nor is the Company subject to any obligations related to the Kode Agreement. Prior to its termination, the Company made one option payment of $25,000 under the Kode Agreement, and incurred costs of approximately $4,500 in the preparation of the technical report for the Lac Gainsmoor Property.

## Stated Business Objectives

The Company's Property is in the exploration stage. The Company intends to use the net proceeds raised under the Offering to carry out the Phase I exploration program for the Property, which is budgeted for $115,610 See "The Golden Wonder Property - Recommendations" and " Use of Available Funds".

The exploration, and if warranted, development of the Property may depend on specialized skills and knowledge possessed by directors and officers of the Company that are applicable to the mining industry. As at the most recent financial year, the Company did not have any employees. Rana Vig, Chief Executive Officer, President, Corporate Secretary, and Director, Gurdeep Bains and Norman Brewster are directors of the Company. Carmelo Marrelli is the Company's Chief Financial Officer. The mineral exploration and development industry is very competitive. As an emerging issuer, the Company is subject to numerous competitive conditions such as need for additional capital and commercial viability of the Property.

## History

Following incorporation, the Company was capitalized by completing two private placement financings. The first financing, which was the Private Placement, raised $20,000, and the second financing, which was the Special Warrant Private Placement, raised $403,050, which funds have been used to identify and enter into an agreement to acquire a mineral project, including the Kode Agreement for the Lac Gainsmoor Property and the Property Agreement for the Golden Wonder Property, for filing fees and regulatory expenses and for general working capital.

## THE GOLDEN WONDER PROPERTY

### *Property Description and Location*

The information in this Prospectus with respect to the Property is derived from a National Instrument 43-101 compliant report entitled "Technical Report on the Golden Wonder Property" prepared by Jeffrey J. Reeder, P. Geo, dated May 21, 2019. Mr. Reeder is an independent and "Qualified Person" for purposes of National Instrument 43-101. The full text of the Technical Report is available for review at the registered office of the Company at 6th Floor, 905 West Pender Street, Vancouver, BC V6C 1L6 and will be available online, under the Company's SEDAR profile at www.sedar.com.

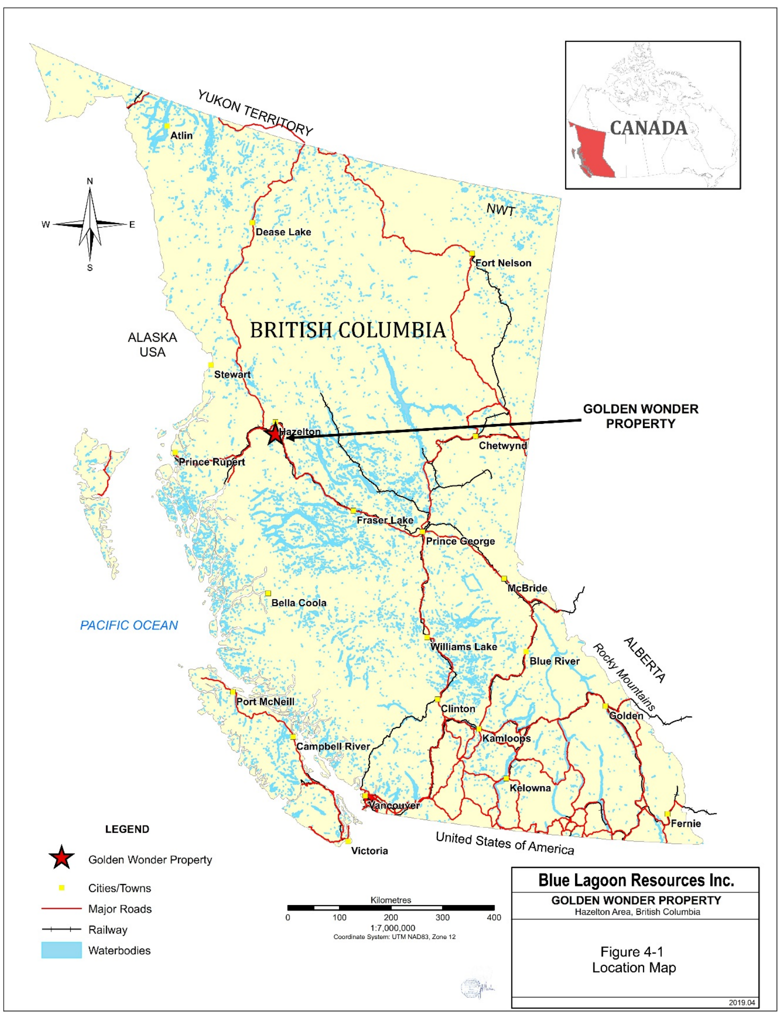



**Figure 1. Location Map of the Golden Wonder Property**

Location

The Golden Wonder Property is located in west-central British Columbia, Canada, on NTS map sheet 093M03 (BCGS map sheets 093M012, 013, 022, and 023). The area lies at the north end of the Rocher Déboulé Range, near the junction of the Bulkley and Skeena rivers. The Property is 1 km south of the Municipality of New Hazelton and 65 km southeast of Smithers, BC.

The geographic centre of the Property is located at 55°11'N, 127°36'W. The Property comprises five contiguous mineral claims that cover an area of approximately 7,182.93 ha (Figure 2).

Mineral Tenure

Mineral claims in British Columbia are subdivided into two major categories: placer and mineral claims. Mineral claims are acquired through the Government of British Columbia's interactive online mineral tenure system, Mineral Titles Online (MTO). A Free Miner Certificate (FMC) is required to acquire and maintain mineral claims; this is available to both individuals and corporations, and can be attained through MTO.

Once registered, a claim remains in good standing until the "Expiry Date" (Anniversary Date), one year from the date of registration. In order to maintain the mineral tenure for each subsequent year (anniversary year), exploration and development work must be carried out and registered, or a cash-in-lieu payment registered with MTO. The minimum value of the work per hectare required to maintain a mineral claim for one year is shown in Table 1 and the amount of cash-in-lieu per hectare required to be paid, if work is not registered, is outlined in Table 2.

**Table 1. Mineral Tenure Work Requirements in BC**

| Anniversary Year | Work Requirement |
|---|---|
| 1 and 2 | $5/hectare |
| 3 and 4 | $10/hectare |
| 5 and 6 | $15/hectare |
| 7 and subsequent | $20/hectare |

**Table 2. Mineral Tenure Cash-in-Lieu in BC**

| Anniversary Year | Work Requirement |
|---|---|
| 1 and 2 | $10/hectare |
| 3 and 4 | $20/hectare |
| 5 and 6 | $30/hectare |
| 7 and subsequent | $40/hectare |

The Golden Wonder Property is comprised of five mineral claims that are registered under and subject to the *Mineral Tenure Act* ( British Columbia) (Table 3). The title overlap report generated with the claim registration is summarized in Table 4. All claims are currently in good standing. The mineral claims are currently held in trust by Jody Dahrouge (DG Resource Management Ltd.) for PEM. On April 18, 2019, the Company entered into the Property Agreement with PEM. The Property Agreement will grant the Company a 100% interest in all claims and is subject to fulfillment of the following conditions:

a) Cash: payment of $15,000 to PEM upon execution of the Property Agreement and $10,000 to PEM within three days of the final receipt for the Company's prospectus; and

b) Shares: 200,000 Common Shares to be issued to PEM within 10 business days of Blue Lagoon's Common Share commencing trading on the Exchange.

Also, as part of the Property Agreement, DG Resource Management Ltd., the original vendor, will retain the 2% NSR of which 1% can be purchased by Blue Lagoon for $1,000,000 at any time before commencement of commercial production. The NSR is only subject to the original 4 tenures with a recorded date of November 18, 2016 (excludes tenure 1061406). Tenure 1061406 was staked by Jody Dahrouge and held in trust directly for PEM; it was not subject to any other agreement and as such, is excluded from the NSR.

**Table 3. Details of the Golden Wonder Property Claims**

| Tenure Number | Tenure Name | Holder | Area (ha) | NTS Sheet | Record Date | Anniversary Date |
|---|---|---|---|---|---|---|
| 1047950 | Chicago | Jody Dahrouge | 1809.67 | 093M | 2016/Nov/18 | 2021/Aug/25 |
| 1047951 | Station | Jody Dahrouge | 1826.87 | 093M | 2016/Nov/18 | 2021/Aug/25 |
| 1047952 | Mudflat | Jody Dahrouge | 1846.82 | 093M | 2016/Nov/18 | 2021/Aug/25 |
| 1047953 | Bunker | Jody Dahrouge | 369.17 | 093M | 2016/Nov/18 | 2021/Aug/25 |
| 1061406 | Three Hills | Jody Dahrouge | 1330.40 | 093M | 2018/Jun/24 | 2022/Aug/25 |

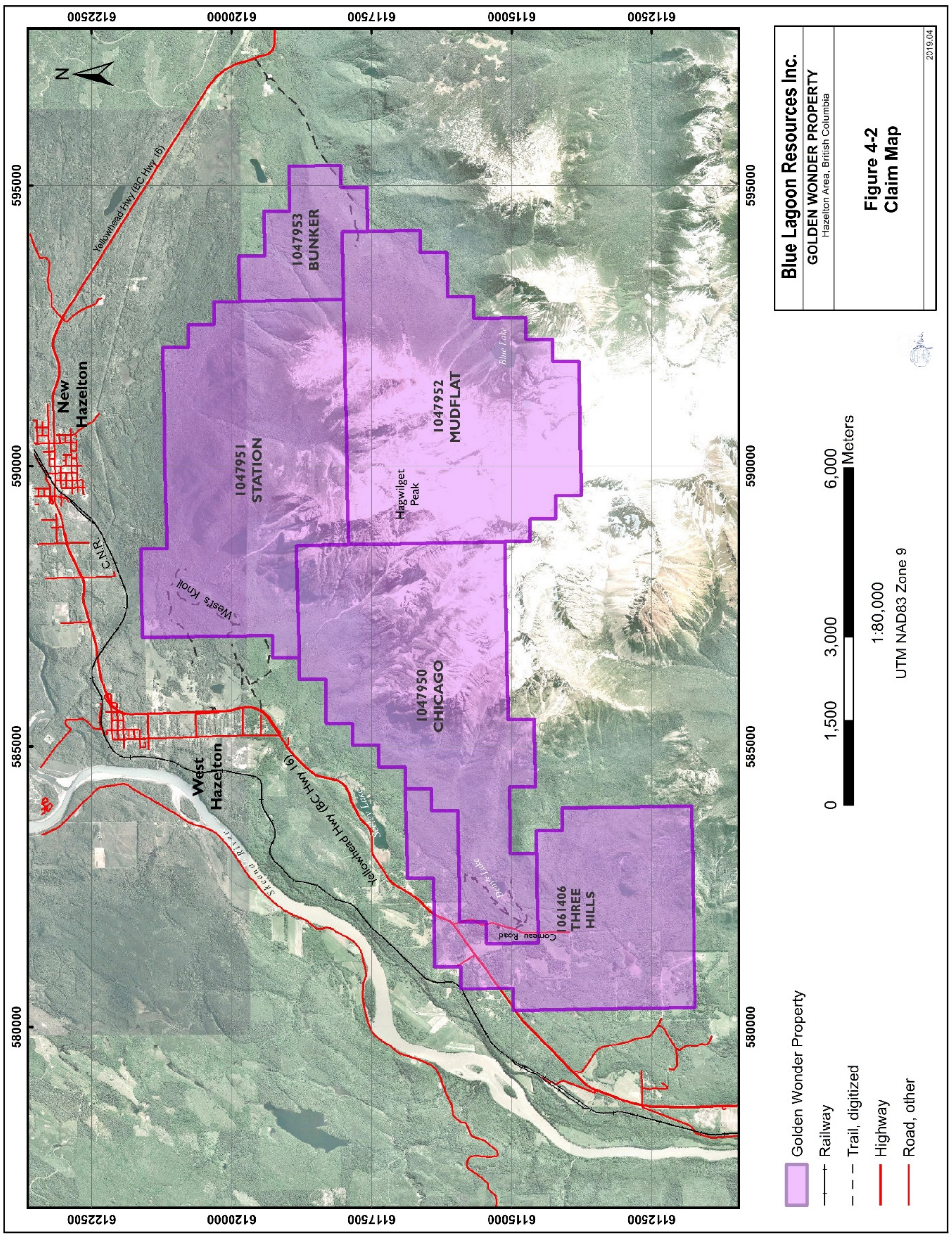



**Figure 2. Golden Wonder Property mineral claims map**

**Table 4.Title Overlap Report Summary**

| | None | 1047950 | 1047951 | 1047952 | 1047953 | 1061406 |
|---|---|---|---|---|---|---|
| **First Nations Interests** | | | | | | |
| • Indian Reserve | X | | | | | |
| • First Nations Treaty Lands | X | | | | | |
| • Treaty Related Lands | X | | | | | |
| • Consultative Areas: Gitxsan Hereditary Chief | | X | X | X | X | X |
| **Legal and Administrative Interests** | | | | | | |
| • Permitting Region: Skeena Natural Resource Region | | X | X | X | X | X |
| Reserves: | | | | | | |
| • 1002842 Uranium and Thorium Reserve, Mineral and Placer – No Staking) | | X | X | X | X | X |
| • 333110 (Post 1988 Crown Grants Reserve, Mineral and Placer – No Staking) | | X | X | X | X | X |
| • Federal Transfer of Administration and Control | X | | | | | |
| Agricultural Land Reserve: | | | | | | |
| • 1692539.0 | | X | | | | |
| • 1693387.0 | | X | X | | | |
| • 2210939.0 | | | | | | X |
| • 2211787.0 | | | | | | X |
| • Parks/Protected Areas | X | | | | | |
| • Municipality | X | | | | | |
| • Land Title District: Cassiar District | | X | X | X | X | X |
| • Forest District: Skeena Stikine Natural Resource District | | X | X | X | X | X |
| Strategic Land Resource Plan: | | | | | | |
| •Kispiox Land and Resource Management Plan (LRMP) | | X | X | X | X | X |
| •Kispiox Sustainable Resource Management Plan (SRMP) | | X | X | X | X | X |
| •Atlin-Taku Strategic Land Resource Plan | X | | | | | |
| **Tenure Overlap** | | | | | | |
| Sub-surface (does not include crown grants): | | | | | | |
| • Mineral: None | X | | | | | |
| • Placer: None | X | | | | | |
| • Coal: None | X | | | | | |
| • Surface (does not include crown grants) – Crown Land Leases | X | | | | | |
| **Other Resource Interests Overlap** | | | | | | |
| • Ungulate Winter Range: u-6-006 | | X | X | X | | X |
| • Wildlife Habitat Area | X | | | | | |
| • Wildlife Management Area | X | | | | | |

The Author makes no further assertion regarding the legal status of the Property. The Property has not been legally surveyed to date and no requirement to do so has existed.

There are no other royalties or back-in rights to undertake exploration on the Property.

Environmental Liabilities

There are no other known environmental liabilities associated with the Property.

Surface Rights

Surface rights overlap the west and east ends of the Property. Surface rights are not included with mineral claims in British Columbia.

Notification must be provided before entering private land for any mining or exploration activity, including non-intrusive forms of mineral exploration such as mapping surface features and collecting rock, water, or soil samples. Notification may be hand delivered, mailed, emailed, or faxed to the owner shown on the British Columbia Assessment Authority records or the Land Title Office records. Mining activities cannot start sooner than eight days after notice has been served. Notice must include a description or map of where the work will be conducted and a description of what type of work will be done, when it will take place, and approximately how many people will be on the site.

Crown Grants

Historic Crown Grants on the Property were researched using British Columbia's Mineral Title Online to determine their status. The results indicate that any Crown Grants for the claims have expired (Table 5).

**Table 5. Expired Crown Grants on the Golden Wonder Property**

| District Lot Number | Claim Name |
|---|---|
| 513 | Chicago |
| 514 | Chalco |
| 601 | Summit |
| 602 | Crooked Fraction |
| 606 | Skeena |
| 710 | Islander |
| 3307 | Mammoth |
| 3309 | Homestake |
| 3314 | Mascot |
| 3316 | Cork Fraction |
| 3322 | Golden Wonder |
| 4273 | Mandon |

Permits

Any work on a mineral claim in British Columbia that disturbs the surface requires a Notice of Work (NOW) permit under the Mines Act of British Columbia, which governs exploration and mining activities. The owner must receive written approval from a Provincial Mines Inspector prior to undertaking such work. Work requiring a NOW includes, but is not limited to drilling, access construction, trenching, excavating, blasting, camp construction/demolition, induced polarization surveys using exposed electrodes, and reclamation.

Exploration activities that do not require a NOW permit include prospecting with hand tools, geological/geochemical surveys, airborne geophysical surveys, ground geophysics without exposed electrodes, hand trenching, and the establishment of grids.

The Chief Inspector of Mines decides whether land access will be granted and authorizes the Ministry of Forests, Lands and Natural Resources (FLNRO) to issue a "Special Use Permit" that specifies terms and conditions under which the work can proceed. The FLNRO and the Ministry of Energy and Mines (MEM) collaborate to determine land access details such as the location, design, and maintenance provisions of approved access routes.

Notice must be provided to landowners before entering private land for any mining or exploration activity. This notice must describe where the work will be conducted and what type of work will be conducted; when the work will take place; and how many people will be on site.

The Company does not hold any permits pertaining to exploration work on the Property.

Other Significant Factors and Risks

As determined from Table 4, the Property lies within the Gitxsan Hereditary Chiefs traditional territory, therefore, it is recommended that the First Nation should be addressed in open discussions with all parties involved moving forward. Following the decision made on the Tsilhqot'in Aboriginal Title Case, a risk factor is warranted. Given the Property lies on traditional territory, title and the right to perform work may be a factor if the Property area is subject to Aboriginal title. This title would grant the First Nation group(s) the right to control the land and its economic benefits, including resources. No such title case has been put forward as of the writing of this report.

The Author is not aware of any additional significant factors or risks that may affect access, title, or the right or ability to perform work on the Golden Wonder Property.

### *Accessibility, Climate, Local Resources, Infrastructure, and Physiography*

The Golden Wonder Property is located approximately 1 km south of the Yellowhead Highway, a major interprovincial highway in western Canada. The Yellowhead Highway (BC Highway 16) is part of the Trans-Canada Highway System, a transcontinental federal-provincial highway system that travels through all ten provinces of Canada from the west to east coast.

The west end of the Property (the Golden Wonder area) can be reached by Comeau Road, a gravel road that links to BC Highway 16 southwest of Sealey Lake Provincial Park. ATV trails run east from Comeau Road, north for ~1,400 m and south for ~1100 m of Denys Lake.

The northern section of the Property (West's Knoll and Daley West areas) is accessible from BC Highway 16 by ATV along trails or by foot. Access to the south-central area of the Property above the treeline (Black Prince, Blue Lake, Silvertip Glacier and Hecla areas) is limited by topography to helicopter.

Topography, Elevation, and Vegetation

The Property is in rugged and glaciated mountainous terrain with deeply incised valleys. It includes Hagwilget Peak (1,879 m) and the north half of the Sawmill Glacier (1,927 m).

Elevations on the Property range from 300 m to 2200 m, with steep slopes, bare rock, and talus aprons, separated by bog and streams that flow into the Skeena and Bulkley rivers.

Vegetation is sparse above the tree line (~1,100 m) consisting mainly of heather and fir in protected areas and depressions. Below the tree line, vegetation is predominantly pine, spruce, and fir, with Labrador tea, moss, and ferns. The Property lies within the BC Ministry of Environment's Nass Range: Cranberry Upland ecoregion classification. The ecoregion is described as having four main types of ecosystems:

- wet, Coastal Western Hemlock forest (valleys and lower slopes: west)
- wet transitional Mountain Hemlock subalpine and alpine forests (upper slopes: west)
- cold interior Cedar-Hemlock forest (valley bottoms lower slopes: east)
- cold Engelmann Spruce-Subalpine Fir forest (middle to upper slopes: east)

Deer, moose, and mountain goats inhabit the area, as well as carnivorous animals such as cougars, black bears, wolves, coyotes, and wolverines.

Infrastructure and Local Resources

The nearest population centre to the Property is the Hazelton area, which includes two municipalities (the Village of Hazelton and the District of New Hazelton), three unincorporated settlements, and four First Nations' villages (combined population of about 8,000). New Hazelton is located about 1 km north of the Property's north boundary.

The town of Smithers (population 10,607), about65 km southeast of the Property, has a branch of the Ministry of Energy and Mines and currently provides services for exploration and mining activities in the area, including helicopter, drilling, expediting, and heavy equipment operators.

Paved and gravel roads, rail, and power transmission lines run adjacent to the northern edge of Property.

The New Hazelton railway station, served by Via Rail's Jasper–Prince Rupert train, is on the Canadian National Railway mainline, which runs approximately 250 m north of the Property's boundary. BC Highway 16 runs within several kilometres of the north property boundary, through New Hazelton and South Hazelton.

The BC Hydro 138 kV supply line for the region passes through the Property, with a secured substation at New Hazelton.

The nearest airport to the Property is Smithers Regional Airport, where daily commercial flights area available to Vancouver.

Climate

The Property experiences a mix of coastal and interior weather patterns owing to its location. The nearest active Environment Canada weather station is at the Smithers Regional Airport, approximately 45 m southeast of the Property at an elevation of 522 m. Elevations on the Property reach 2,200 m, and consequently, weather at the higher elevations will likely be more severe.

The lower elevations experience a humid continental climate: the driest month is March, and the wettest month is October.

Higher elevations often have heavy winter snow accumulations. In spring, snow melting can be rapid and result in heavy spring runoff. Although much of the Property is free of snow by July, some higher elevations have permanent snowfield.

Summers are hot and dry with intermittent storms. In the Hazelton area, the daytime temperature in summer can exceed 30°C, but be as low as –2°C; the average temperature range in July is 8°C to 20.9°C.

Winters are cold but can be moderated by Pacific air masses. In the Hazelton area, the average temperature in January is –6.9°C, but Arctic air masses can push the temperature below –33°C.

The Property's lower elevations can be explored from May through October, but exploration of the higher elevations should be restricted to summers between July and September.

### *History*

The Property is in an area with an extensive history of mineral exploration, including production from the nearby CAP, Victoria (Hazelton View), Roche DeBoule, Red Rose, and Highland Boy mines in the early to middle 1900s.

Historic showings on the Property, listed on British Columbia's MINFILE database, include Golden Wonder, Daley West, Hecla, Black Prince, Blue Lake, and Silvertip Glacier (Figure 3). Another area of interest mentioned in historical reports is West's Knoll.

Previous Exploration and Development

Exploration on the Property started in the early 1900s. Most of the showings previously belonged to other claim blocks and properties, and information can be difficult to delineate as names varied with ownership. Historical exploration and development for each showing are described below and summarized in Table 6. The information is predominantly derived from the British Columbia Geological Survey MINFILE reports and from British Columbia's Assessment Report Indexing Service (ARIS).

**Table 6. Summary of Previous Exploration and Development**

| Year | Company/ Individual | Work | Results |
|---|---|---|---|
| **Three Hills and Area (claim 1061406):** | | | |
| 1951-1955 | Alfred LeToile, D.R. Willemar& E.H. Harbottle | ▪trenching; one shallow trench perpendicular to rock drumlin. | ▪two chip samples: trace Au, 0.3% Ag, 0.058% Cu; and trace Au, trace Ag, 0.61% Cu; noted two major shear zones. |
| 1955-1956 | Silver Standard Mines Ltd. | ▪shallow drilling and stripping | ▪no record of results |
| **Golden Wonder and Area (claim 1047950):** | | | |
| 1912 | Messrs. Harris &Corneau | ▪ sunk a 6 m shaft and excavated open cuts | |
| 1917-1918 | M.W. Sutherland & J.B. Tyrell | ▪ sunk 3 more shafts, conducted trenching and excavated pits | ▪deepest shaft was 30.4 m |
| 1959-1960 | G.L. Oates | ▪ electromagnetic induction survey in Golden Wonder area | |
| 1970-1971 | Chapparal Mines Ltd. | ▪ 32-line kilometres of IP and aeromagnetic surveys; soil sampling; mapping; trenching; and 1000 m diamond drilling and 314 m of percussion drilling on the Loudel claim. | ▪0.3 m drillhole intersection at 13% Cu |
| 1980 | ASARCO Exploration Company Inc | ▪ geological mapping, rock sampling and a ground magnetic survey on the Golden Wonder and Shamrock claims. | ▪weighted average assay of 13 g/t Ag, 1.01% Cu, 0.016% Pb, 0.017% Zn, 0.09% Co, 0.08% W; Several narrow, mineralized shear zones were noted |
| 2006 | Ranex Exploration Ltd. | ▪ prospecting and rock sampling on the Golden Wonder claim. | ▪20 g/t Au, 180 g/t Ag, 8% Cu, 0.1% Co, 0.6% W, 0.3% Zn |
| 2011 | American Manganese Inc. | ▪ soil sampling and rock sampling on the Golden Wonder claim. | ▪soil sample results of interest at 40E 5800N: 1.585 g/t Au, 214 g/t Ag and 40E 5875N: 11.4 g/t Au. Rock samples of interest:0.2 m chip sample: 21.9 g/t Au, 104 g/t Ag, 3.1 % Cu, 1.21% Co; grab sample: 1.29 g/t Au, 6.69 g/t Ag, 0.234% Cu |
| **West's Knoll (1047951):** | | | |
| 2011 | American Manganese Inc. | ▪ soil sampling and rock sampling. | ▪boulder with 61 g/t Au |
| **Daley West and Area (1047951):** | | | |
| 1916 | Spokane Rocher Deboule Mining and Copper Company | ▪ sunk 2 adits (47 m and 72 m, now caved), excavated open cuts and collected rock samples | ▪noted a silicified shear zone (up to 1.5 m wide) with vein quartz (0.15 to 1.0 m wide) over 100 m length; and a 38 cm channel sample: 1.4 g/t Au, 47 g/t Ag, 1.92% Cu |

| | | | |
|---|---|---|---|
| 1981 | A. L'Orsa | ▪ rock sampling on the Judi claim | ▪ a grab sample with 2.14 g/t Au, 15.6 g/t Ag, 1.06% Cu, 0.1% Co, 0.66% W (15% ± arsenopyrite); second grab sample with 0.13 g/t Au, 0.5 g/t Ag, 0.59% Cu, 0.44% Co (15% ± arsenopyrite) |
| 2011 | American Manganese Inc. | ▪ rock sampling, soil sampling and stream sediment sampling on the Daley West claim | ▪ chip sample with 6.32 g/t Au, 215 g/t Ag, 7% Cu, anomalous Co, Bi and As. |
| **Black Prince (1047952):** | | | |
| 1915 | unknown | ▪ production | ▪ 19 tonnes with 120,338 g Ag and 619 g Pb |
| 1916 | Black Diamond Exploration | ▪ prospecting | ▪ no details available |
| 1944-1945 and 1951-1953 | Privateer Mining Company | ▪ underground work | ▪ no details available |
| 1954 | Geological Survey of Canada | ▪ rock sampling and mapping | ▪ 7.6 m sample with 1.0 g/t Au, 2.37% WO3, 0.8% Sn and 0.33% equivalent U |
| 1960 | BC Department of Mines | ▪ rock sampling | ▪ 0.6 m sample with 6.9 g/t Au, 0.36% Cu, 0.82% $WO_3$ and 0.10% MoS2 |
| 1979 | Group VIII Ventures | ▪ rock sampling and trenching | ▪ 0.59 m sample with 3.4 g/t Ag, 1.15% Cu, 0.02% $WO_3$, 0.34% molybdenum |
| **Blue Lake (1047952):** | | | |
| 1954 | Geological Survey of Canada | ▪ rock sampling and mapping | ▪ an up to 0.25 m sample: up to 10% tetrahedrite and minor chalcopyrite; a grab sample with 0.85% Mo, 1.0% WO3 and 0.004% equivalent U; a grab sample with 2.74 g/t Au, 11.31% WO3, 0.06% Mo and 0.003% equivalent U; a grab sample with 0.7 g/t Au and 1,900 g/t Ag |
| **Hecla/Bluebird (1047952):** | | | |
| 1954 | unknown | ▪ rock sampling | ▪ grab sample from a 2.7 m aplite dike with trace Au, 34.3 g/t Ag and 0.22% Cu; grab sample from a 1.8 m pegmatite dike with trace Au, 18.2 g/t Ag and 0.39% Cu |

*I. Three Hills (Claim 1052710)*

Three Hills Property was originally staked in 1951 by Alfred LeToile; the property consisted of 6 claims. In 1955, D.R. Willemar and E.H. Harbottle re-staked the claims with LeToile. They conducted trenching across a drumlin; one chip sample returned values of 0.3% Ag and 0.058% Cu, and a second sample returned 0.61% Cu (Sutherland Brown, 1960).

In 1955 and 1956, Silver Standard Mines Ltd. optioned the property and conducted diamond drilling and some stripping (Sutherland Brown, 1960); no record of results available.

*II. Golden Wonder (Claim 1047950)*

Exploration in the area of the current Golden Wonder claim area (historic claims Loudel, Mandon and Shamrock) began in 1912 with investigations focused on the 'Golden Wonder' showing at the far west end of the current Property. Messrs, Harris and Comeau made several surface cuts and sank a 6 m shaft on the claim (Minister of Mines, B.C., MINFILE 093M 074).The initial targets of exploration were two shear zones, one occurring at the south end and the second occurring at the north end of a large drumlin. The southern shear zone strikes 275° and dips 80°N, has been traced for over 150 m and is up to 1 m thick. Mineralization in the southern shear zone includes predominantly lenses of pyrrhotite with lesser chalcopyrite, arsenopyrite and pyrite. The northern shear zone strikes 290° and dips 75°S, is up to 1.2 m thick and is exposed in open cuts for over 60 m. Mineralization in the northern shear zone is dominantly lenses of pyrite and chalcopyrite. These shear zones were the focus of the early work, many shafts and surface cuts were made in these areas.

Between 1917 and 1918, M.W. Sutherland and J.B. Tyrell, optioned the claims and conducted work on the claims including excavation of pits and trenches and sinking of several shafts; the deepest shaft was 30.4 m and sunk into the south shear zone (Minister of Mines, B.C., MINFILE 093M 074).

In 1918, J.B. Tyrell acquired five claims including Golden Wonder, Golden Chief, Golden Potlatch, Cresent and Maple Leaf. (Minister of Mines, B.C., MINFILE 093M 074).

In 1951, National Exploration Company Ltd. acquired the Golden Wonder claim but did not report any work on the claim.

Between 1959 and 1960, G.L. Oates held the Golden Wonder and Mandon claims (both hosting the Golden Wonder showing) and reported an electromagnetic induction survey (Oates, 1960).

In 1970, the claim was acquired by Chapparal Mines Ltd. (Chapparal) as part of a larger claim block. Chapparal carried out an IP and magnetometer survey, geochemical soil sampling, mapping, trenching and drilling. A total of 6 percussion, totalling 314 m, and 10 diamond drill holes totalling approximately 1,000 m were drilled on the Loudel claim near Denys Lake. One drillhole is reported to have intersected 0.3 m of 13% Cu.

In 1980, ASARCO Exploration Company Inc. (ASARCO) acquired the Golden Wonder claim and optioned the Shamrock claims from R.H. Dieter. ASARCO conducted a ground magnetic survey, detailed geological mapping and rock sampling on the claims. Results identified three areas of significant sulfide copper mineralization: quartz-calcite with chalcopyrite and pyrrhotite veining; quartz-calcite veining with chalcopyrite, pyrrhotite, pyrite and arsenopyrite and quartz-calcite-tourmaline veins with chalcopyrite, pyrrhotite, pyrite and lesser arsenopyrite and sphalerite. All mineralization is associated with shear zones within and near to the feldspar porphyry dike. A weighted average of assays from one of the mineralized zones is13 g/t Ag, 1.5 g/t Au and 1.01% Cu.

In 2006, Ranex Exploration Ltd., carried out prospecting and mapping of the mineralization zones; they reported a rock sample with 20 g/t Au, 124 g/t Ag, 0.6% W, 0.3% Zn, up to 8% Cu.

In 2011, American Manganese reported results from a soil survey and rock sampling program they undertook on the claim. They obtained samples from the south and north shear zones, and from another area of interest about 450 m from the main pit on the southwest side that showed similar characteristics to the other areas. Results for two of the geochemical soil survey samples indicated one sample with 1.585 g/t Au, 214 g/t Ag, and another sample with 11.4 g/t Au. A rock grab sample from the higher-grade main pit area assayed 21.9 g/t Au, 104 g/t Ag, 3.1%Cu, and 1.215%Co. A 0.2 m chip sample from other area of interest (450 m SW of the main pit) assayed 1.29 g/t Au, 6.69 g/t Ag, and 0.234% Cu.

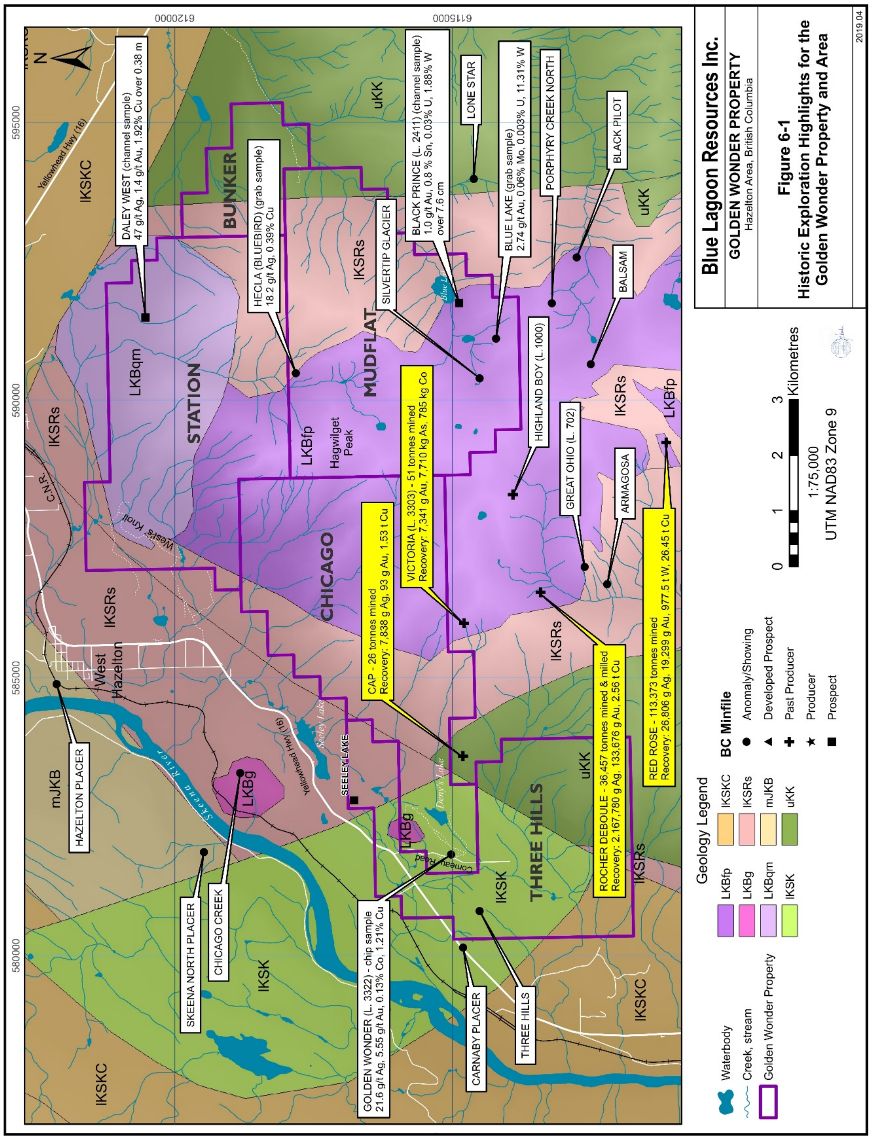



**Figure 3. Historic exploration highlights for Golden Wonder Property and area**

*III. West's Knoll (Claim 1047951)*

American Manganese's soil survey and rock sampling program in 2011 extended to West's Knoll, an area of interest west of the Daley West showing, where loose, rusty rocks containing arsenopyrite were found at the base of a cliff near a swamp. A grab sample indicated 61 g/t gold.

*IV. Daley West (Claim 1047950)*

In 1916, the Spokane Rocher Deboule Mining and Copper Company Ltd. developed two adits (subsequently caved) and open cuts that exposed a silicified shear zone. The shear zone strikes at 020° and dips 65°NW, and contains small amounts of vein quartz and sulphides that reaches up to 1.5 m in width. The vein was reported as containing pyrite, arsenopyrite, pyrrhotite, and chalcopyrite, with minor scheelite, sphalerite, galena, and calcite. It is exposed in several trenches for over 100 m, and reaches up to 1 m in several places, with an average thickness of 15 cm. A 38 cm channel sample assayed 1.4 g/t Au, 47 g/t Ag, and 1.92% Cu.

In 1981, A.L'Orsa carried out prospecting and geological mapping on his Judi claims which covered part of the Daley West area, reporting two grab samples from the shear zone. The samples contained arsenopyrite, with lesser amounts of chalcopyrite, pyrite, pyrrhotite, scheelite, sphalerite, galena, tetrahedrite, quartz, and calcite. One sample assayed:

2.14 g/t Au, 15.6g/t Ag, 1.06% Cu, 0.66% tungsten, 0.10% Cot± 15% arsenopyrite; the other sample assayed 0.13 g/t Au, 0.5 g/t Ag, 0.59% Cu, 0.44% Co ± 80% arsenopyrite.

In 2011, American Manganese Inc. conducted a soil survey and rock sampling program that included work at Daley West. They reported finding chalcopyrite and molybdenite in a porphyritic quartz monzonite within narrow quartz veins on the north, east, and west sides of the previous workings. Analysis of a chip sample from above the main adit produced results of 6.32 g/t Au, 215 g/t Ag, 7% Cu, and anomalous Co, Bi, and As.

*V. Black Prince/Blue Lake/Silvertip Glacier (1047952)*

The Black Prince, Blue Lake, and Silvertip Glacier showings are in a cluster near the southeast boundary of the Property. The Black Prince showing is on the ridge between Mudflat and Porphyry creeks. The Blue Lake showing is immediately southwest of the Black Prince property and they were historically considered one property. The Silvertip Glacier showing is west of the other two showings.

Between 1911 and 1912, these showings were first located.

In 1915, the Black Prince showing reportedly produced 120,338 g Ag and 619 kg Pb from 19 tonnes (Minister of Mines, B.C., MINFILE 093M 057); however, the age of this information suggests this data should not be relied upon.

In 1916, Black Diamond Exploration conducted work in the area. No details were available.

Between 1944 and 1945, and again between 1951 and 1953, unground work was conducted by Privateer Mining Company in the area. This work was possibly the result of the wartime demand for tungsten.

In 1954, the Geological Survey of Canada conducted work on the Black Prince and Blue Lake showings. At Black Prince they noted a quartz vein situated approximately 250 m east of the main zone contained areas of massive chalcopyrite and scheelite, and lesser pyrite, bornite, cassiterite, and uraninite. A sample taken over 7.6 cm assayed 1.0 g/t gold, 2.37% tungsten, 0.8% tin, and 0.033% equivalent uranium. Previous work on the Blue Lake showing indicates four veins. Samples from three of the veins assayed:

- 0.85% molybdenum, 1.0% tungsten, and 0.004% equivalent uranium
- 2.74 g/t gold, 11.31% $WO_3$, 0.06% molybdenum, and 0.003% equivalent uranium
- 0.7 g/t gold and 1,900 g/t silver

In 1960, the BC Department of Mines conducted sampling of the main fracture zone at the Black Prince showing and reported a0.6 m sample with6.9 g/t Ag, 0.36% Cu, 0.82% tungsten and 0.10% molybdenum.

In 1979, Group VIII Ventures staked all three showings as part of a larger group of claims (CRO claims) and completed work including trenching and drifting (~50 m), and limited sampling. A 59 cm sample from an intermediate vein indicated 3.4 g/t Ag, 1.15% Cu, 0.02% tungsten, and 0.34% molybdenum.

No record of previous work on the Silvertip Glacier showing is available (Minister of Mines, B.C., MINFILE 093M 055).

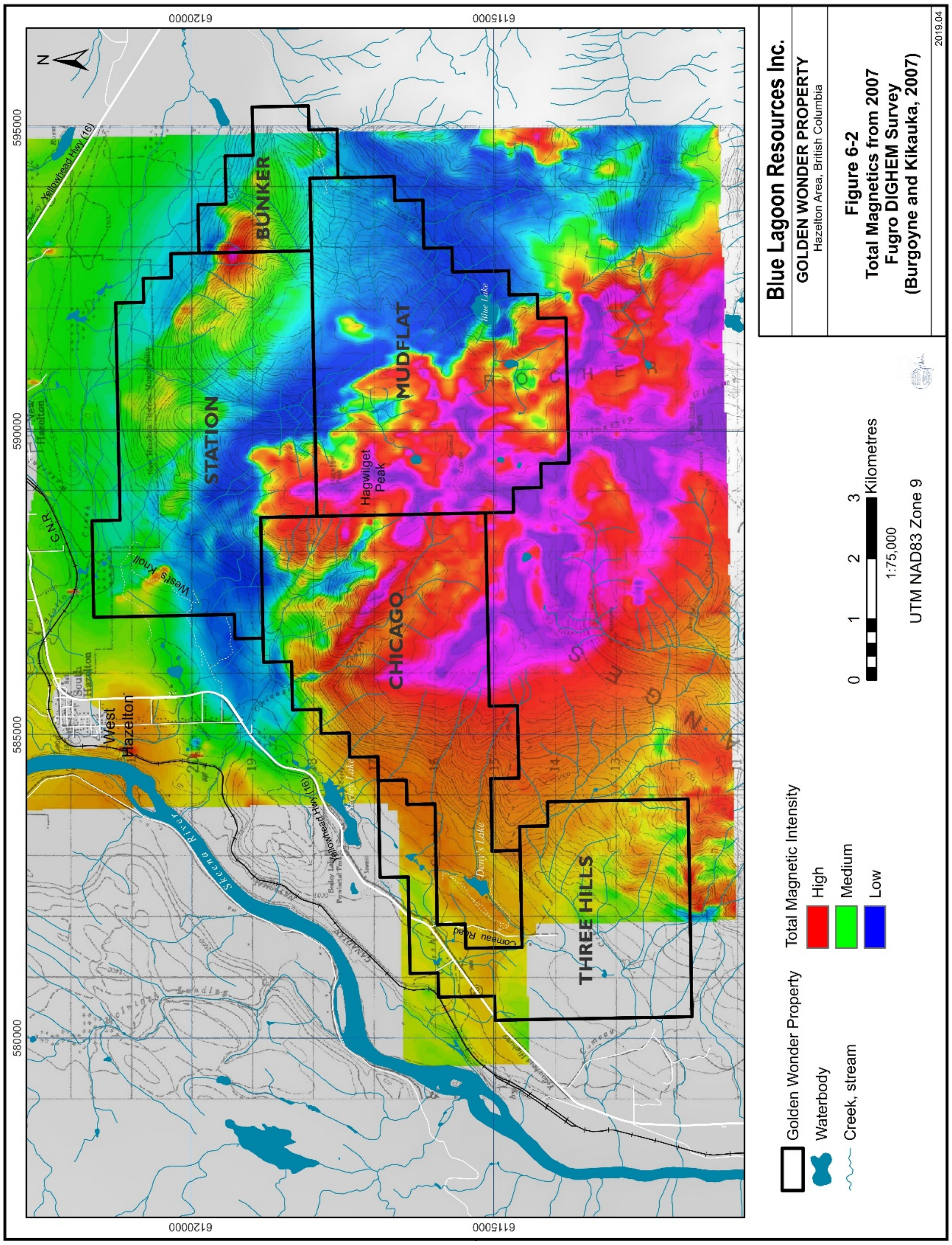
*VI. Hecla/Bluebird (Claim 1047952)*

The Hecla showing is a porphyritic granodiorite (Rocher Deboule stock) approximately half way between the Daley West and Silvertip Glacier showings, on the north edge of the Mudflat claim. The granodiorite is cut by a 2.7 m aplite dike and a 1.8 m pegmatite dike. A grab sample of a 1.2 m wide mineralized zone in the aplite dike contained quartz veins with small amounts of pyrite and chalcopyrite (assayed trace Au, 34.3g/t Ag, 0.22% Cu). Another grab sample from the mineralized pegmatite dike assayed trace Au, 18.2 g/t Ag, and 0.39% Cu.

In 2007, Rocher Deboule Minerals Corp. contracted Fugro Airborne Survey Corp. to conduct a 1,089line-km DIGHEM geophysical survey (electromagnetic, magnetic, and radiometric survey) over the Roche Deboule property (Figure 4; Figure 5). This survey covered a significant part of the current Golden Wonder Property. Results indicated a strong positive anomaly over the central part of the Property.

There are no significant historical mineral resource or reserve estimates on the Golden Wonder Property.

**Figure 4. Total Magnetics: 2007 Fugro DIGHEM survey**



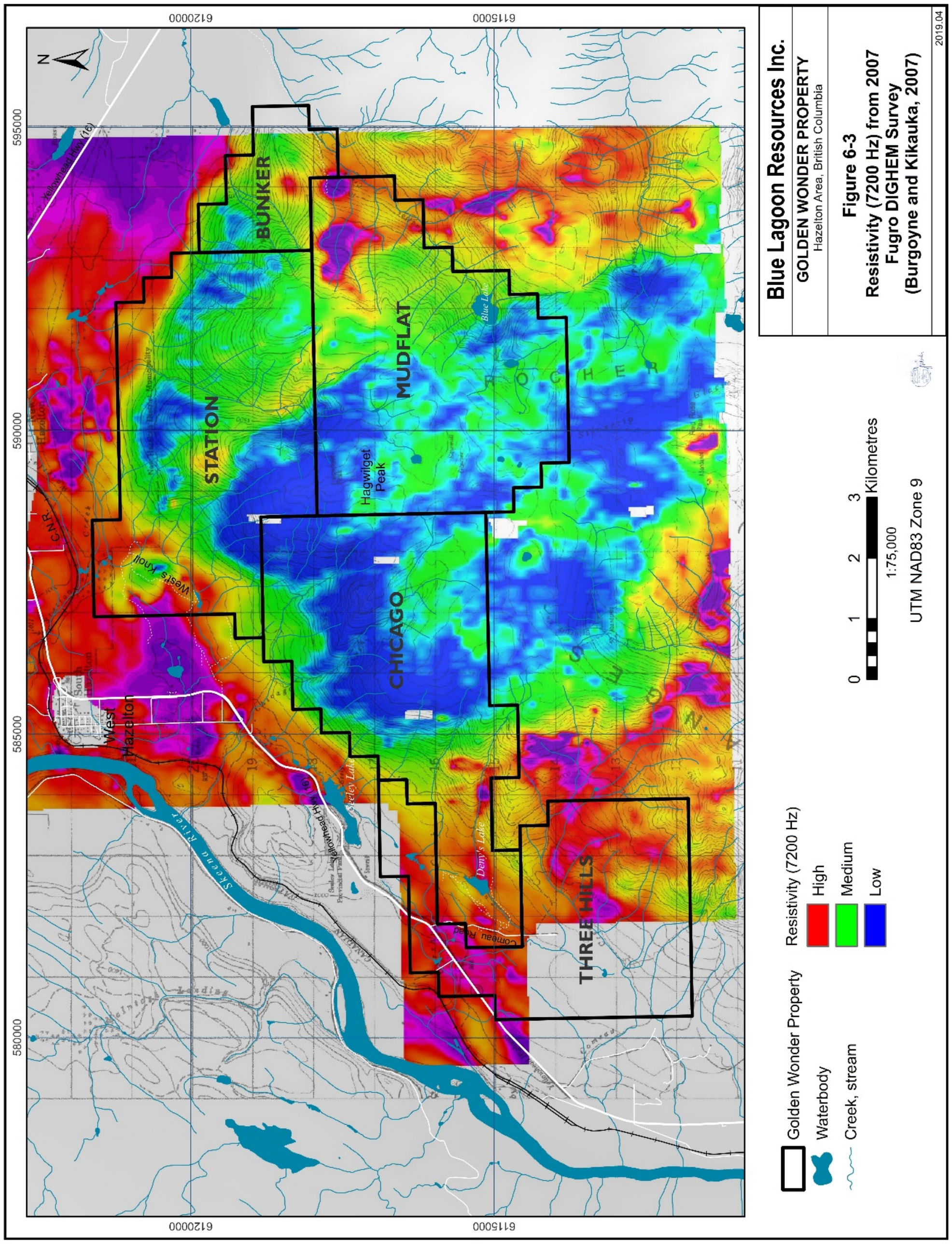



**Figure 5. Resistivity (7200 Hz): 2007 Fugro DIGHEM survey**

<u>Recent Exploration</u>

Exploration on the Property was conducted in May 2017 and June 2018 by Dahrouge Geological Consulting Ltd. (Dahrouge), on behalf of PEM. The 2017 program focused on investigating historic showings and confirming assay results, identifying new targets, and determining field conditions. This program consisted of stream pan concentrate sampling and rock sampling. The 2018 program focused on further investigation of the Golden Wonder area as well as prospecting to delineate the source of five magnetic anomalies identified in the Natural Resources of Canada's aeromagnetic survey. This program consisted of rock and soil sampling, and geological mapping with focus on the Chicago claim. This report summarizes the discussions with Dahrouge regarding the 2018 exploration program. A helicopter was utilized to access high elevation areas of interest on the Property.

*I. Stream Pan Concentrate Sampling*

A total of 19 stream sediment samples were collected from the Property in 2017 (Figure 6). The collected samples produced no significant Au results.

*II. Rock Sampling*

A total of 180 rock samples were collected during the 2017 and 2018 field programs (Table 7; Figure 7 through Figure 14). Collected samples were primarily from outcrop and boulders and included 18 thickness representative samples at various favourable locations of shearing and veining. Rock samples with elevated Au, Ag, Co and Cu results are summarized in Table 8.

**Table 7. Summary of Rock Samples Collected in 2017 and 2018**

| Year | Outcrop | Boulder | Float | Total |
|---|---|---|---|---|
| **2017** | 69 | 23 | 3 | 95 |
| **2018** | 72 | 4 | 9 | 85 |
| | | | **Total Collected:** | **180** |

One mineralized boulder sample (sample 128231) from one of the targeted areas with anomalous magnetic values returned 2% Cu on the assay; however, the boulder source has not been identified. No other samples from the magnetic anomaly areas, even though they were sulphide-bearing, produced significant analytical results.

**Table 8. Rock samples with significant Au, Ag, Co, and Cu assay results**

| Sample ID | Year | Sample Type | Easting | Northing | Au (g/t) | Ag (g/t) | Co (%) | Cu (%) | Description |
|---|---|---|---|---|---|---|---|---|---|
| 122364 | 2017 | Chip | 581843 | 6115199 | 6.39 | 2.79 | 0.38 | 0.15 | 10 cm wide vein with sulphides (~80%), Qtz, and mudstone. |
| 122365 | 2017 | Grab | 581811 | 6115183 | 15.2 | 77.2 | 0.09 | 4.95 | 10 cm wide massive sulphide vein (Ccp, Py) with secondary Apy(?) on weathering surface. |
| 122368 | 2017 | Grab | 582295 | 6115355 | 17.8 | 18.2 | <.01 | 0.05 | Mudstone o/c (1 m × 1 m) with minor sulphur-rich coating and rusty joints. |
| 122426 | 2017 | Grab | 582134 | 6115247 | 0.3 | 32.5 | 0.01 | 0.81 | Black siltstone/greywacke float with 2 mm-wide sulphide (Ccp, Py) veins, quartz coating, and rusty weathering. |
| 122427 | 2017 | Grab | 582131 | 6115246 | 8.75 | 18.5 | 0.53 | 0.53 | Dark grey siltstone/greywacke float brecciated by Apy and cut by Py/Ccp veins. |
| 122428 | 2017 | Chip | 582135 | 6115236 | 1.69 | 45.6 | 0.05 | 0.99 | Siltstone/greywacke o/c brecciated by sulphides; friable and rusty. |
| 122430 | 2017 | Chip | 582075 | 6115220 | 2.14 | 3.42 | 0.05 | 0.02 | Siltstone/greywacke o/c brecciated by Apy veins (up to 60% of rock). |
| 128240 | 2018 | Chip | 581814 | 6115164 | 18.2 | 36.9 | 0.054 | 1.91 | Up to 30 cm wide vein mainly Py, Cpy, Apy, bornite. Black and weathered on surface, hosted within andesite dyke. |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 128241 | 2018 | Chip | 581853 | 6115196 | 11 | 4.06 | 0.667 | 0.41 | Flat 3 m tall vertical outcrop, 2 cm wide vein within black grey argillite. |
| 128272 | 2018 | Chip | 581943 | 6115204 | 4.68 | 17.6 | 0.215 | 0.28 | Mudstone/siltstone outcrop hosting vein-style mineralization consisting of Py, Cpy, Apy. |
| 128278 | 2018 | Chip | 582130 | 6115245 | 18.7 | >100 | 0.653 | 0.97 | Highly oxidized mudstone with a 1.5 m breccia zone and local quartz flooding. Vein-style massive sulphide mineralization (Py, Cpy, Apy, possible Po) |
| 128283 | 2018 | Chip | 582074 | 6115224 | 7.14 | 4.25 | 0.256 | 0.02 | Argillite outcrop crosscut by a centimeter-scale, highly oxidized black vein with strong sulphide mineralization (Py, Apy). |
| 128288 | 2018 | Chip | 582198 | 6115326 | 20 | 16.4 | 0.194 | 0.03 | Highly oxidized breccia with massive sugary Apy veins up to 2 cm wide. |

### *III. Soil Sampling*

A total of 287 soil samples were collected from the Golden Wonder showing area in 2018. The grids were concentrated over two resistivity anomalies on the eastern and western side of Deny Lake (Figure 7; Figure 15 to Figure 19). The purpose of the soil sampling was to identify any potential trends (drill targets) in areas with poor outcrop exposure. Topographically low and wet areas on the eastern edge of Deny Lake prevented some grid samples from being collected.

The elevated Au results from the soil sampling further reinforce the approximately 500 m mineralized trend in the Golden Wonder showing area, as several samples located between mapped outcrops, reported values of up to 3.97 g/t and 5.89 g/t Au.

### *IV. Geological Mapping*

Geological mapping was carried out during the 2018 field program; it focused on collecting information in the Golden Wonder area, including the south shear zone between the Comeau Road to Deny Lake.

According to Dahrouge, it was concluded that structural features including joints, veins and shearing, generally strike to the west and dip between 70-90° to the north. Bedding is locally visible in the area and is generally striking north-south and has a sub-vertical dip. Bedrock geology of the area consists mainly of argillites, siltstone, greywackes, felsic to intermediate volcanics/dykes, as well as abundant feldspar-hornblende porphyriticvolcanic/intrusive units, including andesites, porphyritic andesites, quartz monzonites, and possibly granodiorites.

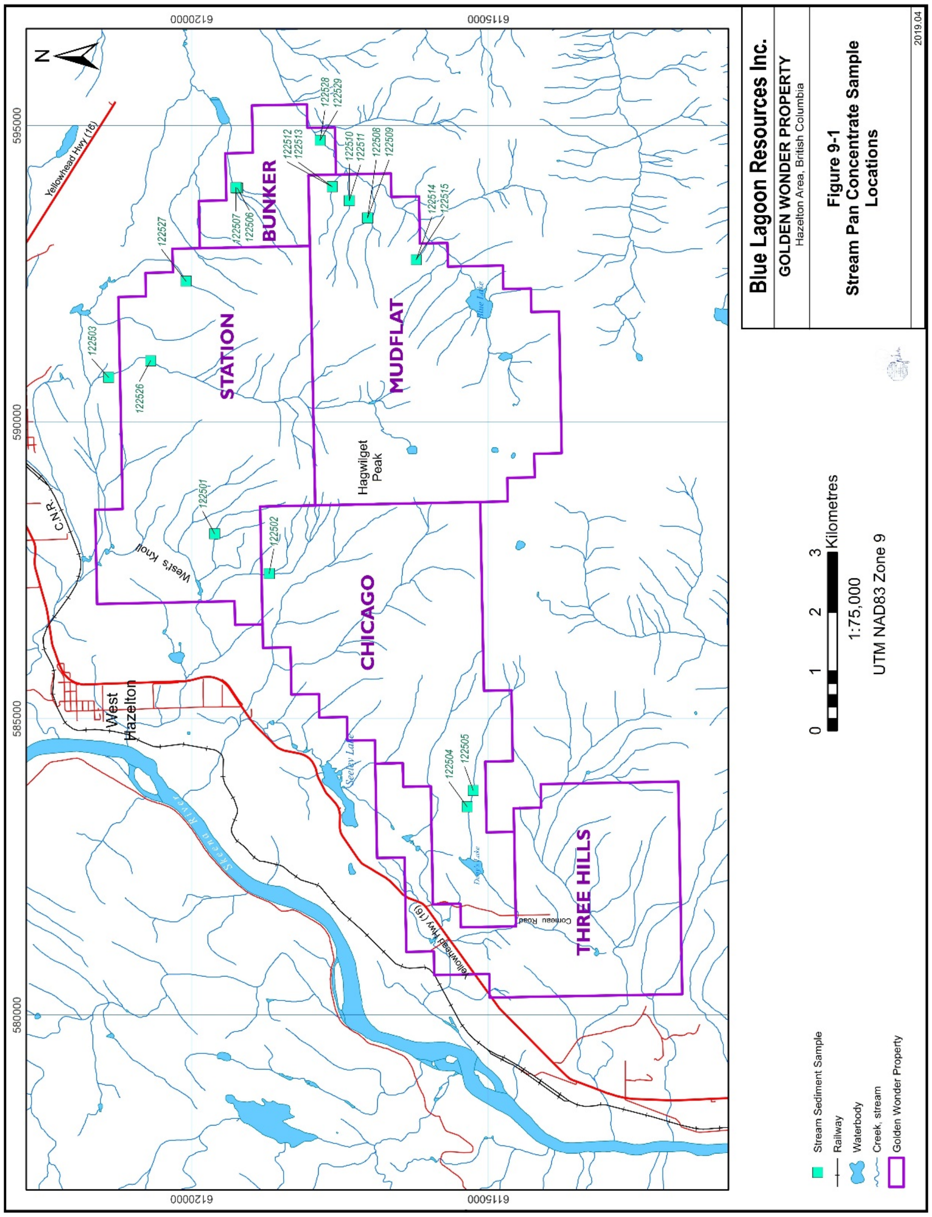



Figure 6. Stream pan concentrate sample locations on the Property

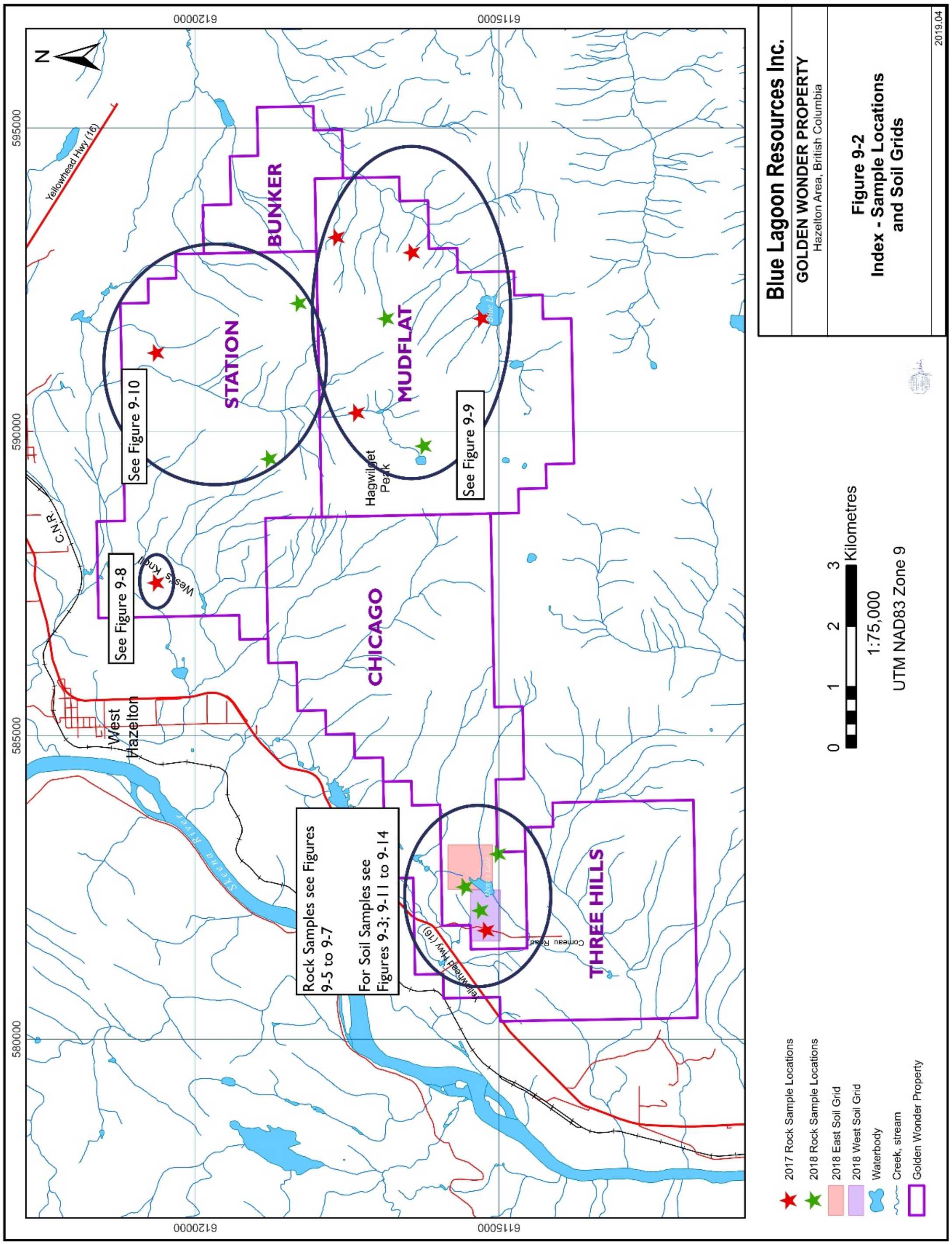



**Figure 7. Index map for rock and soil sample locations**

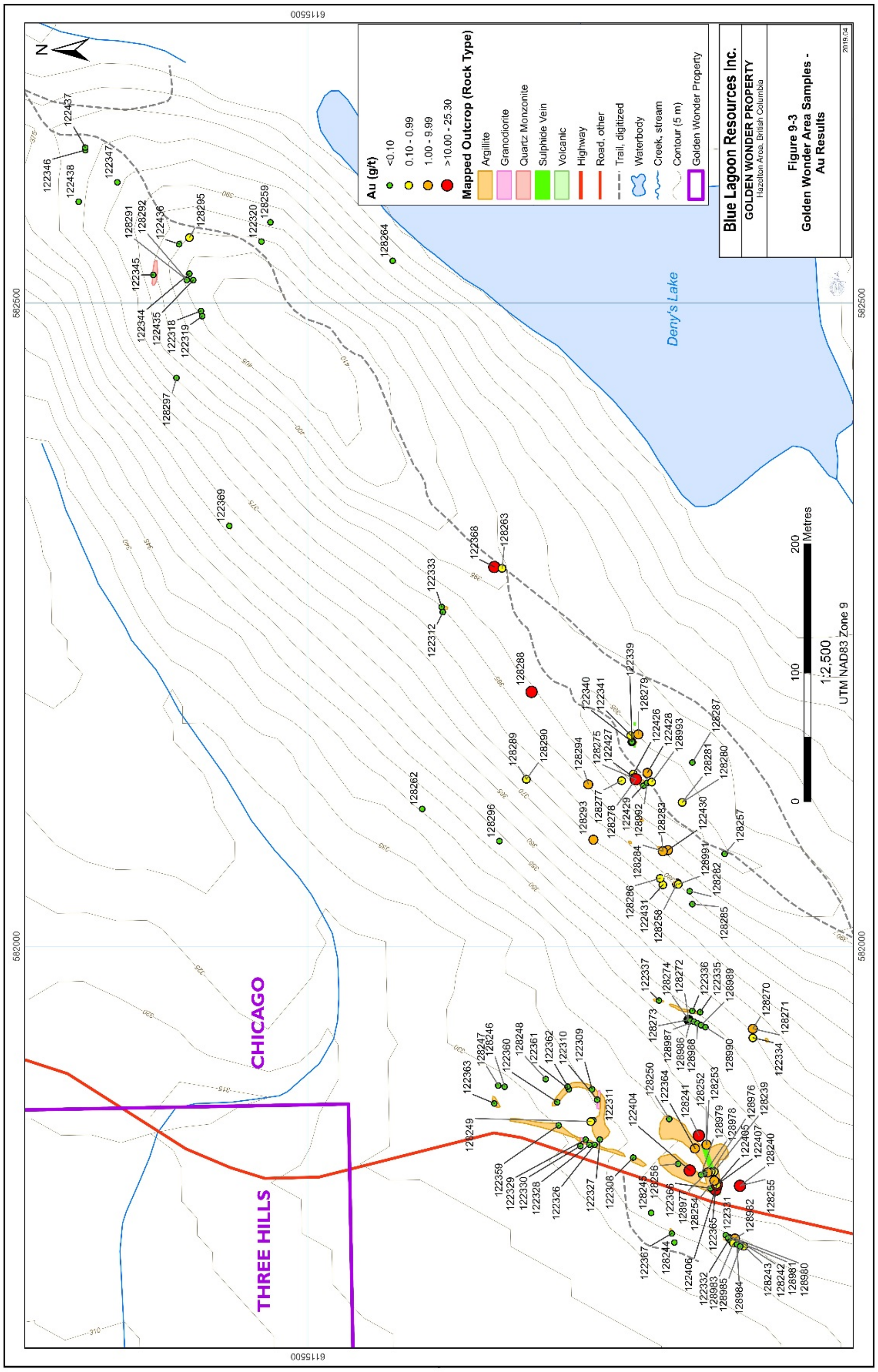



**Figure 8. Golden Wonder area rock samples – Au results**

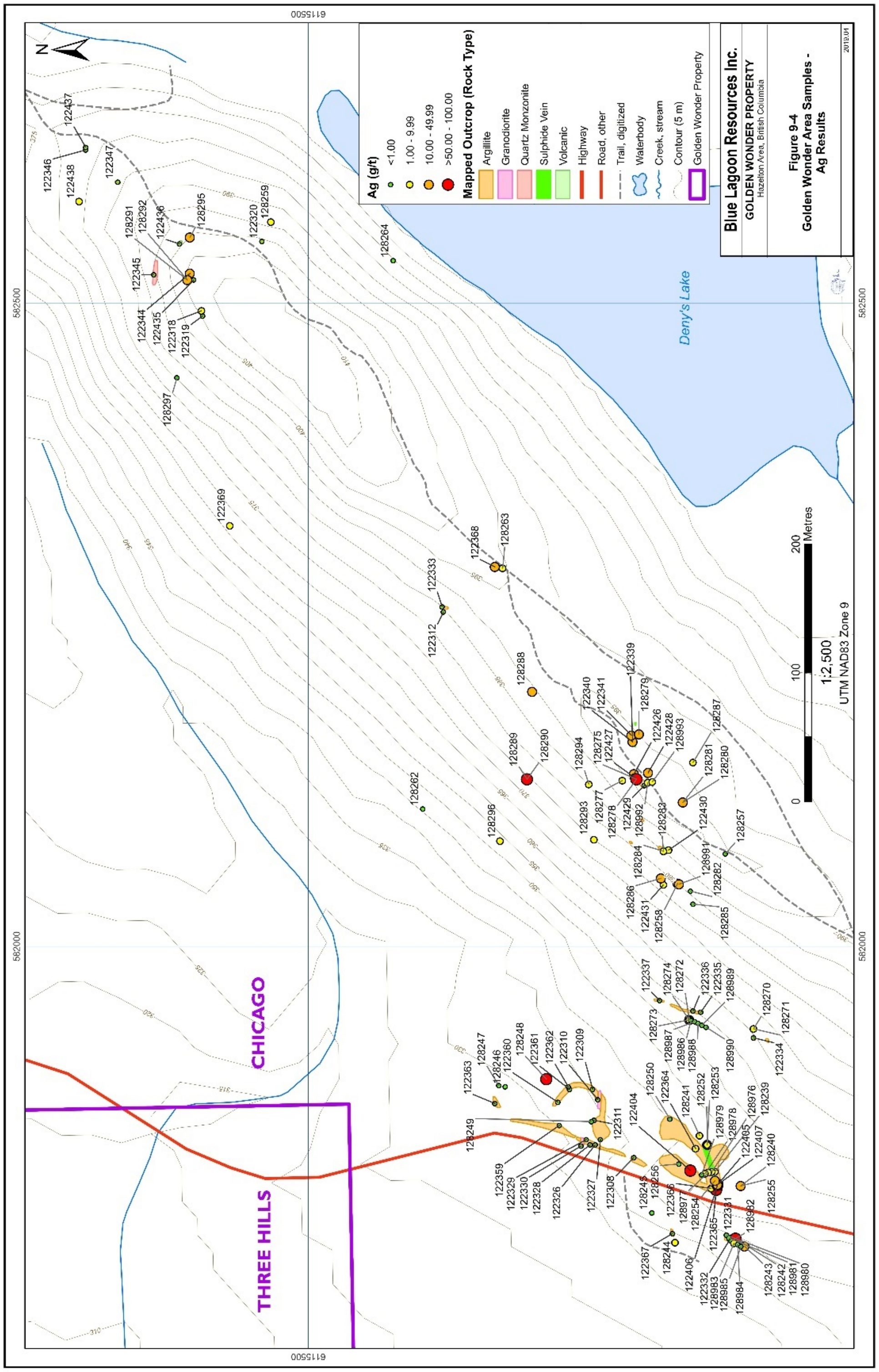



**Figure 9. Golden Wonder area rock samples – Ag Results**

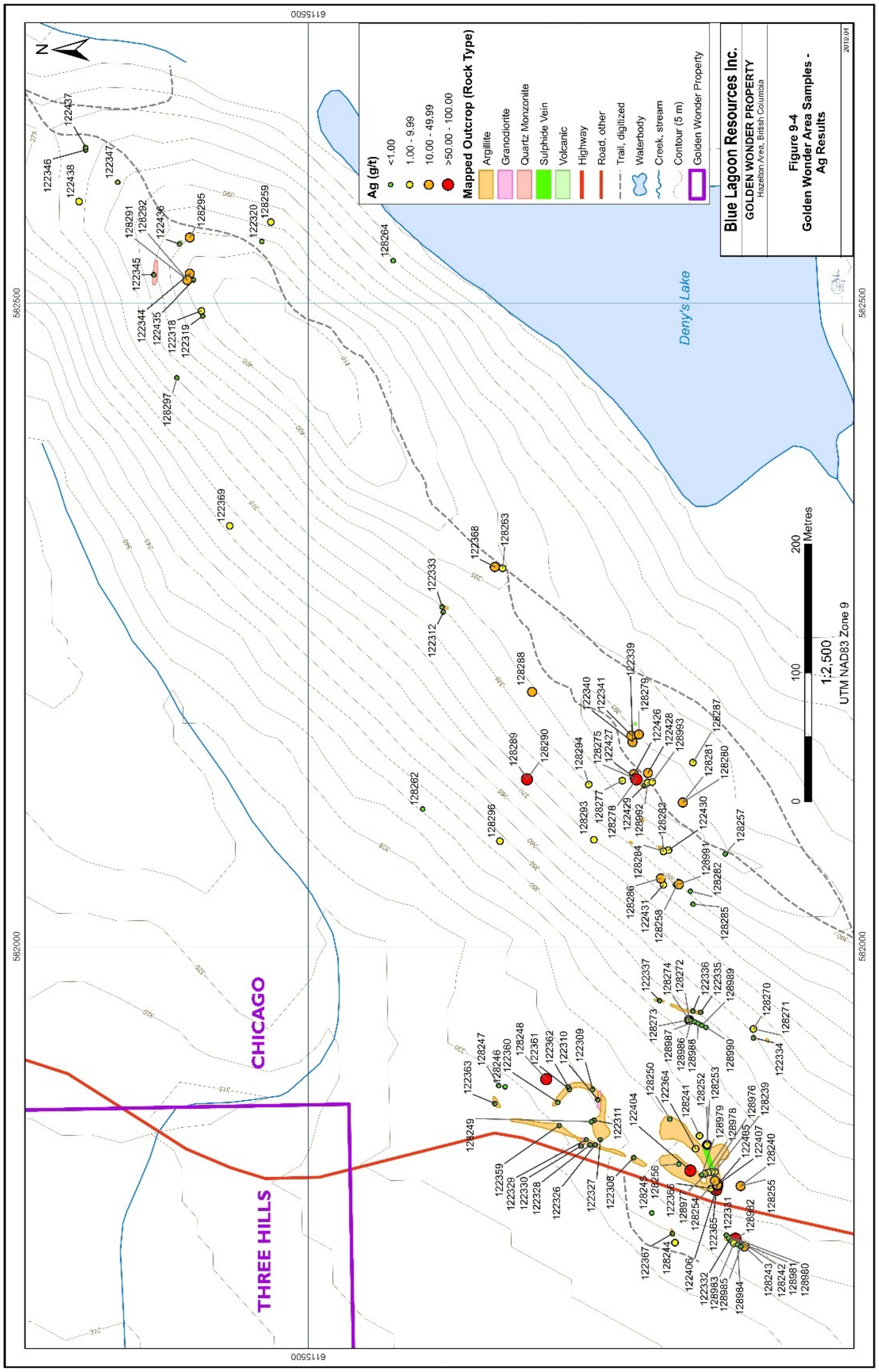



Figure 10. Golden Wonder area rock samples – Cu results

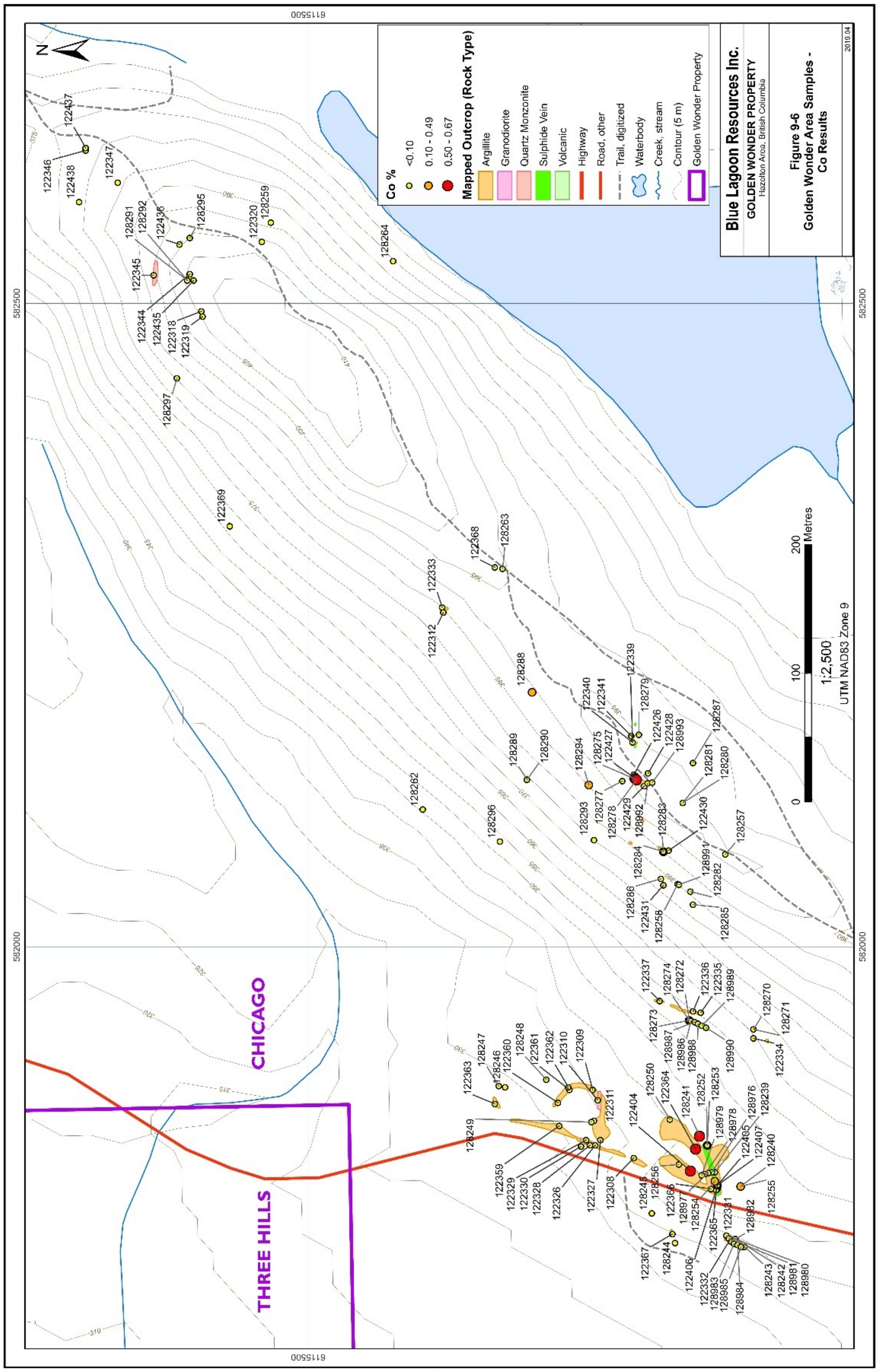



**Figure 11. Golden Wonder area rock samples – Co Results**

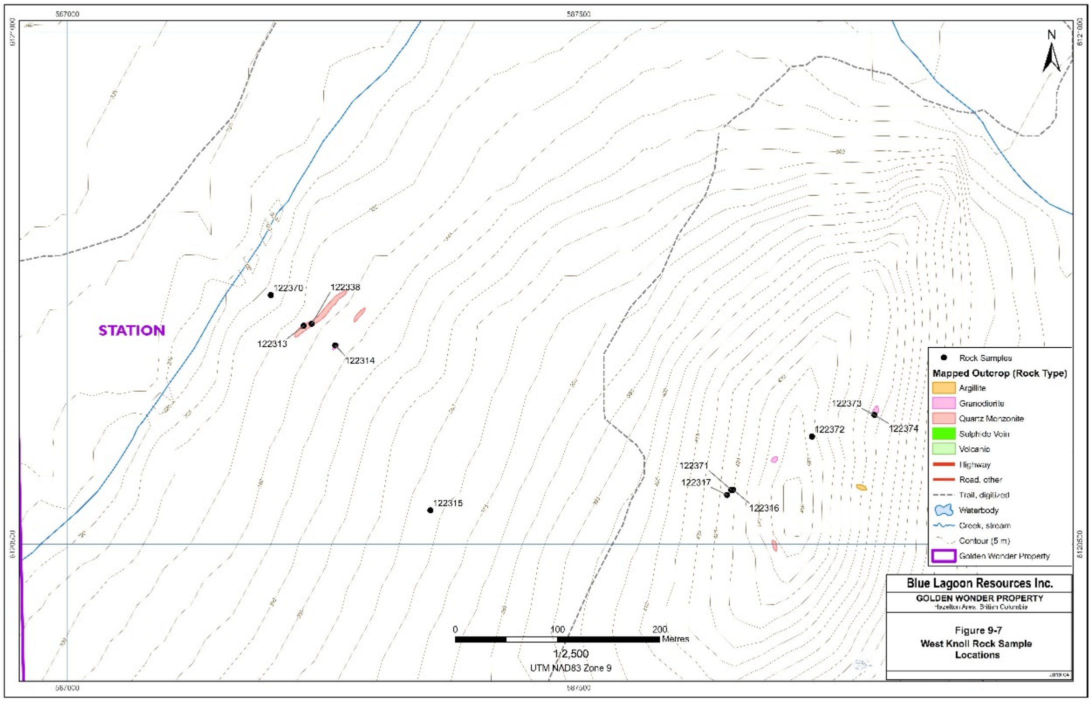



**Figure 12. West Knoll rock area rock sample locations**

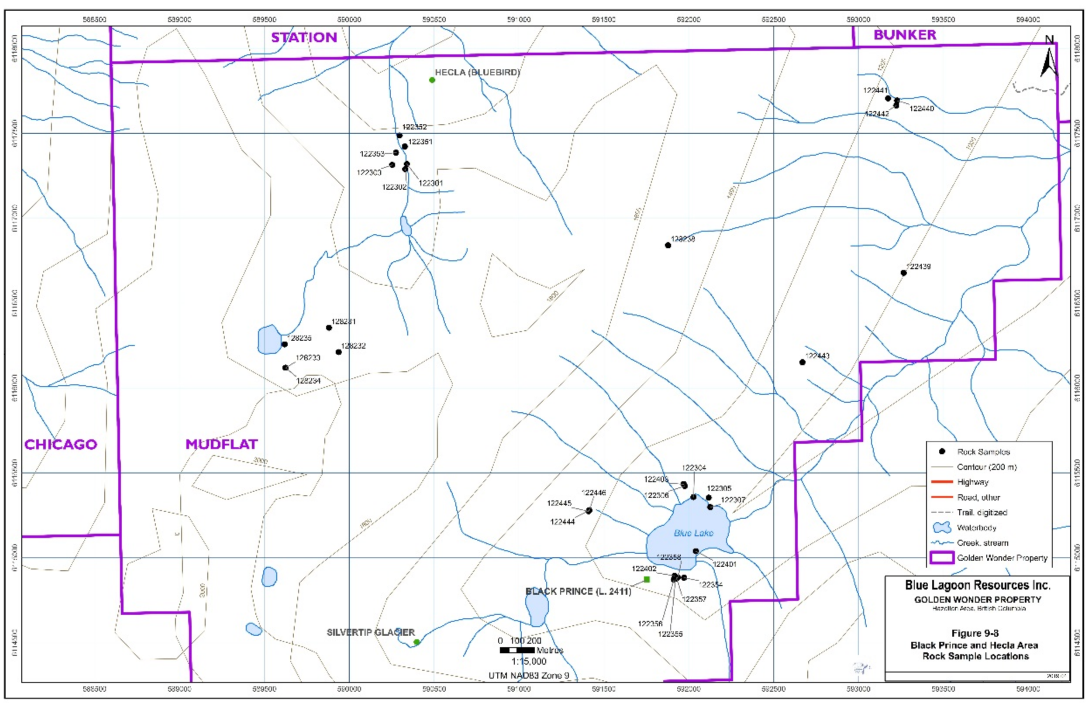



**Figure 13. Black Prince and Hecla area rock sample locations**

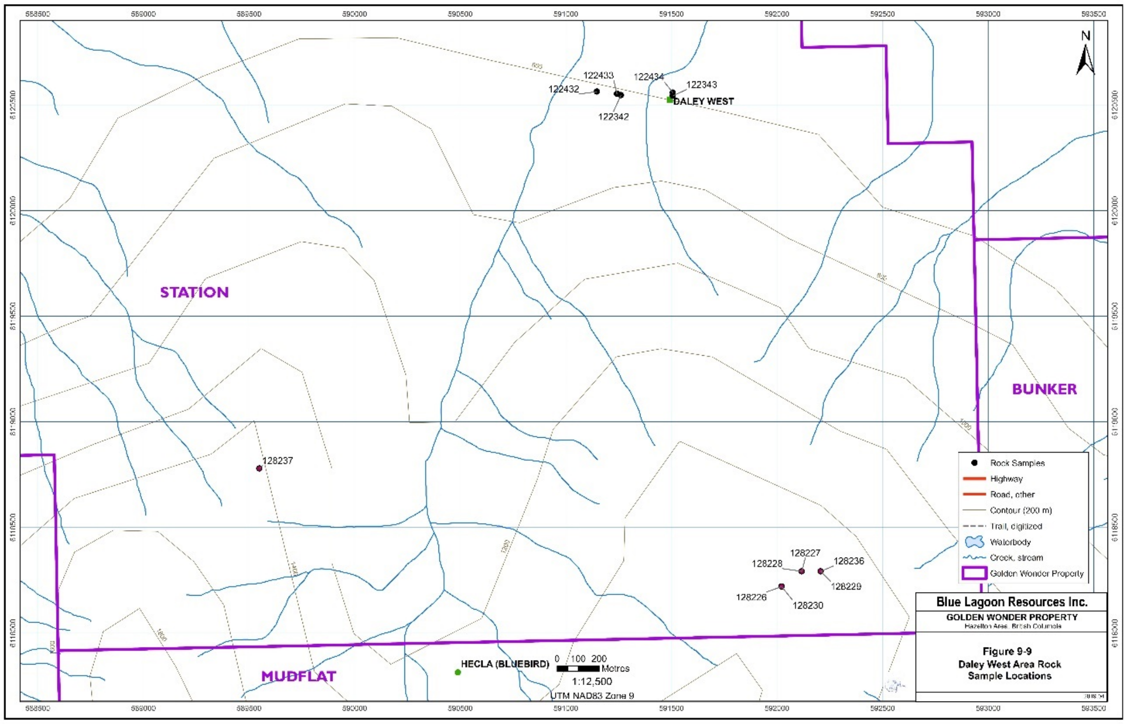
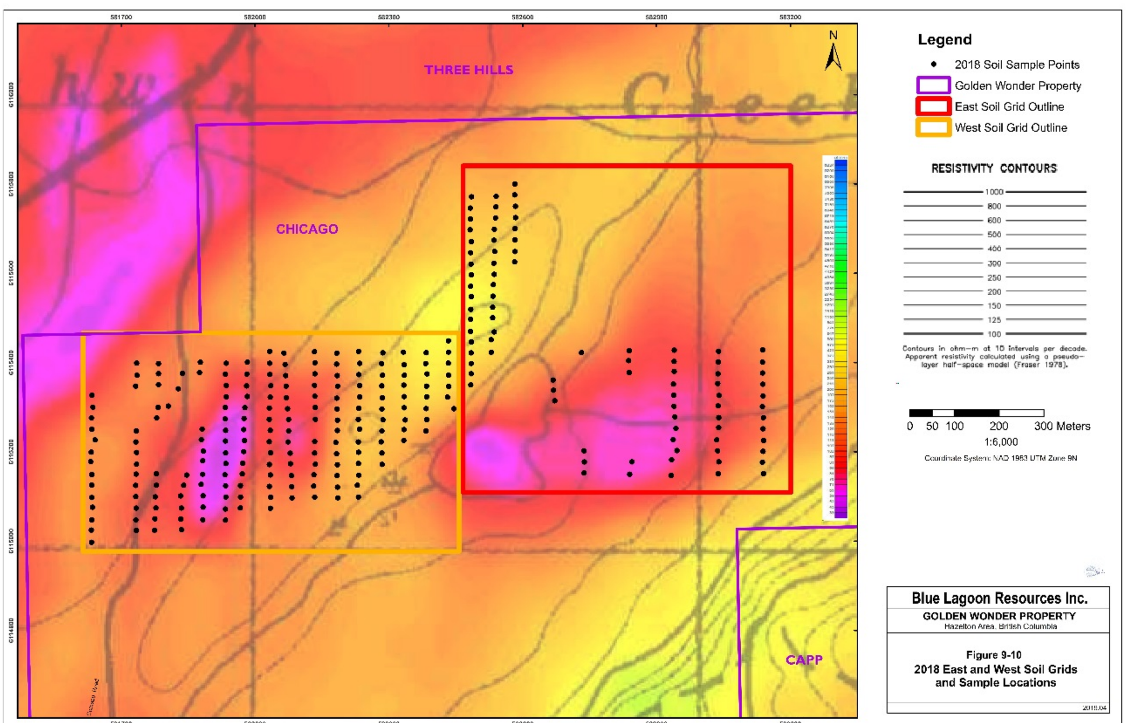



**Figure 14. Daley West area rock sample locations**

**Figure 15. 2018 East and west soil grid sample locations**



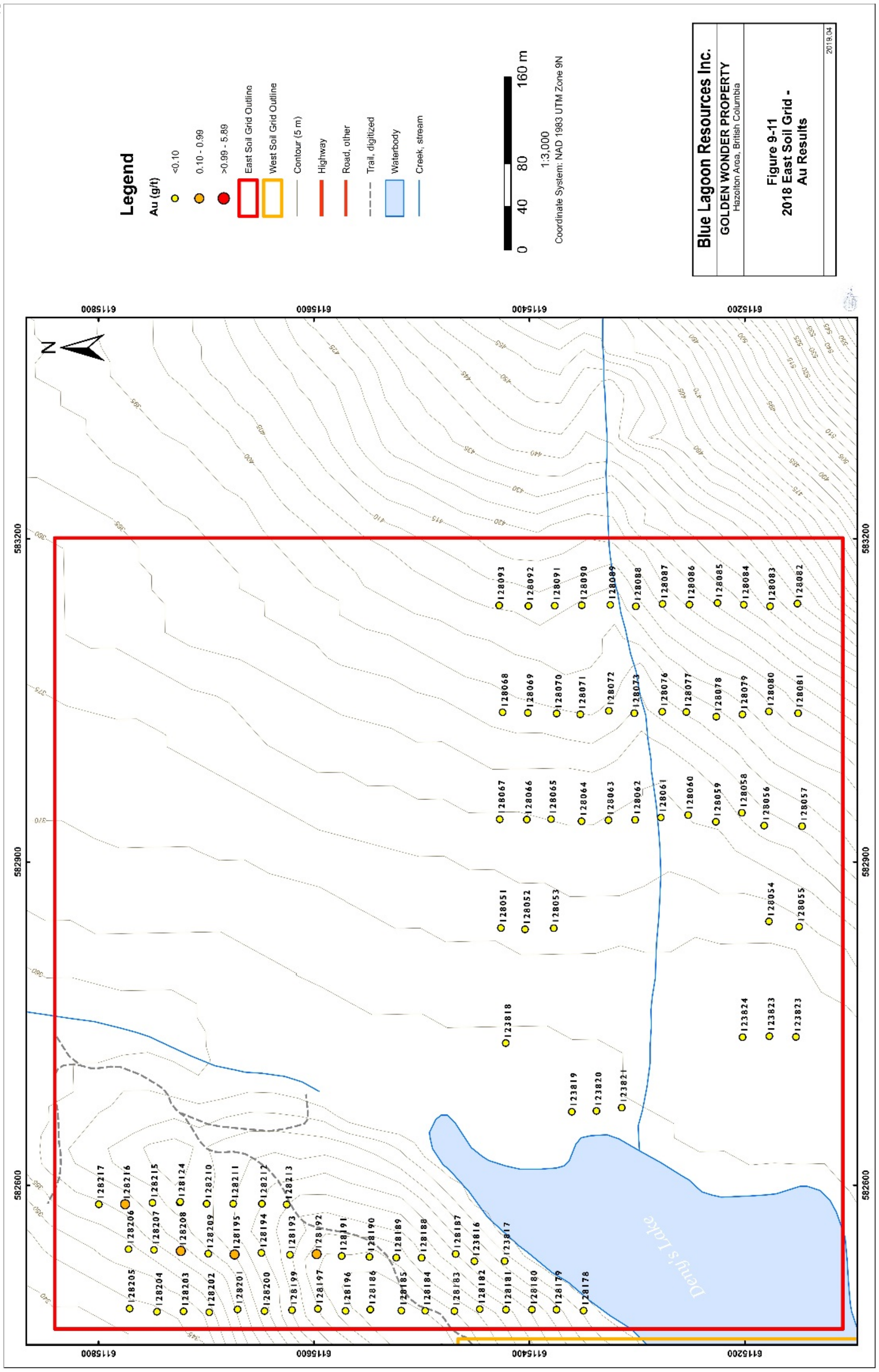



**Figure 16. 2018 East soil grid – Au results**

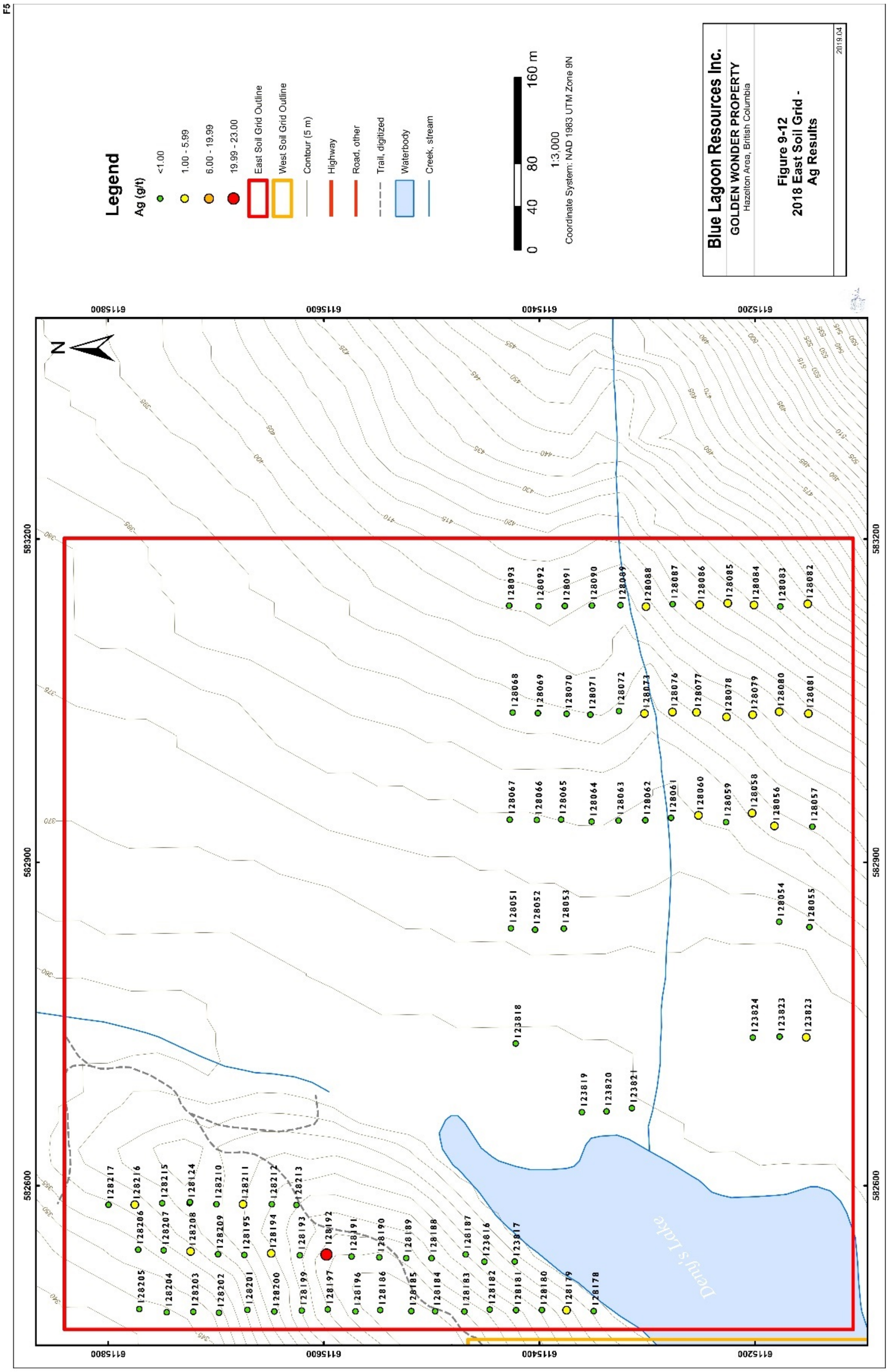



**Figure 17. 2018 East soil grid – Ag results**

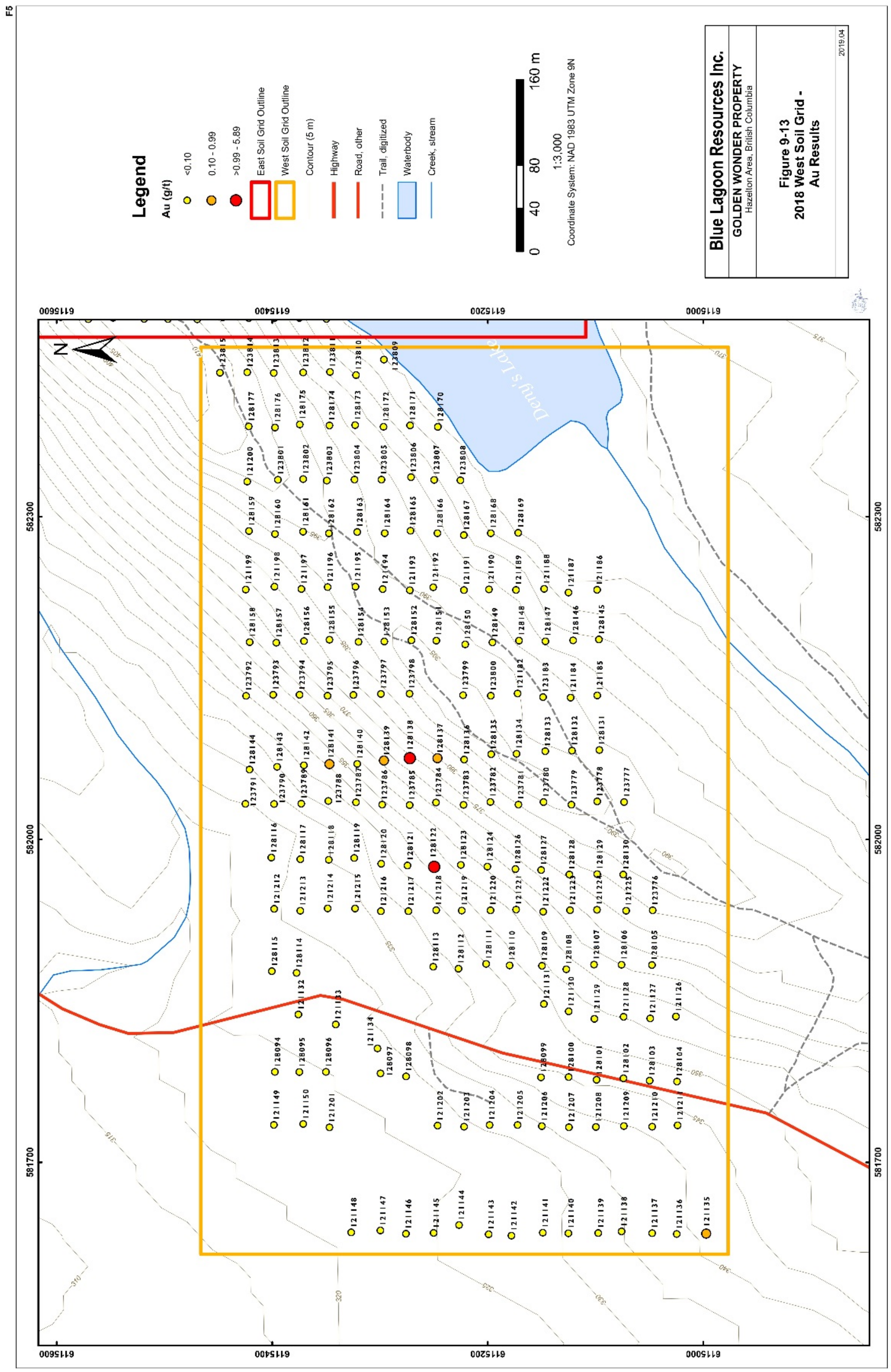



**Figure 18. 2018 West soil grid – Au results**

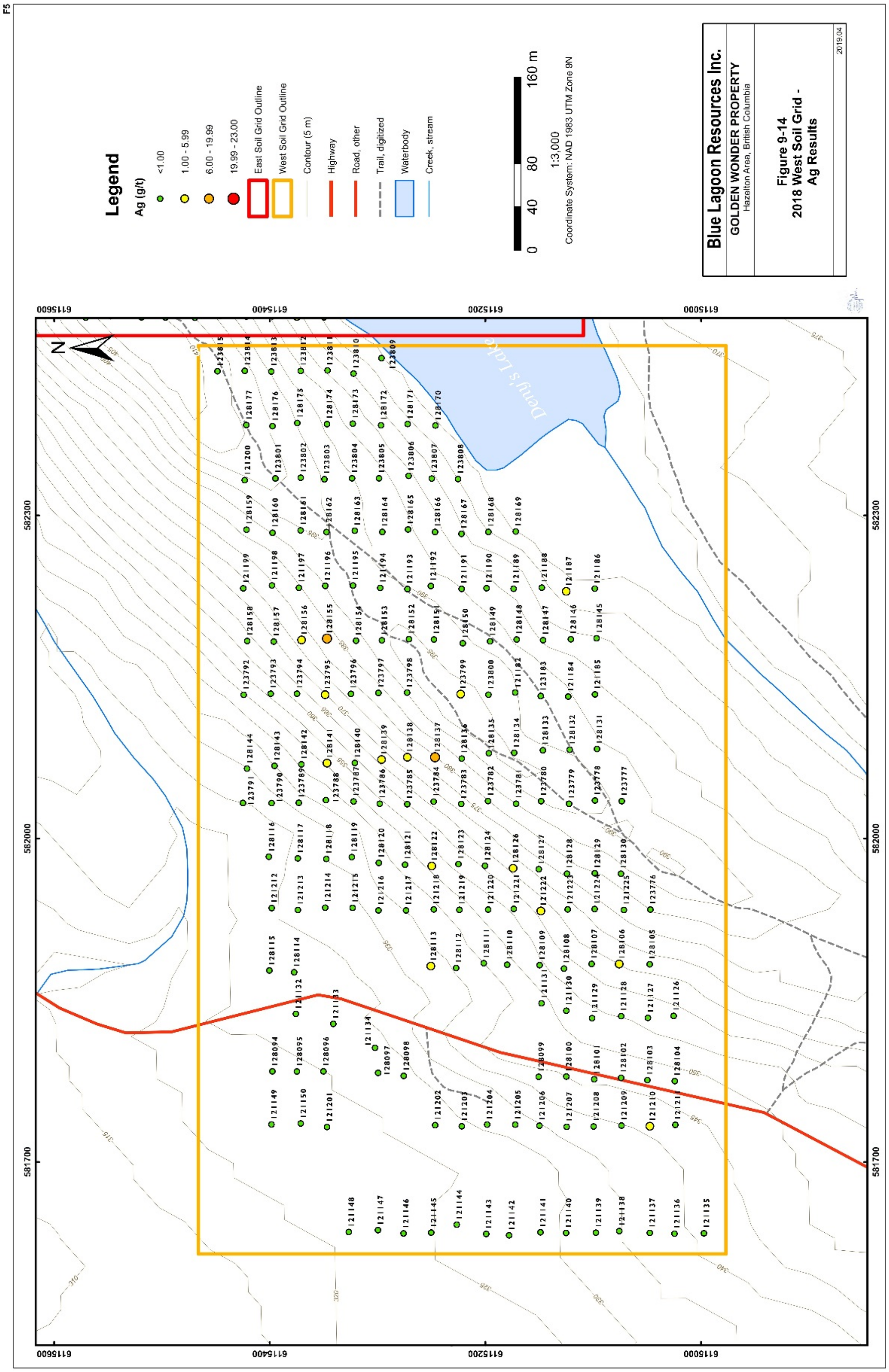



Figure 19. 2018 West soil grid – Ag results

***Geological Setting and Mineralization***

Regional Geology

The Golden Wonder Property is situated in the Intermontane tectonic province of the Canadian Cordillera and is underlain by rocks of the Late Paleozoic Stikine volcanic arc terrane, the largest terrane in BC. The Stikine terrane was accreted to the Quesnel and Cache Creek terranes, and then to the North American margin in the Middle Jurassic before being intruded by coeval and younger plutonic rocks, and overlain by younger volcanic and sedimentary units (Figure 20).

The Rocher Deboule Range lies within the Skeena Arch, an east–north east trending belt of Jurassic and older, mostly volcanic rocks. Uplift of the arch, thought to have been occurred in the Middle Jurassic, resulted in the separation of the Bowser and Nechako Basins. Exposed rocks along the Skeena Arch represent a long-lived magmatic arc that has produced a range of geological settings and resulted in a diverse range of mineral deposits.

The Skeena Arch straddles the Skeena Terrane, a volcanic arc complex that formed offshore before accreting to the west coast of North America. The Skeena Terrane is made up of two cycles of volcanic and related intrusions, as well as overlying sedimentary rock on a metamorphosed volcanic rock and limestone basement.

The Rocher Deboulé Range is underlain by the upper two divisions of the Hazelton group and intruded by the Rocher Deboule stock.

The upper two divisions of the Hazelton group (Jurassic to Cretaceous) are:

1. Red Rose Formation (2,300 to 2,400 m marine and non-marine sedimentary greywackes)
2. Brian Boru Formation (1,500 to 1,800 m porphyritic andesite breccias and massive flows with minor hornblende porphyry andesite flows and some pyroclastic rocks).

The Rocher Deboule stock, a member of the Late Cretaceous Bulkley Plutonic Suite, is predominantly a porphyritic granodiorite, but also includes what is thought to be a younger fine-grained quartz monzonite. The Roche Deboule stock is thought to have been emplaced after folding of the Hazelton group, between the mid-Lower and late Upper Cretaceous. Heat from the intrusion of the Rocher Deboule stock created a hornfelsic aureole in the surrounding Hazelton rocks.

The adjacent valley contains late Jurassic to early Tertiary successor basin assemblages of the Bowser Lake, Skeena, and Sustut Groups.

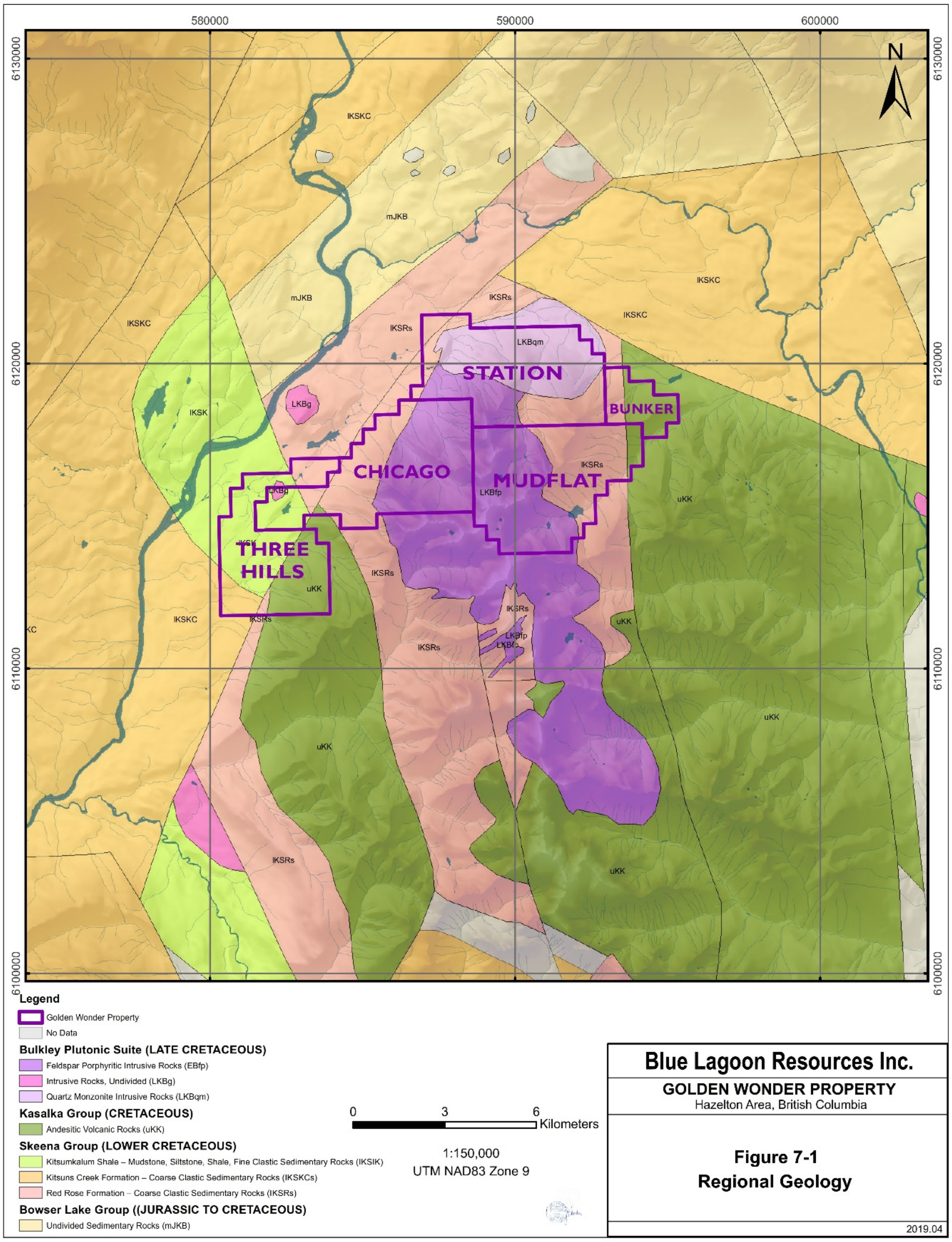



**Figure 20. Regional geology of the Golden Wonder Property**

<u>Property Geology & Mineralization</u>

Mineralized showings on the Golden Wonder Property are associated with the contact between the Rocher Deboule stock and the surrounding Hazelton rocks. Several joint sets have been observed on the property: one parallel to the contact at 015°/65°W; one sub-horizontal cross-joint set at 085°/5°W; one radial, vertical and less well-developed at 060°/65°NW; and another less well-developed at 055°/55°SE. According to Burgoyne and Kikauka (2007) the joint pattern may be indicative of orthogonal fracturing due to contraction on cooling. The radial fractures appear to host most of the vein mineralization, and they are thought to be responsible for introducing fluids into the rock, causing alteration, quartz-hornblende pegmatite vein development, and mineralization. Details on the geology of the showings and workings on the Property are described below (Figure 21).

*I. Three Hills*

The Three Hills area is predominantly characterized by hornfelsic argillites (mudstone, siltstone, shale and fine clastic rocks) of the Kitsumkalum Shale and the andesitic volcanic rocks of the Kasalka Group. The southwest corner lies within the coarse, clastic sedimentary rocks of the Kitsuns Creek and Red Rose formations.

Mineralization occurs within a rock drumlin that is approximately 37 m wide by 111 m long and rises almost 8 m above the flat surrounding drift. This drumlin is along the same trend as mineralization at the Golden Wonder and West's Knoll area; it strikes 035° and dips 40° NW on the southeast side, and has an obscured dip elsewhere. No details on the mineralization was available.

*II. Golden Wonder*

The Golden Wonder area lies approximately 5 km northwest of the historic Rocher Deboule mine site. The area is predominantly characterized by rocks of the Kitsumkalum Shale. Mineralization occurs at the contact between the porphyritic granodiorite and the pyritic hornfelsed argillites in a rock drumlin. This drumlin is presumed to be parallel to the Skeena Fault and is along trend with the Three Hills (to southwest) and West's Knoll area drumlins (to the northeast). Additionally, two shear zones approximately 300 m apart have been noted with mineralization in the area. The first, referred to as the south shear zone, strikes 085° and dips 80°N, is up to ~1 m wide and has been traced for 150 m; semi-massive sulphide veins and crystals (chalcopyrite, pyrite, pyrrhotite, and some magnetite, goethite); and silicified fine quartz stringers occur within this shear zone. The second shear zone, referred to as the north shear zone, strikes 290° and dips 75°S, is up to 1.2 m wide and is exposed for a few hundred metres in open cuts at the north end of the drumlin. This north shear is occupied by a post-mineralization porphyry dyke with small quartz stringers and sulphide lenses (pyrite, chalcopyrite).

*III. West's Knoll*

The West's Knoll area is near the approximate contact between the quartz monzonite rocks of the Bulkley Plutonic Suite and the coarse clastic sedimentary rocks of the Red Rose Formation. The area of interest consists of a rock drumlin that lies along the same trend as the Golden Wonder showing and the historic Three Hills showing. At the base of the drumlin, near a contact between the feldspar porphyry and quartz monzonite, arsenopyrite has been found in loose rocks.

No significant mineralization has been found in the West's Knoll area. One fine-grained mudstone boulder sample showed minor disseminated sulphides and rusty weathering.

*IV. Daley West*

The Daley West area is characterized by the fine-grained quartz monzonite phase of the Rocher Deboule stock. Mineralization was reported in a silicified shear zone trending020°/65°NW and containing small amounts of vein quartz. Masses of arsenopyrite and pyrrhotite, pyrite, and some chalcopyrite occur in the shear zone, as well as minor scheelite, sphalerite, galena, and calcite. Molybdenite was reported in scattered narrow quartz veins near old workings.

No significant mineralization has been found in the Daley West area.

*V. Black Prince/Blue Lake/Silvertip Glacier*

The Black Prince, Blue Lake, and Silvertip Glacier showings are clustered near the southeast boundary of the Property, in the feldspar porphyritic granodiorites of the Roche Deboule stock. The Black Prince showing occurs on the ridge between Mudflat and Porphyry creeks. The Blue Lake showing is approximately 1,600 m southwest of the Black Prince showing. The Silvertip Glacier showing is west of the Black Prince and Blue Lake showings. The Black Prince and Blue Lake showings both consist of parallel quartz veins in the intensely jointed Rocher Deboulestock.

Historically, mineralization has been noted in the argillic rocks and parallel quartz veins in fracture zones at the Black Prince showing. The argillic rocks contain oxidized disseminated sulphides (mostly pyrite) interspersed with areas of non-sulphide-bearing host rock. The main fracture zone, trending 150°/65°SW, comprises quartz veins with scheelite, pyrite, chalcopyrite, molybdenite, wolframite, ferberite, and erythrite; this fracture zone is up to 2.4 m wide and over 300 m long. A second fracture zone, approximately 250 m east of the main fracture zone, hosts a parallel quartz vein (trending 150°/65°SW) containing zones of massive chalcopyrite and scheelite, with lesser pyrite, bornite, cassiterite, and uraninite. A third fracture zone hosts an intermediate vein, 150 m east of the main fracture zone; this vein trends 160°/70°SW.

At the Blue Lake showing several mineralized veins have been reported. Vein No. 1, occurs at the east end of the showing, trends 105°/65°NE and is up to 25 cm wide; it is a quartz vein with up to 10% tetrahedrite and minor chalcopyrite. Vein No. 2, 30 m west of Vein No.1, trends 155°/70°SW; it is a quartz vein with chalcopyrite, pyrite, molybdenite, tetrahedrite, scheelite, and likely uraninite. Vein No. 3, approximately 600 m northwest of the other veins, trends 165°/75°W; it is a quartz vein with scheelite, molybdenite, chalcopyrite, and ferberite. Approximately, 90 m below vein No. 3, occurs a 23 m milky white quartz vein with tetrahedrite; the vein is up to 3 m wide.

Limited information is available on the Silvertip Glacier showing. According to MINEFILE 093M 055, the showing hosts Cu-Mo mineralization.

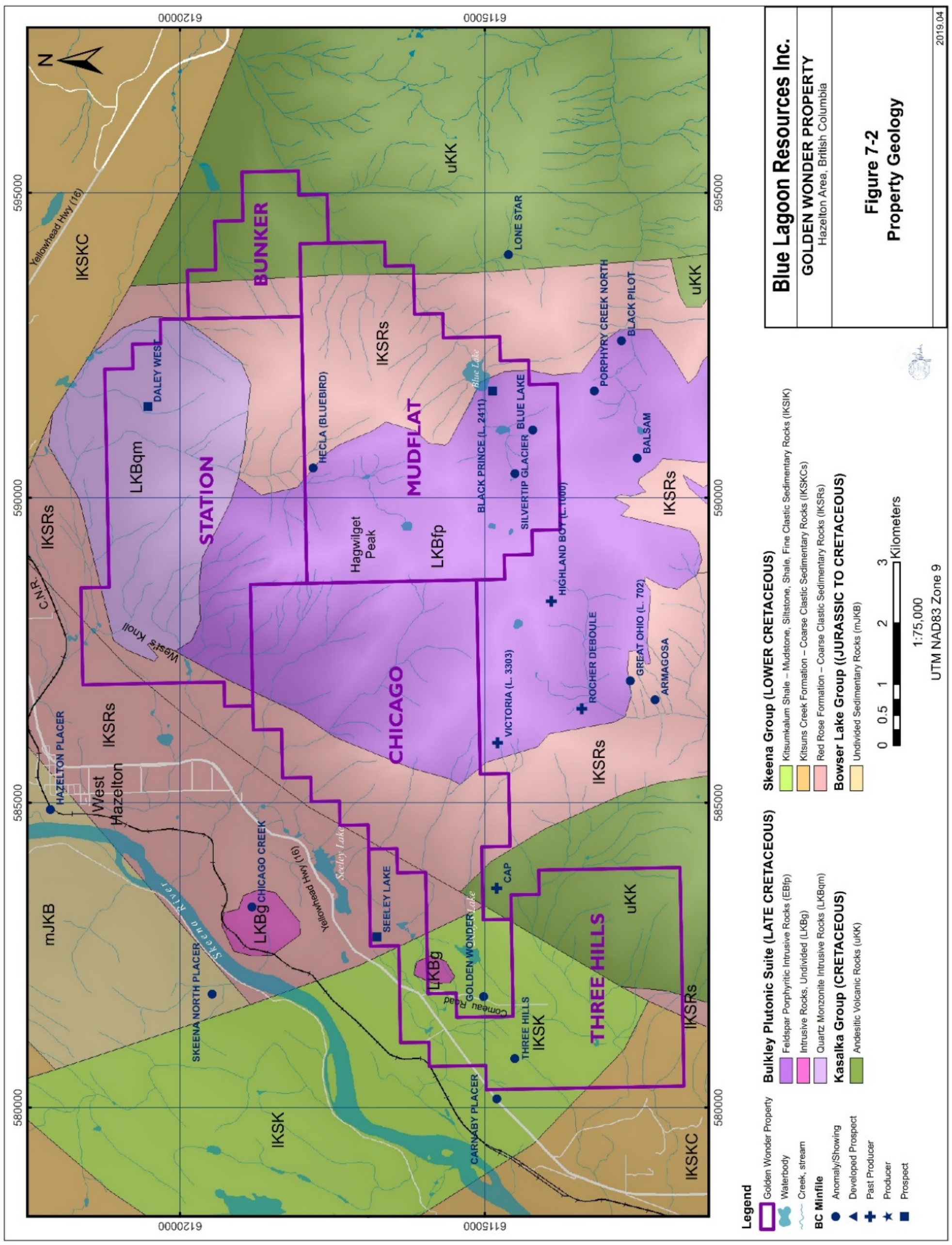



**Figure 21. Golden Wonder Property geology map**

*VI. Hecla/Bluebird*

The Hecla/Bluebird showing occurs on the east side of the Rocher Deboule stock, where it is in contact with the sedimentary rocks of the Red Rose Formation. The showing is at the head of Station Creek and mineralization is visible in both a silicified aplite and a pegmatite dike, that have been cut by quartz veinlets containing pyrite and chalcopyrite. The aplite dike is 2.7 m wide and has a 1.2 m wide mineralized zone; a grab sample assayed 0.22% Cu, trace Au and 34.3 g/t Ag. The pegmatite dike is 1.8 m wide; a grab sample assayed 0.39% Cu, trace Au, and 18.2 g/t Ag. Also noted are other areas with rusty oxidized surfaces and boulders with some visible sulphides.

***Deposit Type***

The Skeena Arch is rich in metallic mineral deposits; over 800 occurrences are listed in the BC Geological Survey's MINFILE database, with the majority of the deposit types in the area related to plutonic suites including:

- Polymetallic veins Ag-Pb-Zn-Au
- Subvolcanic Cu-Ag-Au (As-Sb)
- Porphyry Cu Mo Au
- Volcanic redbed Cu
- Porphyry Mo (low F- type)
- Intrusion-related Au pyrrhotite veins

Sutherland Brown (1960) described three phases of vein mineralization that appear to overlap in some spots, with precious metals present in a variety of minerals and dominated by iron-cobalt sulphides, tetrahedrite, and chalcopyrite.

Previous assessments of the Golden Wonder Property and surrounding area suggest an epithermal, high-sulphidation Au-Ag and base metals deposit, potentially a vein/replacement type Iron Oxide Copper Gold (IOCG) deposit, and possibly part of a porphyry Cu-Au deposit at depth.

A more likely deposit type for the Golden Wonder Property is a Besshi-type Gold rich Volcanogenic Massive Sulphide (VMS) deposits. VMS deposits form in submarine volcanic environments at or near the sea floor and typically occur as lenses of massive sulphide. Besshi-type Cu-Zn deposits are a subtype of VMS deposits that typically occur in clastic rocks in rifted basins and oceanic regimes (pelites and turbidites) associated with mafic volcanic and intrusive rocks. The mafic volcanic rocks and ore are usually enclosed within a thick sequence of continental clastic sediment.

Besshi-type deposits are tabular, stratiform sulphide bodies characterized by a wide spread of turbidites in ore-bearing strata, Co-rich Cu-Zn ores, subvolcanic sills, sheet-like ore bodies, and a lack of clear structural control. Examples of these deposits are the Besshi deposits in Japan and Windy Craggy, in British Columbia.

An alternative deposit classification is the Blackbird Sediment-hosted Cu-Cobalt model, similar to the Blackbird Mine in the Idaho cobalt area. These deposits are characterized by the presence of massive and disseminated pyrite, pyrrhotite, arsenopyrite, cobaltite, chalcopyrite, and magnetite found in stratabound lenses and/or stringers, or in breccia pipes. Textures can include fine-grained, thinly bedded turbidite sequences and graded beds, indicative of a marine turbidite depositional environment. They are sometimes associated with Besshi-type massive sulphide deposits, and are enriched in iron, arsenic, boron, cobalt, copper, gold, silver, and manganese.

***Exploration***

No exploration on the Property has been conducted by the Company.

***Drilling***

No drilling has been completed on the Property by the Company.

***Sample Preparation, Analyses, and Security***

<u>Sampling Method and Approach</u>

Dahrouge staff collected and prepared the stream pan concentrates, soil samples and rock samples for analysis. Sampling methods were obtained from internal communications with Dahrouge staff and further reviewed and observed by the author in the field in May 2017 when he visited the Property in connection with the 2017 Report.

From personal communications with Dahrouge the same sampling procedures were applied to sampling during the 2018 exploration program.

*I. Stream Pan Concentrates Samples*

Stream pan concentrate samples were collected from accessible streams with sufficient alluvial sediment beds. All samples were described in situ, including stream flow, contents, and mineralogy. All sample locations were obtained using a handheld Garmin 60 series GPS.

For each sample, between ½ and 2/3 of a 5-gallon pail of stream silt was collected and passed through a 1/4" sieve followed by a 1/12" sieve. The fine faction was then processed pans to concentrate the heavy fraction, yielding some tens of grams per sample. For five of the samples, intermediate fractions were collected and analyzed to capture the arsenopyrite and lighter minerals. The heavy faction was then carefully transferred to pre-labeled sample bags with the corresponding sample book tag. Sample numbers were also written on flagging tape which was also inserted into the sample bag. The bags were sealed with zip ties or flagging tape and catalogued before being packaged in pails and transported to Dahrouge head office, where they were shipped to the Activation Laboratories Ltd. for analysis.

*II. Rock Samples*

Grab samples were selected from available outcrops; several pieces were chipped from the outcrop for each sample. Float samples and boulder samples were taken where outcrop was covered by overburden or talus. Every lithology or variation of lithology encountered was sampled; some lithologies were sampled on different locations to test for unobserved changes. Sample locations were obtained using a handheld Garmin 60 series GPS.

All samples were described in situ, including sample type (grab, chip, float, boulder), rock type, mineralogy, and structural measurements. Samples were bagged, in the field, in pre-labelled poly ore sample bags with the corresponding sample book tag. Sample numbers were also written on flagging tape that was also inserted into the sample bag. The bags were sealed with zip ties or flagging tape and catalogued before being packaged in pails and transported to Dahrouge head office, where they were shipped to the Activation Laboratories Ltd. for analysis.

A standard quartz blank was inserted into the rock samples during both field programs to test for contamination during the sample preparation process.

*III. Soil Samples*

Soil samples were collected from two grids, one on the east and another on the west side of Denys Lake. Soil lines were spaced 50 m apart and soil samples were space 25 m apart. Sample locations were obtained using a handheld Garmin 60 series GPS.

All soil samples were collected from the B-horizon; sample depths varied with vegetation and overburden thickness. Samples were placed in pre-labeled bags with the corresponding sample book tag number and a piece of flagging tape with same number. The bags were sealed with zip ties or flagging tape and catalogued before being packaged in pails and transported to Dahrouge head office, where they were shipped to the Activation Laboratories Ltd. for analysis.

<u>Laboratory Sample Preparation and Analysis</u>

Sample preparation and analyses were conducted by Activation Laboratories Ltd. (ActLabs) in Kamloops, British Columbia. Actlabs is a commercial laboratory and is completely independent of the Company. The Actlabs Kamloops facility is ISO/IEC 17025 accredited.

Samples were analyzed for major and trace elements by inductively coupled plasma (ICP) and ICP-mass spectrography (MS). Rock samples also underwent fire assays.

*I. Code 8– 4 Acid ICP-OES and Code 8 – 4 Acid ICP-MS*

Assay packages for base metal using 4 acid digestion and ICP-OES or ICP-MS. A 0.5 g sample is digested using 4 acid digestion and diluted volumetrically to 100 mL. CANMET reference materials for the appropriate elements are digested the same way and are used as a verification standard(s). Samples are analyzed on a Varian Vista 735 ICP-OES.

*II. Ultratrace 4: Near Total Digestion ICP/MS*

A 0.25 g sample is digested with four acids beginning with hydrofluoric, followed by a mixture of nitric and perchloric acids, heated using precise programmer-controlled heating in several ramping and holding cycles, which takes the samples to dryness. After dryness is attained, samples are brought back into solution using hydrochloric and nitric acids. This digestion may not be completely total if resistate minerals are present. As, Sb, and Cr may be partially volatilized.

An in-lab standard (traceable to certified reference materials) or certified reference materials is used for quality control.

Digested samples are diluted and analyzed by Perkin Elmer Sciex ELAN 6000, 6100, or 9000 ICP/MS. One blank is run for every 40 samples. In-house control is run every 20 samples. Digested standards are run every 80 samples. After every 15 samples, a digestion duplicate is analyzed. The instrument is recalibrated every 80 samples.

*III. 1A2-ICP - (1A2-ICP-30 or 50) Au Fire Assay – ICP*

**Fire Assay**

A 0.25 g sample is digested with four acids beginning with hydrofluoric, followed by a mixture of nitric and perchloric acids, heated using precise programmer-controlled heating in several ramping and holding cycles, which takes the samples to dryness. After dryness is attained, samples are brought back into solution using hydrochloric and nitric acids. This digestion may not be completely total if resistate minerals are present. As, Sb, and Cr may be partially volatilized. A sample size of 5 to 50 g can be used but the routine size is 30 g for rock pulps, soils or sediments (exploration samples). The sample is mixed with fire assay fluxes (borax, soda ash, silica, litharge) and with Ag added as a collector and the mixture is placed in a fire clay crucible, the mixture is preheated at 850°C, intermediate 950°C and finish 1060°C, the entire fusion process should last 60 minutes. The crucibles are then removed from the assay furnace and the molten slag (lighter material) is carefully poured from the crucible into a mould, leaving a lead button at the base of the mould. The lead button is then placed in a preheated cupel, which absorbs the lead when cupelled at 950°C to recover the Ag (doré bead) + Au.

**ICP-OES**

The Ag doré bead is digested in hot (95°C) $HNO_3$ + HCl. After cooling for 2 hours, the sample solution is analyzed for Au by ICP-OES using a Varian 735 ICP.

It is the Author's opinion that the adequacy of sample preparation, security and analytical procedures are sufficient for this stage of exploration on the Golden Wonder Property.

<u>Assay Results and Interpretation</u>

The results of the assays from both the 2017 and 2018 programs indicate significantly elevated values for gold, silver, copper and cobalt for the samples collected on the Golden Wonder Property. These results are discussed in further detail in the *Recent Exploration* section.

### *Data Verification*

The Author of this report visited the Property on May 22, 2017 in connection with the preparation of the 2017 Report. During the visit, the Author reviewed exposed outcrop, subcrop, and float, and collected seven rock samples from two historic showings: the Golden Wonder and the Black Prince. Samples 122401 to 122403 were collected on the Black Prince zone, whereas samples 122404 to 122407 were collected from the Golden Wonder zone (Table 9).

**Table 9. Samples taken by the Author**

| Sample ID | Easting | Northing | Au (ppb) | Ag (g/t) | Cobalt ppm | Cu ppm |
|---|---|---|---|---|---|---|
| 122401 | 592043 | 6115038 | 4 | 0.08 | 174 | 463 |
| 122402 | 591917 | 6114894 | 118 | 0.72 | 134 | 58.1 |
| 122403 | 591971 | 6115434 | <2 | 0.1 | 10.9 | 33.3 |
| 122404 | 581826 | 6115203 | 10300 | 53.9 | 3010 | 27100 |
| 122405 | 581815 | 6115182 | 1110 | 2.9 | 5 | 957 |
| 122406 | 581815 | 6115182 | 25300 | 65.7 | 1290 | 32900 |
| 122407 | 581815 | 6115182 | 112 | 12.9 | 119 | 7510 |

Samples collected by the Author in 2017 were packaged and prepared for shipment under his supervision.

A standard quartz blank was inserted into the samples to test for contamination during the sample preparation process. The quartz sample, #122375, was inserted between samples with relatively higher grades for Au, Ag, Co and Cu; results for the sample showed no indication of any significant or systemic cross contamination. The assay results for the blank sample were below the detection limit for both Au and Ag but were above the detection limit for Co (assayed 0.5 ppm, with a detection limit of 0.1 ppm) and Cu (assayed 3.2 ppm, with a detection limit of 0.2 ppm).

All assay certificates from 2017 and 2018 exploration programs and historic documents have been made available to the Author. All sample locations were obtained using a handheld Garmin 60 series GPS for both 2017 and 2018 exploration programs.

It is the Author's opinion that the data produced meets the standards required for the purposes of this technical report. The work conducted by Dahrouge Geological is considered professional and can be relied on.

***Mineral Processing and Metallurgical Testing***

No mineral processing or metallurgical testing has been completed on the Property.

***Mineral Resource Estimates***

No mineral resource estimation has been completed on the Property.

***Adjacent Properties***

The information in this section was obtained from publicly available BC Mineral Assessment Reports.

The Roucher Deboule Property lies adjacent to the south of the Golden Wonder Property and consists of two mineral claims covering 997.76 ha of land, which are owned 100% by American Manganese Inc. Their property covers several historic past-producing mineral showings, including the Victoria, Roucher Deboule, Highland Boy, and Cap showings, in addition to several less advanced mineral showings. The Rocher Deboule Property has recorded occurrences of "gold-silver-copper-(zinc-lead-cobalt)" mineralization. Recent work done by American Manganese Inc. involved six diamond drill holes at the Highland Boy showing, an airborne geophysical survey, and several surface prospecting programs. In 2016, American Manganese Inc. sampled fissure vein mineralization near the Cap showing, highlighted by a sample with 9280 ppb Au, 40 ppm Ag, and 57026 ppm Cu.

The Porphyry Creek Property lies just south and adjacent to the Roucher Deboule Property and Golden Wonder Property. This property covers 5,568.82 ha, with ownership split three ways amongst Doug Warkentin (60%), Timothy Johnson (20%), and Kyler Hardy (20%). Several historic mineral showings occur within the property's boundaries, including a past producer (Brunswick) and an early-stage prospect (Sultana). Commodities of interest include, but are not limited to, Cu, Mo, Ag, Au, Pb, and Zn. The most recent publicly disclosed work program consisted of prospecting and soil sampling in 2016.

There are numerous other mineral tenures surrounding the Property that are registered to companies or individuals, and they are not described in this report. The author has been unable to verify the information on any of these adjacent properties and they are not necessarily indicative of the mineralization present of the Golden Wonder Property.

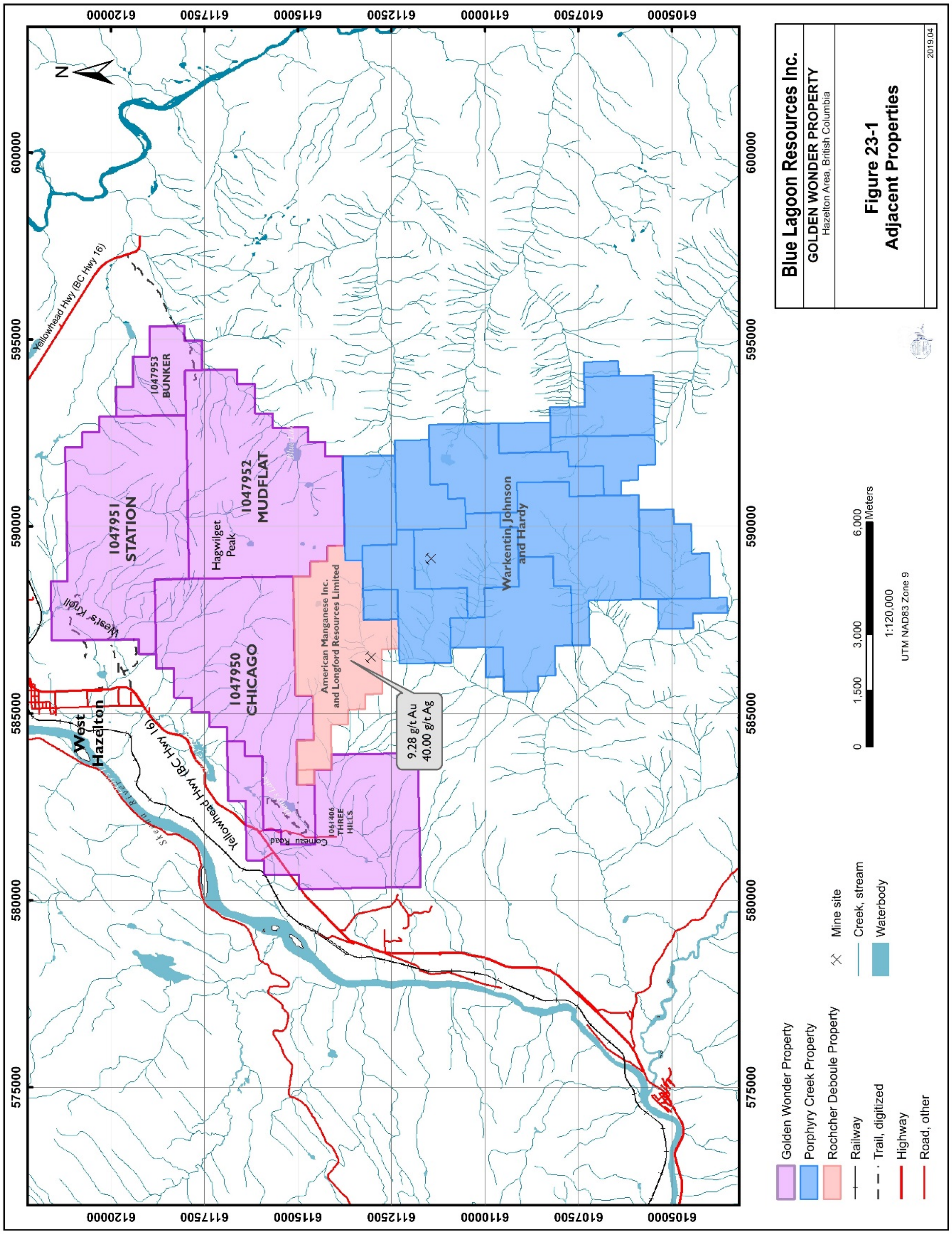



**Figure 22. Adjacent property map**

### *Other Relevant Data and Information*

The author is unaware of any other relevant data.

The author is unaware of any other relevant data.

***Interpretation and Conclusions***

The 2017 exploration program focused on cobalt mineral potential while the 2018 exploration program focused on gold mineral potential at the Golden Wonder Property. Additionally, the mineral potential of silver and copper were evaluated, all by confirming historic assay results and determining field conditions. The 2017 program included rock sampling and stream pan concentrate sampling; the 2018 program included rock sampling and soil sampling, with a focus on the Golden Wonder area.

Soil and rock analytical results indicate that there is significant mineralization at the Golden Wonder area, in massive to narrow sulphide veins and in the surrounding argillite/mudstone. Elevated gold values in both the soil and rock samples occur along an approximate 500 m strike length at Golden Wonder. A high proportion of the rock samples displayed anomalous Au values, with 33 of the 180 samples returning greater than 0.5 g/t Au.

Subsequent work is essential to further develop the Golden Wonder area. A ground magnetometer survey and subsequent diamond drilling would be beneficial to further understand the underlying geology and mineralized structures/trends in areas with cover.

***Recommendations***

Based on the results of the 2017 and 2018 exploration programs reported in this document, the Author confirms that the Golden Wonder Property exhibits favourable geologic characteristics and sufficient potential to warrant further exploration for gold, silver, copper and cobalt. The Author recommends a two-phase exploration program, with Phase 2 being contingent upon positive results from Phase 1.

Phase 1 would involve a detailed ground magnetic survey to determine the geophysical characteristics of the mineralization in the area of the Golden Wonder showing, at the west end of the Property. Several soil sample grids should be completed over the other showings on the Property. The total estimated budget for Phase 1 work, along with a 10% contingency, is $115,610 (Table 10).

Phase 2 work would involve a 500 m diamond drilling program, using targets identified in Phase 1. The total estimated cost for Phase 2 work, along with a 25% contingency, would be approximately $285,500 (Table 11).

**Table 10. Estimated Budget for Detailed Ground Magnetic Survey and Soil Sample Program**

| | | |
|---|---|---|
| Permitting, Title Maintenance and Social Planning | | $3,000 |
| Planning and Logistics | | $10,000 |
| Personnel | 4 persons for 20 days @ $600/day | $48,000 |
| Transportation | 4 persons for 2 days @ $600/day | $4,800 |
| Accommodation | 4 persons for 21 days @ $200/day | $16,800 |
| Geophysical Services | 6 days @ $2,500.00/day | $15,000 |
| Supplies and Communication | | $7,500 |
| Contingency (10%) | | $10,510 |
| | TOTAL | $115,610 |

**Table 11. Phase 2 Estimated budget for 500 m diamond drill program**

| | | |
|---|---|---|
| Project Planning and Logistics | | $4,000 |
| Program Oversight and Office Support | 1 person for 2 day @ $800/day | $1,600 |
| Drill Program Personnel | 1 person for 7 days @ $800/day<br>1 person for 7 days @ $700/day | $10,500 |
| Transportation | 2 persons for 2 days @ $600/day | $2,400 |
| Accommodation | 2 persons for 7 days @ $200/day | $2,800 |
| Drill Equipment Mobilization | | $7,500 |
| Drilling (500 m) | Incl. coring, drill moves, casing, cementing, water truck, core boxes, drilling crew travel, etc. | $81,500 |
| Road Construction | | $65,900 |
| Geophysical Downhole Survey | | $30,000 |
| Analytical (Core Samples) | Est. 250 samples @ $72/sample | $18,000 |
| Supplies and Communication | | $4,200 |
| Contingency (25%) | | $57,100 |
| | TOTAL | $285,500 |

# USE OF AVAILABLE FUNDS

The Company is not raising any funds in conjunction with this prospectus. Accordingly, there are no proceeds.

**The Company has historically generated negative cash flows and there is no assurance that the Company will not experience negative cash flow from operations in the future. For the year ended November 30, 2018, the Company sustained net losses from operations and had negative cash flow from operating activities of $20,019. All funds available to the Company will be used to fund future and anticipated negative cash flow from its operating activities.**

### Funds Available and Principal Purposes

The Company has working capital of approximately $300,500 as of the most recent month end, representing the remaining funds from the Special Warrant Private Placement. Of the $403,050 raised from the Special Warrant Private Placement, approximately $29,500 has been previously spent on the initial Lac Gainsmoor Property option payments and the commissioning of the Lac Gainsmoor Property technical report, and approximately $59,500 has been spent on the preparation of a preliminary prospectus relating to the Lac Gainsmoor Property (which the Company will not complete), and the initial preparations of this preliminary Prospectus. The Company has also made an initial payment of $15,000 towards the purchase of the Property under the Property Agreement.

The remaining proceeds from the Special Warrant Private Placement will be used for the purposes described below:

| Use of Available Funds | ($) |
|---|---|
| Complete recommended Phase 1 exploration program on the Property(1) | 115,610 |
| Pay remaining portion of the purchase price under the Property Agreement | 10,000 |
| Initial Listing Fees(2) | 35,000 |
| General and administrative costs for next 12 months(3) | 60,000 |
| Unallocated working capital | 79,890 |
| **TOTAL**: | **300,500** |

**Notes:**
(1) See "The Golden Wonder Property – Recommendations."
(2) Including legal, audit, securities commissions and Exchange fees.
(3) See the table below for a description of the estimated administrative costs of the Company for the next 12 month period.

Upon completion of the Offering, the Company estimates that its working capital will be sufficient to meet its administrative costs and exploration expenditures for the 12 month period following the Listing Date. Administrative costs for the 12 month period following the Listing Date are comprised of the following:

| General and Administrative Costs for 12 Month Period Following the Listing Date | ($) |
|---|---|
| Transfer Agent, Listing, Filing and Legal Fees | $30,000 |
| Accounting and Auditing | $20,000 |
| Office and Miscellaneous | $5,000 |
| Travel | $5,000 |
| **TOTAL**: | $60,000 |

The use to which the $79,890 of unallocated working capital will be put has not yet been determined by the Company, as the nature of the Company's future expenditures is contingent on the results of the Phase 1 exploration program. The Company retains a sizeable unallocated working capital to account for future contingencies, including the possibility of commencing work on the Phase 2 exploration program if warranted, or failing positive results of Phase 1, the possibility of pursuing opportunities to acquire interests in other properties.

### Business Objectives and Milestones

The Company's current business objective and sole current milestone is to complete the Phase 1 exploration program on the Property, as described herein. Based upon the recommendations of the Author in the Technical Report, the Company intends to carry out the initial aspects of Phase 1. The Property's lower elevations can be explored from

May through October, but exploration of the higher elevations should be restricted to summers between July and September. The Company expects to complete the field work for Phase 1 by the end of the 2019 exploration season. The proposed budget for Phase 1 in the Technical Report is based on a 21-day work program, but the exact timeline is subject to change**.** If the results of the Phase 1 exploration program are positive, the Company will look towards launching the recommended Phase 2 exploration program.

The Company's unallocated working capital will not be sufficient to fund the recommended Phase 2 exploration program on the Property. Therefore, in the event the results of the Phase 1 exploration program warrant conducting further exploration on the Property, the Company will require additional financing to complete the Phase 2 exploration program. The availability of such financing cannot be guaranteed.

Although the Company intends to expend the funds available to it as set out above, the amount actually expended for the purposes described above could vary significantly depending on, among other things, the price of gold, unforeseen events, and the Company's future operating and capital needs from time to time. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

Due to the nature of the business of mineral exploration, budgets are regularly reviewed with respect to both the success of the exploration program and other opportunities which may become available to the Company. Accordingly, if the results of the Phase 1 exploration program are not supportive of proceeding with Phase 2, or if continuing with the Phase 1 exploration program becomes inadvisable for any reason, the Company may abandon in whole or in part its interest in the Property or may, as work progresses, alter the recommended work program, or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any funds so diverted for the purpose of conducting work or examining other properties acquired by the Company, although the Company has no present plans in this respect. Subscribers to the Special Warrant Private Placement must rely on the experience, good faith and expertise of management of the Company with respect to future acquisitions and activities.

## DIVIDENDS OR DISTRIBUTIONS

### Dividends

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's Management's Discussion and Analysis provides an analysis of the Company's financial results for the three-month period ended February 28, 2019, the most recent financial year ending November 30, 2018 and for the period ended November 30, 2017 and should be read in conjunction with the financial statements of the Company for such periods, and the notes thereto. The Company's Management's Discussion and Analysis is attached to this Prospectus as Schedule "D".

Certain information included in the Company's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Cautionary Statement Regarding Forward-Looking Statements" for further detail.

**Disclosure of Outstanding Security Data.**

*Common Shares*

As at the date of this Prospectus, the Company had 1,000,200 Common Shares issued and outstanding, and the Company will have 5,030,700 Common Shares issued and outstanding following the exercise or deemed exercise of all the Special Warrants.

*Stock Options*

The Company has not granted any stock options as at the date of this Prospectus.

*Special Warrants*

As at the date of this Prospectus, the Company had 4,030,500 Special Warrants outstanding, issued as part of the Special Warrant Private Placement. Following the exercise or deemed exercise of all the Special Warrants, the Company will have no special warrants outstanding.

**Additional Disclosure for Junior Issuers**

The Company anticipates that its estimated working capital of $300,500 as of the most recent month end will fund operations for the next 12-month period. Management estimates that the Company will require $10,000 to make the final payment under the Property Agreement, $115,610 to pay for the Phase 1 exploration program expenditures on the Property, $35,000 for initial listing fees and $60,000 for general and administrative expenses. Other than the costs stated above the Company does not anticipate incurring any other material capital expenditures during the next 12-month period.

## DESCRIPTION OF SECURITIES DISTRIBUTED

**Common Shares**

The Company's authorized capital consists of an unlimited number of Common Shares, of which 1,000,200 are issued and outstanding as at the date of this Prospectus as fully paid and non-assessable. Following the exercise or deemed exercise of all the Special Warrants, there will be 5,030,700 Common Shares issued and outstanding. Holders of the Common Shares are entitled to vote at all meetings of the holders of the Common Shares and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Shares, to participate rateably in any distribution of the Company's property or assets upon liquidation or wind-up.

The Board is authorized to issue additional Common Shares on such terms and conditions and for such consideration as the Board may deem appropriate without further security holder action.

**Special Warrants**

The Company closed the Special Warrant Private Placement in two tranches, on November 30, 2018 and December 3, 2018, and issued an aggregate of 4,030,500 Special Warrants.

The Company has provided to each Special Warrant holder a contractual right of rescission of the prospectus exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a Special Warrant holder who acquires another of the Company's securities on exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation, then:

1. the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired,

2. the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant, and

3. if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

Upon conversion of the Special Warrants into Common Shares, holders of the Common Shares shall be entitled to vote at all meetings of the holders of Common Shares and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Shares, to participate rateably in any distribution of the Company's property or assets upon liquidation or winding-up.

## CONSOLIDATED CAPITALIZATION

The following table sets out the share capitalization of the Company as at the dates specified below.

| Description | Authorized | Outstanding as at November 30, 2018 | Outstanding as at the date of this Prospectus[(1)(2)] | Outstanding following the exercise of all the Special Warrants |
|---|---|---|---|---|
| Common Shares | Unlimited | 1,000,200 | **1,000,200** | **5,030,700** |

**Notes:**
(1) See "Prior Sales".
(2) On an undiluted basis.

### Fully Diluted Share Capitalization

| Common Shares | Amount of Securities | Percentage of Total |
|---|---|---|
| Issued and outstanding as at the date of this Prospectus | 1,000,200 | 19.9% |
| Common Shares reserved for issuance upon the exercise of the Special Warrants | 4,030,500 | 80.1% |
| Common Shares reserved for issuance upon exercise of options | 0 | 0% |
| **Total Fully Diluted Share Capitalization after the Offering** | **5,030,700** | **100%** |

## OPTIONS TO PURCHASE SECURITIES

### Outstanding Options

The Company has not granted any stock options as at the date of this Prospectus.

### Stock Option Plan

The Option Plan was adopted by the Company's board of directors on December 14, 2018. The purpose of the Option Plan is to advance the interests of the Company and its shareholders by attracting, retaining and motivating the performance of selected directors, officers, employees or consultants of the Company of high caliber and potential and to encourage and enable such persons to acquire and retain a proprietary interest in the Company by ownership of its stock. The Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Option Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options (including all options granted by the Company to date). The number of Common Shares which may be reserved in any 12 month period for issuance to any one individual upon exercise of all stock options held by that individual may not exceed 5% of the issued and outstanding Common Shares of the Company at the time of the grant.

The Option Plan will be administered by the Board or a special committee of directors, either of which will have full and final authority with respect to the granting of all stock options thereunder. Stock options may be granted under the Option Plan to such directors, officers, employees or consultants of the Company, as the board of directors may from time to time designate.

The exercise price of any stock options granted under the Option Plan shall be determined by the Board, but may not be less than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. The term of any stock options granted under the Option Plan shall be determined by the Board at the time of grant but, subject to earlier termination in the event of termination or in the event of death, the term of any stock options granted under the Option Plan may not exceed five years. Options granted under the Option Plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. Subject to certain exceptions, in the event that a director or officer ceases to hold office, options granted to such director or officer under the Option Plan will expire 90 days after such director or officer ceases to hold office.

Subject to certain exceptions, in the event that an employee, or consultant ceases to act in that capacity in relation to the Company, stock options granted to such employee, consultant or management company employee under the Option Plan will expire 30 days after such individual or entity ceases to act in that capacity in relation to the Company.

Stock options granted to optionees engaged in investor relations activities on behalf of the Company expire 30 days after such optionees cease to perform such investor relations activities for the Company. In the event of death of an option holder, options granted under the Option Plan expire the earlier of one year from the date of the death of the option holder and the expiry of the term of the option.

## PRIOR SALES

The following table summarizes all sales of securities of the Company since the date of incorporation:

| Date of Issue | Price per Security | Number of Securities |
|---|---|---|
| **March 17, 2017** | **$0.10** | **200 Common Shares** |
| **February 27, 2018** | **$0.02** | **1,000,000 Common Shares** |
| **November 30, 2018** | **$0.10** | **3,580,500 Special Warrants(1)** |
| **December 3, 2018** | **$0.10** | **450,000 Special Warrants(1)** |

**Notes:**
(1) Comprised the Special Warrant Private Placement.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Pursuant to the Escrow Agreement, the Common Shares subject to contractual restriction and escrow are as shown in the following table:

| Designation of class | Number of securities held in escrow or that are subject to a contractual restriction on transfer | Percentage of class |
|---|---|---|
| Common Shares | 503,567(1) | 10%(2) |

**Notes**:
(1) These Common Shares are held under the Escrow Agreement in accordance with NP 46-201. The Escrow Agent is Odyssey Trust Company.

(2) Based on 5,030,700 Common Shares issued and outstanding following the exercise of all the Special Warrant Shares.

**Escrow Agreement**

NP 46-201 provides that all shares of an issuer owned or controlled by its Principals will be escrowed at the time of the issuer's initial public offering.

At the time of its initial public offering, an issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer" as those terms are defined in NP 46-201.

Uniform terms of automatic timed release escrow apply to Principals of exchange listed issuers, differing only according to the classification of the issuer. As the Company anticipates that its Common Shares will be listed on the Exchange, it will be classified as an "emerging issuer". As such, the following automatic timed releases will apply to the securities held by its Principals:

| Date of Automatic Timed Release | Amount of Escrowed Securities Released |
|---|---|
| On the Listing Date | 1/10 of the escrowed securities |
| 6 months after the Listing Date | 1/6 of the remaining escrowed securities |
| 12 months after the Listing Date | 1/5 of the remaining escrowed securities |
| 18 months after the Listing Date | 1/4 of the remaining escrowed securities |
| 24 months after the Listing Date | 1/3 of the remaining escrowed securities |
| 30 months after the Listing Date | 1/2 of the remaining escrowed securities |
| 36 months after the Listing Date | The remaining escrowed securities |

Assuming there are no changes to the escrowed securities initially deposited and no additional escrowed securities are deposited, automatic timed release escrow applicable to the Company will result in a 10% release on the Listing Date, with the remaining escrowed securities being released in 15% tranches every six months thereafter.

The automatic timed release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each Principal's and shareholder's escrowed securities are released on the Listing Date, with an additional 25% being released in equal tranches at six month intervals over eighteen months. If, within eighteen months of the Listing Date, the Company meets the "established issuer" criteria as set out in NP 46-201, the escrowed securities will be eligible for accelerated release available for established issuers. In such a scenario, that number of escrowed securities that would have been eligible for release from escrow if the Company had been an "established issuer" on the Listing Date will be immediately released from escrow. The remaining escrowed securities would be released in accordance with the timed release provisions for established issuers, with all escrowed securities being released eighteen months from the Listing Date.

Pursuant to the terms of the Escrow Agreement, 503,567 Common Shares will be held in escrow on the Listing Date.

## PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus, and following the exercise of all the Special Warrants, the only person who beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to the Common Shares is as follows:

| Name and Municipality of Residence | Number of Common Shares beneficially owned | | Percentage of Common Shares Outstanding | |
|---|---|---|---|---|
| | As at the Date of this Prospectus | Following the exercise of the Special Warrants | As at the Date of this Prospectus | Following the exercise of the Special Warrants |
| Rana Vig<br>Surrey, B.C. | 333,567 | 503,567(1) | 33.4%(2) | 10%(3) |

**Notes:**

(1) These Common Shares are subject to escrow restrictions imposed by NP 46-201. See "Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer".
(2) Percentage is based on 1,000,200 Common Shares issued and outstanding as of the date of this Prospectus.
(3) Percentage is based on 5,030,700 Common Shares issued and outstanding following the exercise of all the Special Warrants

# DIRECTORS AND EXECUTIVE OFFICERS

**Name, Occupation and Security Holdings**

The following table provides the names, municipalities of residence, position, principal occupations and the number of voting securities of the Company that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

| **Name and Municipality of Residence and Position with the Company** | **Director/Officer Since** | **Principal Occupation** | **Number and Percentage of Common Shares Beneficially Owned or Controlled, Directly or Indirectly** | |
|---|---|---|---|---|
| | | | As at the Date of this Prospectus(1) | Following the exercise of the Special Warrants(2) |
| Rana Vig(3)<br>Surrey, B.C.<br><br>*Chief Executive Officer, Corporate Secretary, President, and Director* | Director since March 3, 2017<br><br>Officer since February 1, 2018 | Corporate executive, director of companies | 333,567<br>(33.4%) | 503,567<br>(10%) |
| Carmelo Marrelli<br>Toronto, ON<br>Canada<br><br>*Chief Financial Officer* | September 3, 2018 | Accountant | NIL | NIL |
| Gurdeep Bains(3)(4)<br>Surrey, B.C.<br>Canada<br><br>*Director* | September 3, 2018 | Corporate executive, accountant | NIL | NIL |
| Norman Brewster (3)(4)<br>Norwood, ON<br><br>*Director* | September 3, 2018 | Corporate executive, director of companies | NIL | NIL |

**Notes**:

(1) Percentage is based on 1,000,200 Common Shares issued and outstanding as of the date of this Prospectus.
(2) Percentage is based on 5,030,700 Common Shares issued and outstanding following the exercise of all the Special Warrants.
(3) Denotes a member of the Audit Committee of the Company.
(4) Denotes an independent director.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the executive officers expires at the discretion of the Company's directors. None of the Company's directors or executive officers have entered into non-competition or non-disclosure agreements with the Company.

As at the date of this Prospectus, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercised control or discretion over an aggregate of 333,567 Common Shares of the Company, which is equal to 33.4% of the Common Shares issued and outstanding as at the date hereof.

Following the exercise of all the Special Warrants, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercised control or discretion over an aggregate of 503,567 Common Shares of the Company, which is equal to 10% of the Common Shares issued and outstanding following the exercise of all the Special Warrants

**Background**

The following is a brief description of each of the directors and executive officers of the Company, including their names, ages, positions and responsibilities with the Company, relevant educational background, principal occupations or employment during the five years preceding the date hereof, experience in the Company's industry and the amount of time intended to be devoted to the affairs of the Company:

*Rana Vig – Director, Corporate Secretary, President, and Chief Executive Officer, 55 years old.*

Mr. Vig has more than 30 years of business experience and has been involved in publicly traded companies since 2010. Mr. Vig is an active investor and has served on numerous public company boards and committees, including audit committees. He is also active in various charitable and community organizations acting as chair, director and advisor.

As the Chief Executive Officer of the Company, Mr. Vig is responsible for the day-to-day operations, outside contractors and service providers, acquisitions and project development, and of the financial operations of the Company in conjunction with the Chief Financial Officer and with outside accounting, tax and auditing firms. Mr. Vig anticipates devoting approximately 50% of his working time for the benefit of the Company. Mr. Vig is not an employee but is an independent consultant. Mr. Vig has not entered into a non-competition or non-disclosure agreement with the Company.

*Carmelo Marrelli – Chief Financial Officer, 47 years old*

Carmelo Marrelli is a Chartered Professional Accountant (CPA, CA, CGA) and a member of the Institute of Chartered Secretaries and Administrators, a professional body that certifies corporate secretaries. He has a Bachelor of Commerce degree from the University of Toronto and has over 17 years of experience offering regulatory compliance services to listed companies on the Toronto Stock Exchange, TSX Venture Exchange, and the Canadian Securities Exchange.

As the Chief Financial Officer of the Company, Mr. Marrelli is responsible for coordination of the financial operations of the Company in conjunction with the President and with outside accounting, tax and auditing firms. Mr. Marrelli will devote the time necessary to fulfill his function. Mr. Marrelli anticipates devoting approximately 10% of his working time for the benefit of the Company. Mr. Marrelli is not an employee but is an independent consultant of the Company. Mr. Marelli has not entered into a non-competition or non-disclosure agreement with the Company.

*Gurdeep Bains – Director, 41 years old*.

Gurdeep Bain is a Chartered Professional Accountant (CPA, CA) who in 2003 received his Chartered Accountant Designation from the Institute of Chartered Accountants of BC and in 2004 graduated from Simon Fraser University with a Bachelor of Business Administration. From 2000 to 2005, he was a Senior Auditor, Assurance Services at KPMG.

Additionally, Mr. Bains was with Canaccord Genuity as Vice President, internal audit and financial analysis from 2005 to 2014, and from June 2014 to Feb 2018, he was the CFO at OK Tire. Currently, Mr. Bains is at the Monark Group, contributing in both finance and business development roles.

Mr. Bains anticipates devoting approximately 20% of his working time for the benefit of the Company. Mr. Bains is not an employee but is an independent consultant of the Company. Mr. Bains has not entered into a non-competition or non-disclosure agreement with the Company.

*Norman Brewster – Director, 71 years old.*

Currently Mr. Brewster is the President, Director and C.E.O. of Cadillac Ventures Inc., with development projects in Ontario (copper) and New Brunswick (tungsten). Mr. Brewster has served on many public and private company boards over his career in the mineral industry. Prior to joining Cadillac Ventures Inc., Mr. Brewster was the interim President and Executive Chairman of Iberian Minerals Corp., successfully financing, developing and putting into production the Aguas Tenidas Mine in Andalucia, Spain, which became the region's largest employer. During his tenure Mr. Brewster led negotiations for the purchase of the Condestable Mine in Peru by Iberian Minerals Corp., and as a final duty Mr. Brewster led a committee in reviewing the successful bid by Trafigura Group Pte. Ltd. (revenue in 2015 of 97 Bn) to acquire Iberian Minerals Corp., in an all cash takeover. Mr. Brewster also sat on a committee, as a Director of Spider Resources Inc., which reviewed the successful all cash acquisition of Spider Resources Inc., by Cliffs Natural Resources Inc. Mr. Brewster holds Bachelor of Science and Education Degrees from Acadia University and was approved as a Member of the Association of Geoscientists of Ontario. Mr. Brewster anticipates devoting approximately 15% of his working time for the benefit of the Company. Mr. Brewster is not an employee but is an independent consultant of the Company. Mr. Brewster has not entered into a non-competition or non-disclosure agreement with the Company.

**Corporate Cease Trade Orders or Bankruptcies**

No director or executive officer of the Company is, as at the date of this Prospectus, or was within ten years before the date hereof, a director, Chief Executive Officer or Chief Financial Officer of any company, including the Company, that:

(i) was subject to a cease trade order, an order similar to cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period for more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or

(ii) was subject to an a cease trade order, an order similar to cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period for more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer.

**Penalties or Sanctions**

Other than as disclosed below, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Mr. Brewster pled guilty to 10 counts of failing to report insider trading in 1987 and a fine of $15,000 was paid to the Ontario Securities Commission.

**Bankruptcies**

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(i) is, as at the date of this Prospectus, or has been within the ten years before the date hereof, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

**Conflicts of Interest**

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. The directors and officers of the Company are directors and officers of other companies, some of which are in the same business as the Company. In particular, Mr. Vig will be devoting approximately 50% of his time to the affairs of the Company and the remaining directors and officers will be devoting 10-20% of their respective time to the affairs of the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

## EXECUTIVE COMPENSATION

The Company was not a reporting issuer at any time during the fiscal year ended November 30, 2018, the Company's most recently completed financial year. Accordingly, and in accordance with Form 51-102F6 *Statement of Executive Compensation* ("**Form 51-102F6**"), the following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to Named Executive Officers of the Company, once the Company becomes a reporting issuer, to the extent this compensation has been determined.

For the purposes hereof, the term Named Executive Officer, or NEO, means each Chief Executive Officer, each Chief Financial Officer and each of the Company's three most highly compensated executive officers, other than the Chief Executive Officer and the Chief Financial Officer, who were serving as executive officers as at the end of the Corporation's most recently completed financial year ended November 30, 2018 and whose total salary and bonus exceeds $150,000 and any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the Company's most recently completed financial year.

**Compensation Discussion and Analysis**

At its present stage of development, the Company does not have any formal objectives, criteria and analysis for determining the compensation of its Named Executive Officers and primarily relies on the discussions and determinations of the board of directors. With a view to minimizing its cash expenditures not directed at the exploration of the Property, the emphasis in compensating the Named Executive Officers shall be the grant of incentive stock options under the Option Plan set forth below. The type and amount of future compensation to be paid to NEOs and directors has not been determined.

**Option Based Awards**

On December 14, 2018, the Company implemented the Option Plan in order to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's shareholders. The Company has no equity incentive plans other than the Option Plan. The size of stock option grants is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long-term contribution to the Company will be key to its long-term success.

During the fiscal year ended November 30, 2018, the Company did not grant any Options to its NEOs.

**Defined Benefit Plans**

The Company does not have any defined benefit or actuarial plan.

**Termination and Change of Control Benefits**

The Company does not have any contracts, agreements, plans or arrangements in place with any NEOs that provides for payment following or in connection with any termination (whether voluntary, involuntary or constructive) resignation, retirement, a change of control of the Company or a change in an NEOs responsibilities.

**Director Compensation**

The Company does not have any arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts. As with the Named Executive Officers, the Board intends to compensate directors primarily through the grant of stock options and reimbursement of expenses incurred by such persons acting as directors of the Company.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

**Aggregate Indebtedness**

Other than as disclosed herein and other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5 *Information Circular* ("Form 51-102F5"), no directors, executive officers and employees and no former directors, executive officers and employees of the Company are or were indebted to the Company in connection with a purchase of securities and all other indebtedness as at the date of this Prospectus.

**Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs**

Other than as disclosed herein, or other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5, no directors or executive officers of the Company, and associates of such directors or executive officers are or were indebted to the Company as at the date of this Prospectus.

## AUDIT COMMITTEE AND CORPORATE GOVERNANCE

**Audit Committee**

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations. NI 52-110, NI 41-101 and Form 52-110F2 require the Company, as an IPO venture issuer, to disclose certain information relating to the Company's audit committee and its relationship with the Company's independent auditors.

**Audit Committee Charter**

The text of the Audit Committee's charter is attached as Schedule "A" to this Prospectus.

**Composition of Audit Committee**

The members of the Company's Audit Committee are:

| | | |
|---|---|---|
| Gurdeep Bains | Independent(1) | Financially literate(2) |
| Rana Vig | Not Independent(1) | Financially literate(2) |
| Norman Brewster | Independent(1) | Financially literate(2) |

**Notes:**

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Mr. Vig is not independent, as Mr. Vig is the President, Corporate Secretary, and Chief Executive Officer of the Company.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

**Relevant Education and Experience**

Each member of the Company's present Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

See "Directors and Executive Officers" for further details.

**Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

**Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4, 6.1(4), (5), or (6) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

**Pre-Approval Policies and Procedures**

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

**External Auditor Service Fees**

The fees billed by the Company's external auditors in each of the last two fiscal years for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

| Financial Year End | Audit Fees | Audit Related Fees(1) | Tax Fees(2) | All other Fees(3) |
|---|---|---|---|---|
| November 30, 2018 | $5,500 | Nil | Nil | Nil |
| November 30, 2017 | $500 | Nil | Nil | Nil |

**Notes:**

(1) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.

(2) Fees charged for tax compliance, tax advice and tax planning services.

(3) Fees for services other than disclosed in any other column.

**Exemption**

The Company has relied upon the exemption provided by section 6.1 of NI 52-110, which states that the Company, as an IPO Venture Issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

## CORPORATE GOVERNANCE

**General**

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. NP 58-201 provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, NI 58-101 prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

**Board of Directors**

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board. The Board is comprised of three directors: Rana Vig, Gurdeep Bains, and Norman Brewster.

As the size of the Board is small, the Board has no formal procedures designed to facilitate the exercise of independent supervision over management, relying instead on the integrity of the individual members of its management team to act in the best interests of the Company.

Mr. Vig is not independent as he is the Chief Executive Officer, Corporate Secretary, and President of the Company. Mr. Bains and Mr. Brewster are independent.

**Directorships**

Currently, the following directors are also directors of the following other reporting issuers:

| | |
|---|---|
| Rana Vig | Norsemont Capital Inc., Fireswirl Technologies Inc. |
| Norman Brewster | BWR Exploration Inc., Continental Precious Minerals Inc., Cadillac Ventures Inc. |
| Gurdeep Bains | Fireswirl Technologies Inc. |

**Orientation and Continuing Education**

New Board members receive an orientation package which includes reports on operations and results, and any public disclosure filings by the Company, as may be applicable. Board meetings are sometimes held at the Company's offices and, from time to time, are combined with presentations by the Company's management to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussion with all Board members.

**Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

**Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

**Compensation**

The Board is responsible for determining compensation for the directors of the Company to ensure it reflects the responsibilities and risks of being a director of a public company.

**Other Board Committees**

The Board has no committees, other than the Audit Committee.

**Assessments**

Due to the minimal size of the Board, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees.

## PLAN OF DISTRIBUTION

This Prospectus qualifies the distribution of 4,030,500 Special Warrant Shares to be issued, without additional payment, upon the exercise or deemed exercise of 4,030,500 Special Warrants.

No securities are being offered or sold pursuant to this Prospectus. This Prospectus is being filed by the Company with its overseeing regulators. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and no agent or underwriter is involved.

### Listing of Common Shares

The Company has applied to list its issued and outstanding Common Shares, under this Prospectus and all other Common Shares issuable as described in this Prospectus on the Exchange. Listing of the Company's Common Shares will be subject to the Company fulfilling all of the listing requirements of the Exchange. The Special Warrants will not be listed on the Exchange.

### IPO Venture Issuer

As at the date of the Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America. See "Risk Factors".

## RISK FACTORS

### General

The Company is in the business of exploring and, if warranted, developing mineral properties, which is a highly speculative endeavor. A purchase of any of the securities offered hereunder involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities offered hereunder should not constitute a significant portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective Subscribers should evaluate carefully the following risk factors associated with an investment in the Company's securities prior to purchasing any of the securities offered hereunder.

### Limited Operating History

The Company has no history of earnings. There are no known commercial quantities of mineral reserves on any properties in which the Company has an interest. The purpose of the Offering is to raise funds to carry out exploration and, if thought appropriate, development with the objective of establishing economic quantities of mineral reserves. There is no guarantee that economic quantities of mineral reserves will be discovered on any properties in which the Company has an interest in the near future or at all. If the Company does not generate revenue, it may be unable to sustain its operations in which case it may become insolvent and you may lose your investment.

### Speculative Nature of Mineral Exploration

Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

**Financing Risks**

The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its securities. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on the properties owned by the Company. The Company's unallocated working capital is not sufficient to fund the recommended Phase 2 exploration program on the Property and there is no assurance that the Company can successfully obtain additional financing to fund such Phase 2 program.

While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of the property owned by the Company, there is no assurance that any such funds will be available. If available, future equity financing may result in substantial dilution to purchasers under the Offering. At present it is impossible to determine what amounts of additional funds, if any, may be required.

**Property Interests**

If the Company loses or abandons its interest in the Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties. Unless the Company acquires additional property interests, any adverse developments affecting the Property could have a material adverse effect upon the Company and would materially and adversely affect any profitability, financial performance and results of operations of the Company.

**If the Company cannot raise additional equity financing, then it may lose some or all of its interest in the Property**

The Company is required to make cash payments to Mineral Titles Online, or to incur work expenditures in order to maintain its interest in the Property. The Company’s ability to maintain an interest in the Property may be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to make periodic payments or expenditures required for the maintenance of the Company’s interest in the Property and could result in a delay or postponement of further exploration and the partial total loss of the Company’s interest in the Property.

**Commercial Ore Deposits**

The Property is in the exploration stage only and is without a known body of commercial ore. Development of this property would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

**Uninsurable Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

**Permits And Government Regulations**

The future operations of the Company may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Property.

**Environmental And Safety Regulations And Risks**

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive.

**Key Person Insurance**

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

**Mineral Titles**

The Company is satisfied that evidence of title to the Property is adequate and acceptable by prevailing industry standards with respect to the current stage of exploration on the Property. The Company may face challenges to the title the Property or subsequent properties it may acquire, which may prove to be costly to defend or could impair the advancement of the Company's business plan.

**Aboriginal Title**

The Property or other future properties owned or optioned by the Company may now or in the future be the subject of First Nations land claims. The Property is located within the Gitxsan traditional territory, which is an area known for strong First Nations’ concerns that could prove to be a problem for any extensive development on the Property. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the Property cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the Property is located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with first nations in order to facilitate exploration and development work on the Property, and there is no assurance that the Company will be able to establish a practical working relationship with the First Nations in the area which would allow it to ultimately develop the Property.

On June 26, 2014, the Supreme Court of Canada (the "**SCC**") released a decision in *Tsilhqot'in Nation v. British Columbia* (the "**William Decision**"), pursuant to which the SCC upheld the First Nations' claim to Aboriginal title and rights over a large area of land in central British Columbia, including rights to decide how the land will be used, occupancy and economic benefits. The court ruling held that while the provincial government had the constitutional authority to regulate certain activity on aboriginal title lands, it had not adequately consulted with the Tsilhqot'in. The SCC also held that provincial laws of general application apply to land held under Aboriginal title if the laws are not unreasonable, impose no undue hardship, and do not deny the Aboriginal tile holders their preferred means of exercising their rights. The Company currently does not hold any properties in the area involved in the William Decision. The Company will continue to manage its operations within the existing legal framework while paying close attention to the direction provided by the Courts regarding the application of this ruling.

**Fluctuating Mineral Prices**

The Company's revenues in the future, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals, which in turn depend on the results of the Company's exploration on these properties and whether development will be commercially viable or even possible. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

**Competition**

The mining industry is intensely competitive in all its phases. The Company competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could have an adverse effect on the Company's ability to hire or maintain experienced and expert personnel or acquire suitable properties or prospects for mineral exploration in the future.

**Management**

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

**Negative Cash Flows From Operations**

For the year ended November 30, 2018, the Company sustained net losses from operations and had negative cash flow from operating activities of $20,019. The Company continues to have negative operating cash flow. It is possible the Company may have negative cash flow in any future period and as a result, the Company may need to use available cash, including proceeds to fund any such negative cash flow.

**Resale of Common Shares**

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Common Shares purchased would be diminished.

**Community Groups**

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations

("NGOs") who oppose resource development can be vocal critics of the mining industry. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

**Price Volatility of Publicly Traded Securities**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of Common Shares distributed hereunder will be affected by such volatility. There is no public market for the Common Shares. An active public market for the Common Shares might not develop or be sustained after the Offering. The price of the Special Warrants has been determined by the Company and this price will not necessarily reflect the prevailing market price of the Common Shares following the Offering. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the Special Warrant price.

**Conflicts of Interest**

Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the British Columbia *Business Corporations Act*. Some of the directors and officers of the Company are or may become directors or officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the directors' duties to the Company and their duties to the other companies on whose boards they serve, the directors and officers of the Company have agreed to the following:

- Participation in other business ventures offered to the directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate;

- No commissions or other extraordinary consideration will be paid to such directors and officers; and business opportunities formulated by or through other companies in which the directors and officers are involved will not be offered to the Company except on the same or better terms than the basis on which they are offered to third party participants.

**Tax Issues**

Income tax consequences in relation to the Common Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to investing in Common Shares of the Company.

**Dividend**

The Company does not anticipate paying any dividends on its Common Shares in the foreseeable future.

## PROMOTER

Rana Vig may be considered to be the Promoter of the Company in that he took the initiative in organizing the business of the Company.

Other than as disclosed above, no person who was a Promoter of the Company:

1. received anything of value directly or indirectly from the Company;

2. sold or otherwise transferred any asset to the Company within the last 2 years;

3. is at of the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any person or company that was the subject of a cease trade order or similar order or an order that denied the relevant person or company access to any statutory exemptions for a period of more than 30 consecutive days while that person was acting in the capacity as director, CEO or CFO;

4. is at of the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any person or company that was the subject of a cease trade order or similar order or an order that denied the relevant person or company access to any statutory exemptions for a period of more than 30 consecutive days that was issued after the person ceased to be a director, CEO or CFO and which resulted from an event that occurred while the person was acting in the capacity as director, CEO or CFO;

5. is at of the date hereof, or was within 10 years before the date hereof, a director or executive officer of any person or company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;

6. has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person;

7. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;

8. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or

9. has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

## LEGAL PROCEEDINGS

### Legal Proceedings

The Company is not currently a party to any legal proceedings, nor is the Company currently contemplating any legal proceedings, which are material to its business. Management of the Company is not currently aware of any legal proceedings contemplated against the Company.

### Regulatory Actions

From incorporation to the date of this Prospectus, management knows of no:

(i) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority;

(ii) other penalties or sanctions imposed by a court or regulatory body against the Company necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and

(iii) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as noted in this Prospectus, from incorporation on March 17, 2017 to the date of this Prospectus, none of the following persons or companies has had any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect the Company:

(a) any director or executive officer of the Company;

(b) any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the Company's outstanding voting securities; and

(c) any associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

## AUDITORS

The auditor of the Company is Saturna Group Chartered Professional Accountants LLP, at Suite 1250, 1066 West Hastings Street, Vancouver, BC V6E 3X1 ("**Saturna**").

## REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Company is Odyssey Trust Company, at 323 – 409 Granville Street, Vancouver, BC V6C 1T2.

## MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company from incorporation on March 17, 2017 to the date of this Prospectus which are currently in effect and considered to be currently material:

1. The Registrar and Transfer Agent Agreement dated November 9, 2018;

2. The Escrow Agreement dated [●]; and

3. The Property Agreement with PEM dated April 18, 2019.

Copies of the material contracts will be available under the Company's profile at www.sedar.com upon the issuance of the final receipt for this Prospectus.

## EXPERTS

**Names of Experts**

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Prospectus as having prepared or certified a report, valuation, statement or opinion in this Prospectus:

The Technical Report was prepared by Jeffrey J. Reeder, P.Geo. Mr. Reeder has no interest in the Company, the Company's securities or the Property.

Saturna, auditor of the Company, who prepared the independent auditor's report on the Company's audited financial statements included in and forming part of this Prospectus, has informed the Company that it is independent of the Company within the meaning of the code of professional conduct of the Chartered Professional Accountants of British Columbia.

**Interests of Experts**

Other than as disclosed herein, none of the persons set out under the heading "Experts – Names of Experts" have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its associates or affiliates when such person prepared the report, valuation, statement or opinion aforementioned or thereafter.

## OTHER MATERIAL FACTS

Other than as disclosed in this Prospectus, there are no other material facts about the securities being distributed pursuant to this Offering that are not disclosed under any other items and are necessary in order for this Prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares to be distributed.

## RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the Province of British Columbia, Alberta, and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In some provinces, the securities legislation further provides a purchaser with remedies for rescission, revisions of the price, or damages if this Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

## FINANCIAL STATEMENTS

Audited financial statements of the Company for the year ended November 30, 2018 and period ended November 30, 2017, are included in this Prospectus as Schedule “B”. The unaudited interim financial report for the three months ending February 28, 2019 is attached as Schedule “C”.

**SCHEDULE "A"**

**Audit Committee Charter**

This Charter establishes the composition, the authority, roles and responsibilities and the general objectives of the Company's audit committee, or its Board of Directors in lieu thereof (the "Audit Committee"). The roles and responsibilities described in this Charter must at all times be exercised in compliance with the legislation and regulations governing the Company and any subsidiaries.

**Composition**

- *Number of Members*. The Audit Committee must be comprised of a minimum of three directors of the Company, a majority of whom will be independent. Independence of the board members will be as defined by applicable legislation.

- The members of the Committee will be appointed by the board of directors of the Company ("Board") annually at the first meeting of the Board following the annual meeting of the shareholders, to serve until the next annual meeting of shareholders or until their successors are duly appointed.

- *Chair*. If there is more than one member of the Audit Committee, members will appoint a chair of the Audit Committee (the "Chair") to serve for a term of one (1) year on an annual basis. The Chair may serve as the chair of the Audit Committee for any number of consecutive terms.

- *Financially Literacy.* All members of the audit committee will be financially literate as defined by applicable legislation. If upon appointment a member of the Audit Committee is not financially literate as required, the person will be provided with a period of three months to acquire the required level of financial literacy.

**Meetings**

- *Quorum*. The quorum required to constitute a meeting of the Audit Committee is set at a majority of members.

- *Agenda*. The Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to all Audit Committee members for members to have a reasonable amount of time to review the materials prior to the meeting.

- *Notice to Auditors*. The Company's auditors (the "Auditors") will be provided with notice as necessary of any Audit Committee meeting, will be invited to attend each such meeting and will receive an opportunity to be heard at those meetings on matters related to the Auditor's duties.

- *Minutes*. Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee.

**Roles and Responsibilities**

The roles and responsibilities of the Audit Committee include the following:

<u>External Auditor</u>

The Audit Committee will:

A. *Selection of the external auditor*. Select, evaluate and recommend to the Board, for shareholder approval, the Auditor to examine the Company's accounts, controls and financial statements.

B. *Scope of Work*. Evaluate, prior to the annual audit by the Auditors, the scope and general extent of the Auditor's review, including the Auditor's engagement letter.

C. *Compensation*. Recommend to the Board the compensation to be paid to the external auditors.

D. *Replacement of Auditor*. If necessary, recommend the replacement of the Auditor to the Board of Directors.

E. *Approve Non-Audit Related Services*. Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries.

F. *Direct Responsibility for Overseeing Work of Auditors*. Must directly oversee the work of the Auditor. The Auditor must report directly to the Audit Committee.

G. *Resolution of Disputes*. Assist with resolving any disputes between the Company's management and the Auditors regarding financial reporting.

<u>Consolidated Financial Statements and Financial Information</u>

The Audit Committee will:

H. *Review Audited Financial Statements*. Review the audited consolidated financial statements of the Company, discuss those statements with management and with the Auditor, and recommend their approval to the Board.

I. *Review of Interim Financial Statements*. Review and discuss with management the quarterly consolidated financial statements, and if appropriate, recommend their approval by the Board.

J. *MD&A, Annual and Interim Earnings Press Releases, Audit Committee Reports*. Review the Company's management discussion and analysis, interim and annual press releases, and audit committee reports before the Company publicly discloses this information.

K. *Auditor Reports and Recommendations*. Review and consider any significant reports and recommendations issued by the Auditor, together with management's response, and the extent to which recommendations made by the Auditor have been implemented.

<u>Risk Management, Internal Controls and Information Systems</u>

The Audit Committee will:

L. *Internal Control*. Review with the Auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls. Remain informed, through communications with the Auditor, of any weaknesses in internal control that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws or regulations.

M. *Financial Management*. Periodically review the team in place to carry out financial reporting functions, circumstances surrounding the departure of any officers in charge of financial reporting, and the appointment of individuals in these functions.

N. *Accounting Policies and Practices*. Review management plans regarding any changes in accounting practices or policies and the financial impact thereof.

O. *Litigation*. Review with the Auditors and legal counsel any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the consolidated financial statements.

P. *Other.* Discuss with management and the Auditors correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure.

Complaints

Q. *Accounting, Auditing and Internal Control Complaints*. The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.

R. *Employee Complaints*. The Audit Committee must establish a procedure for the confidential transmittal on condition of anonymity by the Company's employees of concerns regarding questionable accounting or auditing matters.

**Authority**

- *Auditor*. The Auditor, and any internal auditors hired by the company, will report directly to the Audit Committee.

- *To Retain Independent Advisors*. The Audit Committee may, at the Company's expense and without the approval of management, retain the services of independent legal counsels and any other advisors it deems necessary to carry out its duties and set and pay the monetary compensation of these individuals.

**Reporting**

The Audit Committee will report to the Board on:

- the Auditor's independence;

- the performance of the Auditor and any recommendations of the Audit Committee in relation thereto;

- the reappointment and termination of the Auditor;

- the adequacy of the Company's internal controls and disclosure controls;

- the Audit Committee's review of the annual and interim consolidated financial statements;

- the Audit Committee's review of the annual and interim management discussion and analysis;

- the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and

- all other material matters dealt with by the Audit Committee.

**SCHEDULE "B"**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED NOVEMBER 30, 2018 AND THE PERIOD ENDED NOVEMBER 30, 2017**

**[See attached]**

# BLUE LAGOON RESOURCES INC.

**(formerly BLUE LAGOON CAPITAL INC.)**

**FINANCIAL STATEMENTS**

**YEAR ENDED NOVEMBER 30, 2018 AND PERIOD ENDED NOVEMBER 30, 2017**

**(expressed in Canadian dollars)**

SATURNAGROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

## INDEPENDENT AUDITORS' REPORT

**To the Shareholders of Blue Lagoon Resources Inc. (formerly Blue Lagoon Capital Inc.)**

We have audited the accompanying financial statements of Blue Lagoon Resources Inc. (formerly Blue Lagoon Capital Inc.), which comprise the statements of financial position as at November 30, 2018 and 2017 and the statements of operations and comprehensive loss, changes in equity, and cash flows for the year ended November 30, 2018 and for the period from March 17, 2017 (date of incorporation) to November 30, 2017, 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.

**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 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 involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**
In our opinion, these financial statements present fairly, in all material respects, the financial position of Blue Lagoon Resources Inc. (formerly Blue Lagoon Capital Inc.) as at November 30, 2018 and 2017 and its financial performance and its cash flows for the year ended November 30, 2018 and for the period from March 17, 2017 (date of incorporation) to November 30, 2017, in accordance with International Financial Reporting Standards.

**Emphasis of Matter**
Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Blue Lagoon Resources Inc. (formerly Blue Lagoon Capital Inc.) to continue as a going concern.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

January 9, 2019

**BLUE LAGOON RESOURCES INC.**
**(formerly BLUE LAGOON CAPITAL INC.)**
**STATEMENTS OF FINANCIAL POSITION**
**(expressed in Canadian dollars)**

| | *Note* | | **November 30, 2018** | | **November 30, 2017** |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash | | $ | 333,292 | $ | 261 |
| Prepaid expenses | | | 15,000 | | – |
| Total current assets | | | 348,292 | | 261 |
| **Non-current assets** | | | | | |
| Exploration and evaluation assets | 5 | | 25,000 | | – |
| **Total assets** | | **$** | **373,292** | **$** | **261** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | | $ | 13,205 | $ | – |
| Due to related party | | | 280 | | 280 |
| Total liabilities | | | 13,485 | | 280 |
| **Shareholders' equity (deficit)** | | | | | |
| Share capital | | | 20,020 | | 20 |
| Special warrants | 7 | | 358,050 | | – |
| Deficit | | | (18,263) | | (39) |
| Total shareholders' equity (deficit) | | | 359,807 | | (19) |
| **Total liabilities and shareholders' equity (deficit)** | | **$** | **373,292** | **$** | **261** |

**Going concern (Note 1)**
**Subsequent event (Note 11)**

**Approved for issuance on behalf of the Board of Directors on January 9, 2019:**

(Signed) "Rana Vig" Director

(Signed) "Gurdeep Bains" Director

*(The accompanying notes are an integral part of these financial statements)*

**BLUE LAGOON RESOURCES INC.**
**(formerly BLUE LAGOON CAPITAL INC.)**
**STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
**(expressed in Canadian dollars)**

| | | For the year ended November 30, 2018 | | For the period from March 17, 2017 (date of incorporation) to November 30, 2017 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Bank charges | $ | 315 | $ | 39 |
| Exploration and evaluation costs | | 4,704 | | – |
| Legal | | 13,205 | | – |
| Total expenses | | 18,224 | | 39 |
| **Net loss and comprehensive loss** | **$** | **(18,224)** | **$** | **(39)** |
| **Basic and diluted loss per share** | **$** | **(0.02)** | **$** | **(0.20)** |
| **Weighted average number of common shares outstanding** | | **756,364** | | **200** |

*(The accompanying notes are an integral part of these financial statements)*

**BLUE LAGOON RESOURCES INC.**
**(formerly BLUE LAGOON CAPITAL INC.)**
**STATEMENTS OF CHANGES IN EQUITY**
**(expressed in Canadian dollars)**

| | Share capital | | | | |
|---|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Special warrants** | **Deficit** | **Total shareholders' equity (deficit)** |
| **Balance, March 17, 2017 (date of incorporation)** | **200** | **$ 20** | **$ –** | **$ –** | **$ 20** |
| Net loss | | | | (39) | (39) |
| **Balance, November 30, 2017** | **200** | **20** | **–** | **(39)** | **(19)** |
| Shares issued for cash | 1,000,000 | 20,000 | – | – | 20,000 |
| Special warrants issued for cash | – | – | 358,050 | – | 358,050 |
| Net loss | – | – | – | (18,224) | (18,224) |
| **Balance, November 30, 2018** | **1,000,200** | **$ 20,020** | **$ 358,050** | **$ (18,263)** | **$ 359,807** |

*(The accompanying notes are an integral part of these financial statements)*

**BLUE LAGOON RESOURCES INC.**
**(formerly BLUE LAGOON CAPITAL INC.)**
**STATEMENTS OF CASH FLOWS**
**(expressed in Canadian dollars)**

| | | For the year ended November 30, 2018 | | For the period from March 17, 2017 (date of incorporation) to November 30, 2017 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net loss | $ | (18,224) | $ | (39) |
| Changes in non-cash working capital: | | | | |
| Prepaid expenses | | (15,000) | | – |
| Accounts payable and accrued liabilities | | 13,205 | | – |
| **Net cash used in operating activities** | | **(20,019)** | | **(39)** |
| **Investing activities** | | | | |
| Acquisition of exploration and evaluation assets | | (25,000) | | – |
| **Net cash used in investing activities** | | (25,000) | | – |
| **Financing activities** | | | | |
| Proceeds from related party advances | | – | | 280 |
| Proceeds from issuance of share capital | | 20,000 | | 20 |
| Proceeds from issuance of special warrants | | 358,050 | | – |
| **Net cash provided by financing activities** | | 378,050 | | 300 |
| Change in cash | | 333,031 | | 261 |
| Cash, beginning | | 261 | | – |
| **Cash, ending** | **$** | **333,292** | **$** | **261** |

*(The accompanying notes are an integral part of these financial statements)*

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Blue Lagoon Resources Inc. (formerly Blue Lagoon Capital Inc.) (the "Company") was incorporated under the British Columbia Business Corporations Act on March 17, 2017. On December 17, 2018, the Company changed its name from Blue Lagoon Capital Inc. to Blue Lagoon Resources Inc. The Company is in the business of acquiring, exploring, and evaluating mineral resource interests.

The address of the Company's corporate office and principal place of business is Suite 610, 700 West Pender Street, Vancouver, British Columbia.

These financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. The Company has an accumulated deficit of $18,263 since inception and expects to incur losses from operations for the foreseeable future. These conditions indicate the existence of material uncertainty, which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. Such adjustments have not been included in these financial statements and could be material.

## 2. BASIS OF PREPARATION

*Statement of Compliance*

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

*Basis of Measurement*

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

## 3. SIGNIFICANT ACCOUNTING POLICIES

*Cash and Cash Equivalents*

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Exploration and Evaluation Expenditures*

The cost of acquiring and maintaining the Company's interest in its exploration and evaluation assets are capitalized on a property-by-property basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a license is relinquished or a project is abandoned, the related costs are recognized in the statement of operations immediately.

Exploration and evaluation costs are expensed as incurred. Costs directly related to the acquisition are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

Management reviews the carrying value of capitalized mineral property interests at least annually. The review is based on the Company's intentions for development of an undeveloped property. If a project does not prove viable, all unrecoverable costs associated with the project net of any previous impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped property. Amounts shown for mineral property interests, net of write-downs and recoveries, are not intended to represent present or future values.

*Income Taxes*

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in the statement of operations, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable income or loss.

Recognition of deferred tax assets for unused tax losses, tax credits, and deductible temporary differences is restricted to those instances where it is probable that future taxable income will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Decommissioning Liabilities*

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for a decommissioning liability is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

*Financial Instruments*

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

*Financial assets at fair value through profit or loss*

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the statement of operations. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash is classified as fair value through profit or loss.

*Held-to-maturity investments*

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Financial Instruments* (continued)

(i) Non-derivative financial assets (continued)

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of operations. The Company does not have any assets classified as available-for-sale financial assets.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company does not have assets classified as loans and receivables.

*Impairment of financial assets*

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to the statement of operations in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations.

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Financial Instruments* (continued)

(i) Non-derivative financial assets (continued)

*Impairment of financial assets* (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through the statement of operations are not reversed through the statement of operations. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, and amount due to related party.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Share-based Compensation*

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

*Earnings (Loss) Per Share*

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

*Accounting Standards Issued But Not Yet Effective*

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee that are mandatory for fiscal years beginning on or after January 1, 2018.

- Amended standard IFRS 2, "Share-based Payment" – is effective for annual periods beginning on or after January 1, 2018

- New standard IFRS 9, "Financial Instruments" – is effective for annual periods beginning on or after January 1, 2018

- New standard IFRS 15, "Revenue from Contracts and Customers" – is effective for annual periods beginning on or after January 1, 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Accounting Standards Issued But Not Yet Effective* (continued)

- New standard IFRS 16, "Leases" – is effective for annual periods beginning on or after January 1, 2019

The Company is evaluating the impact of these new or amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations of the Company.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below.

*Estimates*

<u>Income taxes</u>

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable income will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

*Estimates* (continued)

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined its exploration and evaluation assets, which have been recognized on the statement of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

*Judgments*

Title to exploration and evaluation assets

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties. The Company has investigated title to its mineral properties and, to the best of its knowledge title to all of its properties is in good standing. 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 transfers and title may be affected by undetected defects.

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

## 5. EXPLORATION AND EVALUATION ASSETS

| | | Lac Gainsmoor Gold Project |
|---|---|---|
| Acquisition costs | | |
| Balance, March 17, 2017 (date of incorporation) and November 30, 2017 | $ | – |
| Payment | | 25,000 |
| Balance, November 30, 2018 | $ | 25,000 |

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

On October 15, 2018, the Company entered into an option agreement whereby the Company has the right to earn a 100% interest in the Lac Gainsmoor Gold Project located in Quebec, Canada. To earn the 100% interest, the Company is obligated to do the following:

- Payment of $25,000 within 5 days of execution of the agreement (paid)
- Issuance of 200,000 common shares of the Company within 5 business days of the Canadian Securities Exchange (“CSE”) bulletin giving notice that the shares have been approved for listing on the CSE.
- Incur exploration expenditures of $150,000 within 14 months of having the shares approved for listing on the CSE.
- Payment of $25,000 within 14 months of having the shares approved for listing on the CSE.
- Issuance of 500,000 common shares to the optionor within 14 months of having the shares approved for listing on the CSE.
- Incur additional exploration expenditures of $700,000 within 28 months of having the shares approved for listing on the CSE.
- Payment of $100,000 within 28 months of having the shares approved for listing on the CSE.
- Issuance of 750,000 common shares to the optionor within 28 months of having the shares approved for listing on the CSE.

If the CSE approval of the Company’s listing is later than May 1, 2019, the Company is required to pay an additional $25,000 on or before May 5, 2019.

The optionor retains a 1% net smelter royalty interest.

## 6. SHARE CAPITAL

Authorized: Unlimited number of common shares without par value

On February 27, 2018, the Company issued 1,000,000 common shares pursuant to a private placement at a price of $0.02 per share for proceeds of $20,000. Included in this issuance were 333,367 common shares issued to the President of the Company for proceeds of $6,667.

On March 17, 2017, the Company issued 200 common shares to the Company’s founder at a price of $0.10 per share for proceeds of $20.

## 7. SPECIAL WARRANTS

On November 30, 2018, the Company issued 3,580,500 special warrants at a price of $0.10 per special warrant for proceeds of $358,050. This included proceeds of $17,000 from the President of the Company, $43,000 from the spouse of the President of the Company, and $12,000 from immediate family members of the President of the Company. Each special warrant is exercisable at any time without additional consideration into one common share by the subscriber. All unexercised special warrants will deem to be exercised on the earlier of: (i) the 3rd business day after the day on which the Company receives a receipt for a final prospectus and (ii) November 30, 2019.

(expressed in Canadian dollars)

## 8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its business objectives. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms.

## 9. FINANCIAL INSTRUMENTS AND RISKS

*Fair values*

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at November 30, 2018 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) $ | Balance, November 30, 2018 $ |
| Cash | 333,292 | – | – | 333,292 |

The fair values of other financial instruments, which include accounts payable and accrued liabilities, and amount due to related party, approximate their carrying values due to the relatively short-term maturity of these instruments.

*Liquidity risk*

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at November 30, 2018, the Company had cash of $333,292 to settle current liabilities of $13,205. The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

*Credit risk*

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(expressed in Canadian dollars)

## 9. FINANCIAL INSTRUMENTS AND RISKS (continued)

*Interest rate risk*

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at November 30, 2018, the Company does not have any interest-bearing loans or liabilities outstanding. All accounts payable and accrued liability balances as at November 30, 2018 are current and as such, are not subject to interest.

*Price Risk*

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

## 10. INCOME TAXES

The reconciliation of the provision for income taxes at the federal statutory rate compared to the Company's income tax expense as reported is as follows:

| | | For the year ended November 30, 2018 | | For the period from March 17, 2017 (date of incorporation) to November 30, 2017 |
|---|---|---|---|---|
| Net loss | $ | (18,224) | $ | (39) |
| Statutory rate | | 26.92% | | 26% |
| Expected income tax expense (recovery) | | (4,906) | | (10) |
| Tax effect of: | | | | |
| Change in enacted tax rates | | (15) | | – |
| Change in unrecognized deferred income tax assets | | 4,921 | | 10 |
| Income tax provision | **$** | – | **$** | – |

The significant components of deferred income tax assets at November 30, 2018 and 2017 are as follows:

| | | November 30, 2018 | | November 30, 2017 |
|---|---|---|---|---|
| Non-capital losses carried forward | $ | 3,661 | $ | 10 |
| Resource pools | | 1,270 | | – |
| Unrecognized deferred income tax assets | | (4,931) | | (10) |
| | **$** | – | **$** | – |

(expressed in Canadian dollars)

## 10. INCOME TAXES (continued)

As at January 31, 2018, the Company has non-capital losses carried forward of $13,559, which are available to offset future years' taxable income. These losses expire as follows:

| | | |
|---|---|---|
| 2037 | $ | 39 |
| 2038 | | 13,520 |
| | $ | 13,559 |

The Company also has available mineral resource related expenditure pools totaling $29,704 which may be deducted against future taxable income on a discretionary basis.

The potential future tax benefits of these expenses and losses carried-forward have not been reflected in these financial statements due to the uncertainty regarding their ultimate realization. Tax attributes are subject to review, and potential adjustment by tax authorities.

## 11. SUBSEQUENT EVENT

Subsequent to November 30, 2018, the Company issued 450,000 special warrants at a price of $0.10 per special warrant for proceeds of $45,000. Each special warrant is exercisable at any time without additional consideration into one common share by the subscriber. All unexercised special warrants will deem to be exercised on the earlier of: (i) the 3rd business day after the day on which the Company receives a receipt for a final prospectus and (ii) November 30, 2019.

**SCHEDULE "C"**

**FINANCIAL REPORT FOR THE THREE MONTHS ENDING FEBRUARY 28, 2019**

**[see attached]**

# BLUE LAGOON RESOURCES INC.

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED FEBUARY 28, 2019**

**(expressed in Canadian dollars)**

**(unaudited)**

**BLUE LAGOON RESOURCES INC.**
**INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION**
**(expressed in Canadian dollars)**

| | *Note* | | **February 28, 2019** | | **November 30, 2018** |
|---|---|---|---|---|---|
| | | | (unaudited) | | |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash | | $ | 332,992 | $ | 333,292 |
| Prepaid expenses | | | 8,079 | | 15,000 |
| Total current assets | | | 341,071 | | 348,292 |
| **Non-current assets** | | | | | |
| Exploration and evaluation assets | 4 | | – | | 25,000 |
| **Total assets** | | **$** | **341,071** | **$** | **373,292** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | | $ | 5,332 | $ | 13,205 |
| Due to related party | | | 280 | | 280 |
| Total liabilities | | | 5,612 | | 13,485 |
| **Shareholders' equity** | | | | | |
| Share capital | | | 20,020 | | 20,020 |
| Special warrants | | | 403,050 | | 358,050 |
| Deficit | | | (87,611) | | (18,263) |
| Total shareholders' equity | | | 335,459 | | 359,807 |
| **Total liabilities and shareholders' equity** | | **$** | **341,071** | **$** | **373,292** |

**Going concern (Note 1)**
**Subsequent event (Note 7)**

**Approved for issuance on behalf of the Board of Directors on May 14, 2019:**

(Signed) "Rana Vig" Director

(Signed) "Gurdeep Bains" Director

*(The accompanying notes are an integral part of these interim condensed financial statements)*

**BLUE LAGOON RESOURCES INC.**
**INTERIM CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
**(expressed in Canadian dollars)**
**(unaudited)**

| | Note | | For the three months ended February 28, 2019 | | For the three months ended February 28, 2018 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Bank charges | | $ | – | $ | 18 |
| Professional fees | | | 44,348 | | – |
| Write-off of exploration and evaluation asset | 4 | | 25,000 | | – |
| Total expenses | | | 69,348 | | 18 |
| **Net loss and comprehensive loss** | | **$** | **(69,348)** | **$** | **(18)** |
| **Basic and diluted loss per share** | | **$** | **(0.07)** | **$** | **(0.09)** |
| **Weighted average number of common shares outstanding** | | | **1,000,200** | | **200** |

*(The accompanying notes are an integral part of these interim condensed financial statements)*

**BLUE LAGOON RESOURCES INC.**
**INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY**
**(expressed in Canadian dollars)**
**(unaudited)**

| | Share capital | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Number of shares** | | **Amount** | | **Special warrants** | | **Deficit** | | **Total shareholders' equity (deficit)** |
| **Balance, November 30, 2018** | **1,000,200** | **$** | **20,020** | **$** | **358,050** | **$** | **(18,263)** | **$** | **359,807** |
| Special warrants issued for cash | – | | – | | 45,000 | | – | | 45,000 |
| Net loss | – | | – | | – | | (69,348) | | (69,348) |
| **Balance, February 28, 2019** | **1,000,200** | **$** | **20,020** | **$** | **403,050** | **$** | **(87,611)** | **$** | **335,459** |
| | | | | | | | | | |
| **Balance, November 30, 2017** | **200** | **$** | **20** | **$** | **–** | **$** | **(39)** | **$** | **(19)** |
| Net loss | – | | – | | – | | (18) | | (18) |
| **Balance, February 28, 2018** | **200** | **$** | **20** | **$** | **–** | **$** | **(57)** | **$** | **(37)** |

*(The accompanying notes are an integral part of these interim condensed financial statements)*

**BLUE LAGOON RESOURCES INC.**
**INTERIM CONDENSED STATEMENTS OF CASH FLOWS**
**(expressed in Canadian dollars)**
**(unaudited)**

| | | For the three months ended February 28, 2019 | | For the three months ended February 28, 2018 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net loss | $ | (69,348) | $ | (18) |
| Items not involving cash: | | | | |
| Write-off of exploration and evaluation asset | | 25,000 | | |
| Changes in non-cash working capital: | | | | |
| Prepaid expenses | | 6,921 | | – |
| Accounts payable and accrued liabilities | | (7,873) | | |
| **Net cash used in operating activities** | | **(45,300)** | | **(18)** |
| **Financing activities** | | | | |
| Proceeds from issuance of special warrants | | 45,000 | | – |
| **Net cash provided by financing activities** | | 45,000 | | – |
| Change in cash | | (300) | | (18) |
| Cash, beginning | | 333,292 | | 261 |
| **Cash, ending** | **$** | **332,992** | **$** | **243** |

*(The accompanying notes are an integral part of these interim condensed financial statements)*

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Blue Lagoon Resources Inc. (formerly Blue Lagoon Capital Inc.) (the "Company") was incorporated under the British Columbia Business Corporations Act on March 17, 2017. On December 17, 2018, the Company changed its name from Blue Lagoon Capital Inc. to Blue Lagoon Resources Inc. The Company is in the business of acquiring, exploring, and evaluating mineral resource interests.

The address of the Company's corporate office and principal place of business is Suite 610, 700 West Pender Street, Vancouver, British Columbia.

These interim condensed financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. The Company has an accumulated deficit of $87,611 since inception and expects to incur losses from operations for the foreseeable future. These conditions indicate the existence of material uncertainty, which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. Such adjustments have not been included in these interim condensed financial statements and could be material.

## 2. BASIS OF PREPARATION

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including IAS 34, "Interim Financial Reporting" and using the same accounting policies and methods of computation as the Company's most recent annual financial statements.

These interim condensed financial statements do not include all the information required for full annual financial statements. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2018.

## 3. SIGNIFICANT ACCOUNTING POLICIES

*Application of New IFRS*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, "Financial Instruments: Recognition and Measurement".

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Application of New IFRS (continued)*

IFRS 9 introduces a new expected credit loss ("ECL") model for all financial assets in scope of the impairment requirements. The new ECL will result in an allowance for credit losses being recorded on financial assets irrespective of whether there has been an actual loss event.

The Company adopted the amendments to IFRS 9, effective January 1, 2018 using the full retrospective method, with no significant impact on the Company's consolidated financial statements.

*Financial Instruments*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of operations.

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss (“FVTPL”) or amortized cost.

The Company has made the following classifications:

| | |
|---|---|
| Cash | FVTPL |
| Accounts payable and accrued liabilities | Amortized cost |
| Due to related parties | Amortized cost |

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Financial assets at FVTPL</u>

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Financial Instruments (continued)*

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

*Financial Liabilities and Equity Instruments*

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Financial Liabilities and Equity Instruments (continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost 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 exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

*Accounting Standards Issued But Not Yet Effective*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for future accounting periods. The following has not yet been adopted by the Company:

- IFRS 16, “Leases: New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

The Company does not expect a significant impact on the Company’s financial statements from adopting the above new standard.

(expressed in Canadian dollars)

## 4. EXPLORATION AND EVALUATION ASSETS

| | | Lac Gainsmoor Gold Project |
|---|---|---|
| Acquisition cost: | | |
| Balance, March 17, 2017 (date of incorporation) and November 30, 2017 | $ | – |
| Payment | | 25,000 |
| Balance, November 30, 2018 | | 25,000 |
| Write-off of exploration and evaluation asset | | (25,000) |
| Balance, February 28, 2019 | $ | – |

On October 15, 2018, the Company entered into an option agreement whereby the Company has the right to earn a 100% interest in the Lac Gainsmoor Gold Project located in Quebec, Canada. To earn the 100% interest, the Company is obligated to do the following:

- Payment of $25,000 within 5 days of execution of the agreement (paid)
- Issuance of 200,000 common shares of the Company within 5 business days of the Canadian Securities Exchange (“CSE”) bulletin giving notice that the shares have been approved for listing on the CSE.
- Incur exploration expenditures of $150,000 within 14 months of having the shares approved for listing on the CSE.
- Payment of $25,000 within 14 months of having the shares approved for listing on the CSE.
- Issuance of 500,000 common shares to the optionor within 14 months of having the shares approved for listing on the CSE.
- Incur additional exploration expenditures of $700,000 within 28 months of having the shares approved for listing on the CSE.
- Payment of $100,000 within 28 months of having the shares approved for listing on the CSE.
- Issuance of 750,000 common shares to the optionor within 28 months of having the shares approved for listing on the CSE.

If the CSE approval of the Company’s listing is later than May 1, 2019, the Company is required to pay an additional $25,000 on or before May 5, 2019.

The optionor retains a 1% net smelter royalty interest.

Subsequent to February 28, 2019, the Company terminated the option agreement. As a result, the Company recognized a write-down of $25,000 as at February 28, 2019.

(expressed in Canadian dollars)

## 5. SPECIAL WARRANTS

On December 3, 2018, the Company issued 450,000 special warrants at a price of $0.10 per special warrant for proceeds of $45,000. Each special warrant is exercisable at any time without additional consideration into one common share by the subscriber. All unexercised special warrants will deem to be exercised on the earlier of: (i) the 3rd business day after the day on which the Company receives a receipt for a final prospectus and (ii) November 30, 2019.

## 6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

*Fair values*

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 28, 2019 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) $ | Balance, February 28, 2019 $ |
| Cash | 332,992 | – | – | 332,992 |

The fair values of other financial instruments, which include accounts payable and accrued liabilities, and amount due to related party, approximate their carrying values due to the relatively short-term maturity of these instruments.

*Liquidity risk*

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at February 28, 2019, the Company had cash of $332,992 to settle current liabilities of $5,332. The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

*Credit risk*

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

## 6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

*Price Risk*

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

## 7. SUBSEQUENT EVENT

On April 18, 2019, the Company entered into a mineral property purchase agreement whereby the Company will purchase a 100% interest in five mineral titles located in British Columbia, Canada. To purchase the property, the Company is obligated to do the following:

- Payment of $15,000 (paid) to the Vendor on execution of the property purchase agreement,
- $10,000 to be paid within three days of the final receipt of the Company's prospectus; and
- Issuance of 200,000 common shares of the Company within 10 business days after the Company's shares commence trading on the CSE.

The seller retains a 2% net smelter royalty interest ("NSR"). The Company has the right to purchase one-half of the NSR for $1,000,000 at any time prior to commencement of commercial production.

# SCHEDULE “D”

## MANAGEMENT’S DISCUSSION & ANALYSIS

**[See attached]**

# BLUE LAGOON RESOURCES INC.
# (formerly Blue Lagoon Capital Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended November 30, 2018 and For the Period from March 31, 2017 (Date of Incorporation) to November 30, 2017

This Management's Discussion and Analysis ("MD&A") of Blue Lagoon Resources Inc. (formerly Blue Lagoon Capital Inc.) ("Blue Lagoon" or the "Company"), prepared as of [*], should be read in conjunction with the financial statements and the notes thereto for the year ended November 30, 2018 and the period from March 17, 2017 (date of incorporation) to November 30, 2017 which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

## DESCRIPTION OF BUSINESS

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on March 17, 2017.

The Company is in the business of acquiring, exploring and evaluating mineral resource interests.

The address of the Company's corporate office and principal place of business is Suite 610, 700 West Pender Street, Vancouver, British Columbia.

## EXPLORATION PROJECTS

*Lac Gainsmoor Gold Project*

On October 15, 2018, the Company entered into an option agreement whereby the Company has the right to earn a 100% interest in the Lac Gainsmoor Gold Project located in Quebec, Canada. To earn the 100% interest, the Company is obligated to do the following:

- Payment of $25,000 upon execution of the agreement (paid)
- Issuance of 200,000 shares of the Company within 5 business days of a Canadian Securities Exchange ("CSE") bulletin giving notice that the shares have been approved for listing on the CSE.
- Incur expenditures of $150,000 within 14 months of having the shares approved for listing on the CSE.
- Payment of $25,000 within 14 months of having the shares approved for listing on the CSE.
- Issue 500,000 shares to the Optionor within 14 months of having the shares approved for listing on the CSE.
- Incur additional expenditures of $700,000 within 28 months of having the shares approved for listing on the CSE.
- Payment of $100,000 within 28 months of having the shares approved for listing on the CSE.
- Issue 750,000 shares to the Optionor within 28 months of having the shares approved for listing on the CSE.

(Expressed in Canadian dollars).

If the CSE approval of the Company's listing is later than May 1, 2019, the Company is required to pay an additional $25,000 on or before May 5, 2019.

The Optionor retains a 1% net smelter royalty interest.

| | $ |
|---|---|
| *Acquisition Costs:* | |
| Balance, November 30, 2017 | – |
| Additions | 25,000 |
| Balance, November 30, 2018 | 25,000 |

## RESULTS OF OPERATIONS

For the year ended November 30, 2018, the Company had a net loss of $18,224.

## PRIVATE PLACEMENTS

*Share Issuances*

On February 27, 2018, the Company issued 1,000,000 common shares pursuant to a private placement at a price of $0.02 per share for proceeds of $20,000. Included in this issuance were 333,367 common shares issued to the President of the Company for proceeds of $6,667.

On March 17, 2017, the Company issued 200 shares to the Company's founders at a price of $0.10 per share for proceeds of $20.

*Special Warrants*

On November 30, 2018, the Company issued 3,580,500 special warrants at a price of $0.10 per special warrant for proceeds of $358,050. This included proceeds of $17,000 from the President of the Company, $43,000 from the spouse of the President of the Company, and $12,000 from immediate family members of the President of the Company. Each special warrant is exercisable at any time without additional consideration into one common share by the subscriber. All unexercised special warrants will deem to be exercised on the earlier of: (i) the 3rd business day after the day on which the Company receives a receipt for a final prospectus and (ii) November 30, 2018.

(Expressed in Canadian dollars).

## SELECTED ANNUAL INFORMATION

The following is a summary of the Company's financial results for the most recently completed periods.

| | Year ended November 30, 2018 $ | Period from March 31, 2017 (date of incorporation) to November 30, 2017 $ |
|---|---|---|
| Total revenues | – | – |
| Net loss | (18,224) | (39) |
| Net loss per share, basic and diluted | (0.02) | (0.19) |
| Total assets | 373,292 | 261 |

The net loss for the year ended November 30, 2018 consisted of bank charges of $315, exploration and evaluation asset costs of $4,704 and legal fees of $13,205.

The net loss for the period from March 31, 2017 (date of incorporation) to November 30, 2017 consisted of bank charges of $39.

## SUMMARY OF QUARTERLY RESULTS

A summary of selected information for each of the eight most recent quarters is as follows:

| Three Months Ended | Net Revenues ($) | Net Loss Total ($) | Net Loss Per Share ($) |
|---|---|---|---|
| 2018-November 30 | - | (18,224) | (0.02) |
| 2018-August 31 | - | nil | (0.00) |
| 2018-May 31 | - | nil | (0.00) |
| 2018-February 28 | - | nil | (0.00) |
| 2017-November 30 | - | (39) | (0.20) |
| 2017-Augsut 31 | - | nil | (0.00) |
| 2017-May31 | - | nil | (0.00) |

## RESULTS OF OPERATIONS

For the year ended November 30, 2018, the Company had a net loss of $18,224 (period ended November 30, 2017 - $39) which is composed of bank charges of $315 (period ended November 30, 2017 - $39), exploration and evaluation costs of $4,704 and legal fees of $13,205.

The results of operations for the fourth quarter of the year ended November 30, 2018 were the same as the results of operations for the fiscal year ended November 30, 2018.

## LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2018, the Company had cash of $333,292 (2017 - $261). As at November 30, 2018, the Company had working capital of $334,807 (2017 – deficit of $19).

Total assets were $373,292 as at November 30, 2018 (2017 - $261). The increase of the assets was mainly due to the cash proceeds received from the private placements during the year ended November 30, 2018.

As at November 30, 2018, total liabilities were $13,485 (2017 - $280). The variation was primarily the result of accounts payable and accrued liabilities which are usually paid as and when they become due during the year ended November 30, 2018.

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

### Year ended November 30, 2018:

### Operating activities

For the year ended November 30, 2018, the Company's operating activities used cash of $20,019 (2017 - $39) which is composed of net loss of $18,224 and changes in non-cash working capital of $1,795 including increase of prepaid expenses of $15,000 and increase of accounts payable and accrued liabilities of $13,205.

### Investing activities

For the year ended November 30, 2018, the Company used cash of $25,000 (2017 - $nil) for exploration and evaluation of asset expenditures.

### Financing activities

For the year ended November 30, 2018, the Company was provided cash of $378,050 by financing activities from proceeds from the private placements. For the comparative period, the Company was provided cash of $300 from financing activities.

The Company has no operating revenues and therefore must utilize its income from financing transactions to maintain its capacity to meet ongoing operating activities.

The Company has minimal debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities and due to related parties are short-term and non-interest-bearing.

### Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its business objectives. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms.

## ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2018, or later periods.

- Amended standard IFRS 2, "Share-based Payment" – is effective for annual periods beginning on or after January 1, 2018
- New standard IFRS 9, "Financial Instruments" – is effective for annual periods beginning on or after January 1, 2018
- New standard IFRS 15, "Revenue from Contracts and Customers" – is effective for annual periods beginning on or after January 1, 2018
- New standard IFRS 16, "Leases" – is effective for annual periods beginning on or after January 1, 2019

The Company is evaluating the impact of these new or amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations of the Company.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

## TRANSACTIONS BETWEEN RELATED PARTIES

Other than as disclosed below, during the year ended November 30, 2018 and the period ended November 30, 2017, the Company incurred no transactions with related parties.

During the period ended November 30, 2017, the founder of the Company, Mr. Rana Vig made an opening deposit of $300 into the Company's bank account. During the same period, $20 of this deposit was applied against the proceeds from issuance of share capital to Mr. Vig. The balance of $280 remains as a non-interest-bearing loan owed by the Company to Mr. Vig.

## FINANCIAL INSTRUMENTS AND RISKS

(a) Fair Values

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

(Expressed in Canadian dollars).

| | 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) $ | Balance, November 30, 2018 $ |
| Cash | 333,292 | – | – | 333,292 |

The fair values of other financial instruments, which include accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at November 30, 2018, the Company had cash of $333,292 to settle current liabilities of $13,485. The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt, or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at November 30, 2018, the Company does not have any interest-bearing loans or liabilities outstanding. All accounts payable and accrued liability balances as at November 30, 2018 are current and as such, are not subject to interest.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

## ADDITIONAL DISCLOSURE FOR COMPANIES WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the financial statements for the year ended November 30, 2018 and period ended November 30, 2017 to which this MD&A relates.

## DISCLOSURE OF OUTSTANDING SHARE DATA

### Share Capital

As at January 15, 2019, the Company had 1,000,200 shares issued and outstanding.

### Special Warrants

As at January 15, 2019, the Company had 4,030,050 special warrants issued and outstanding with each special warrant exercisable at a price of $0.10 for one common share of the Company.

**Stock Options**

As at January 15, 2019, the Company had no stock options outstanding.

## OTHER

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

## SUBSEQUENT EVENT

Subsequent to November 30, 2018, the Company issued 450,000 special warrants at a price of $0.10 per special warrant for proceeds of $45,000. Each special warrant is exercisable at any time without additional consideration into one common share by the subscriber. All unexercised special warrants will deem to be exercised on the earlier of: (i) the 3rd business day after the day on which the Company receives a receipt for a final prospectus and (ii) November 30, 2019.

# BLUE LAGOON RESOURCES INC.
# (formerly Blue Lagoon Capital Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Periods Ended February 28, 2019 and 2018

This Management's Discussion and Analysis ("MD&A") of Blue Lagoon Resources Inc. (formerly Blue Lagoon Capital Inc.) ("Blue Lagoon" or the "Company"), prepared as of the date of this prospectus, should be read in conjunction with the financial statements and the notes thereto for the periods ended February 28, 2019 and 2018 which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

## DESCRIPTION OF BUSINESS

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on March 17, 2017.

The Company is in the business of acquiring, exploring, and evaluating mineral resource interests.

The address of the Company's corporate office and principal place of business is Suite 610, 700 West Pender Street, Vancouver, British Columbia.

## EXPLORATION PROJECTS

*Lac Gainsmoor Gold Project*

On October 15, 2018, the Company entered into an option agreement whereby the Company has the right to earn a 100% interest in the Lac Gainsmoor Gold Project located in Quebec, Canada. To earn the 100% interest, the Company is obligated to do the following:

- Payment of $25,000 upon execution of the agreement (paid)
- Issuance of 200,000 shares of the Company within 5 business days of a Canadian Securities Exchange ("CSE") bulletin giving notice that the shares have been approved for listing on the CSE.
- Incur expenditures of $150,000 within 14 months of having the shares approved for listing on the CSE.
- Payment of $25,000 within 14 months of having the shares approved for listing on the CSE.
- Issue 500,000 shares to the Optionor within 14 months of having the shares approved for listing on the CSE.
- Incur additional expenditures of $700,000 within 28 months of having the shares approved for listing on the CSE.
- Payment of $100,000 within 28 months of having the shares approved for listing on the CSE.
- Issue 750,000 shares to the Optionor within 28 months of having the shares approved for listing on the CSE.

If the CSE approval of the Company's listing is later than May 1, 2019, the Company is required to pay an additional $25,000 on or before May 5, 2019.

(Expressed in Canadian dollars).

The Optionor retains a 1% net smelter royalty interest.

On April 23, 2019, the Company terminated the option agreement. See heading "Subsequent Event".

| | $ |
|---|---|
| *Acquisition Costs:* | |
| Balance, November 30, 2017 | – |
| Additions | 25,000 |
| Balance, November 30, 2018 | 25,000 |
| Write-off of exploration and evaluation asset | (25,000) |
| Balance, February 28, 2019 | – |

## RESULTS OF OPERATIONS

For the period ended February 28, 2019, the Company had a net loss of $69,348.

## PRIVATE PLACEMENTS

*Share Issuances*

On February 27, 2018, the Company issued 1,000,000 common shares pursuant to a private placement at a price of $0.02 per share for proceeds of $20,000. Included in this issuance were 333,367 common shares issued to the President of the Company for proceeds of $6,667.

On March 17, 2017, the Company issued 200 shares to the Company's founders at a price of $0.10 per share for proceeds of $20.

*Special Warrants*

On November 30, 2018, the Company issued 3,580,500 special warrants at a price of $0.10 per special warrant for gross proceeds of $358,050. This included proceeds of $17,000 from the President of the Company, $43,000 from the spouse of the President of the Company, and $12,000 from immediate family members of the President of the Company. Each special warrant is exercisable at any time without additional consideration into one common share by the subscriber. All unexercised special warrants will be deemed to be exercised on the earlier of: (i) the 3rd business day after the day on which the Company receives a receipt for a final prospectus and (ii) November 30, 2019.

On December 3, 2018, the Company issued 450,000 special warrants at a price of $0.10 per special warrant for gross proceeds of $45,000. Each special warrant is exercisable at any time without additional consideration into one common share by the subscriber. All unexercised special warrants will be deemed to be exercised on the earlier of: (i) the 3rd business day after the day on which the Company receives a receipt for a final prospectus and (ii) November 30, 2019.

(Expressed in Canadian dollars).

## SUMMARY OF QUARTERLY RESULTS

A summary of selected information for each of the eight most recent quarters is as follows:

| Three Months Ended | Net Revenues ($) | Net Loss Total ($) | Net Loss Per Share ($) |
|---|---|---|---|
| 2019-February 28 | - | (69,348) | (0.07) |
| 2018-November 30 | - | (18,206) | (0.02) |
| 2018-August 31 | - | nil | (0.00) |
| 2018-May 31 | - | nil | (0.00) |
| 2018-February 28 | - | (18) | (0.09) |
| 2017-November 30 | - | (39) | (0.20) |
| 2017-August 31 | - | nil | (0.00) |
| 2017-May31 | - | nil | (0.00) |

## RESULTS OF OPERATIONS

For the period ended February 28, 2019, the Company had a net loss of $69,348 (2018 - $18) which is composed of professional fees of $44,348 (2018 - $Nil), and write-off of exploration and evaluation asset of $25,000.

## LIQUIDITY AND CAPITAL RESOURCES

As at February 28, 2019, the Company had cash of $332,922 (2018 - $243). As at February 28, 2019, the Company had working capital of $335,459 (November 30, 2018 – $334,807).

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

**Period ended February 28, 2019:**

**Operating activities**

For the period ended February 28, 2019, the Company's operating activities used cash of $45,300 (2018 - $18) .

**Financing activities**

For the period ended February 28, 2019, the Company was provided cash of $45,000 by financing activities from proceeds from the issuance of special warrants. For the comparative period, the Company was provided cash of $nil from financing activities.

The Company has no operating revenues and therefore must utilize its income from financing transactions to maintain its capacity to meet ongoing operating activities.

The Company has minimal debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities and due to related parties are short-term and non-interest-bearing.

(Expressed in Canadian dollars).

### Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its business objectives. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms.

### ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2019, or later periods.

- New standard IFRS 16, "Leases" – is effective for annual periods beginning on or after January 1, 2019

The Company does not expect a significant impact on the Company's financial statements from adopting the above new standard.

### OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

### TRANSACTIONS BETWEEN RELATED PARTIES

During the periods ended February 28, 2019 and 2018, the Company incurred no transactions with related parties.

### FINANCIAL INSTRUMENTS AND RISKS

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 28, 2019 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) $ | Balance, February 28, 2019 $ |
| Cash | 332,922 | – | – | 332,922 |

The fair values of other financial instruments, which include accounts payable and accrued liabilities, and amount due to related party, approximate their carrying values due to the relatively short-term maturity of these instruments.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at February 28, 2019, the Company had cash of $332,992 to settle current liabilities of $5,612. The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt, or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at February 28, 2019, the Company does not have any interest-bearing loans or liabilities outstanding. All accounts payable and accrued liability balances as at February 28, 2019 are current and as such, are not subject to interest.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

## ADDITIONAL DISCLOSURE FOR COMPANIES WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the financial statements for the periods ended February 28, 2019 and 2018 to which this MD&A relates.

## DISCLOSURE OF OUTSTANDING SHARE DATA

### Share Capital

As of the date of this prospectus, the Company had 1,000,200 shares issued and outstanding.

### Special Warrants

As of the date of this prospectus, the Company had 4,030,050 special warrants issued and outstanding with each special warrant exercisable without additional consideration into one common share of the Company.

### Stock Options

As of the date of this prospectus, the Company had no stock options outstanding.

## OTHER

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

## SUBSEQUENT EVENTS

On April 23, 2019, the Company terminated its option agreement to acquire the Lac Gainsmoor Gold Project, and no longer has an interest in that property.

On April 18, 2019, the Company entered into a property purchase agreement whereby the Company will purchase the 100% interest in the Golden Wonder Property located in British Columbia, Canada. To purchase the property, the Company is obligated to do the following:

- Payment of $15,000 (paid) to the Vendor on execution of the property purchase agreement,
- $10,000 to be paid within three (3) days of the final receipt of the prospectus; and
- 200,000 shares to be issued to the Vendor within 10 business days after the company commence trading on the Canadian Stock Exchange.

The seller retains a 2% net smelter royalty interest ("NSR"). The Company has the right to purchase one-half of the NSR for $1,000,000 at any time prior to commencement of commercial production.

## CERTIFICATE OF THE COMPANY

**Date: May 21, 2019**

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, and Ontario.

/s/ Rana Vig
Rana Vig
President, Chief Executive Officer, Corporate Secretary, and Director

/s/ Carmelo Marrelli
Carmelo Marrelli
Chief Financial Officer

## ON BEHALF OF THE BOARD OF DIRECTORS

/s/ Gurdeep Bains
Gurdeep Bains
Director

/s/ Norman Brewster
Norman Brewster
Director

## CERTIFICATE OF THE PROMOTER

**Date: May 21, 2019**

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, and Ontario.

/s/ Rana Vig
Rana Vig
Promoter