BLUE LAGOON RESOURCES INC.

Consolidated Financial Statements

For the year ended November 30, 2019

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Blue Lagoon Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Blue Lagoon Resources Inc. (the "Company"), which comprise the consolidated statement of financial position as at November 30, 2019, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred net losses during the year ended November 30, 2019 and, as of that date, the Company's total deficit was $720,644. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Blue Lagoon Resources Inc. for the year ended November 30, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on January 9, 2019.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Alyson Neil.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

March 30, 2020

BLUE LAGOON RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	**November 30, 2019**	November 30, 2018
ASSETS			
Current assets			
Cash		**$ 790,539**	$ 333,292
Receivables		**17,968**	-
Prepaid expenses		**-**	15,000
Total current assets		**808,507**	348,292
Non-current assets			
Exploration and evaluation assets	5	**4,957,354**	25,000
Total Assets		**$ 5,765,861**	$ 373,292
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payables and accrued liabilities		**$ 60,879**	$ 13,205
Due to related parties	6	**132,280**	280
Total Liabilities		**$ 193,159**	$ 13,485
Shareholders' equity			
Share capital	7	**$ 6,212,681**	$ 20,020
Special warrants	7	**-**	358,050
Reserves	7	**80,665**	-
Deficit		**(720,644)**	(18,263)
Total Shareholders’ Equity		**5,572,702**	359,807
Total Liabilities and Shareholders’ Equity		**$ 5,765,861**	$ 373,292

Going concern (Note 1)
Subsequent events (Note 11)

Approved for issuance on behalf of the Board of Directors on March 30, 2020:

(Signed) *“Rana Vig”* Director

(Signed) *“Gurdeep Bains”* Director

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

BLUE LAGOON RESOURCES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

For the year ended		**November 30, 2019**		November 30, 2018
Expenses				
General and Administrative Expenses	**$**	**139,843**	$	315
Consulting Fees (Note 6)		**219,683**		-
Exploration Expenses		**116,546**		4,704
Professional Fees		**120,644**		13,205
Stock-based compensation (Note 7)		**80,665**		-
Total Operating Expenses		**677,381**		18,224
Other Item				
Write-off of exploration and evaluation asset (Note 5)		**(25,000)**		-
Net loss and comprehensive loss	**$**	**(702,381)**	$	(18,224)
Basic and diluted loss per share	**$**	**(0.05)**	$	(0.02)
Weighted average number of common shares outstanding		**13,285,770**		756,364

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

BLUE LAGOON RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian dollars)

	Share Capital					
	Number of Shares	**Amount**	**Special Warrants**	**Reserves**	**Deficit**	**Total shareholders' equity (deficit)**
Balance, November 30, 2017	**800**	**$ 20**	**$ -**	**$ -**	**$ (39)**	**$ (19)**
Shares issued for cash	4,000,000	20,000	-	-	-	20,000
Special warrants issued for cash	-	-	358,050	-	-	358,050
Net loss	-	-	-	-	(18,224)	(18,224)
Balance, November 30, 2018	**4,000,800**	**$ 20,020**	**$ 358,050**	**$ -**	**$ (18,263)**	**$ 359,807**
Special warrants issued for cash	-	-	45,000	-	-	45,000
Special warrants converted to common shares	16,122,000	403,050	(403,050)	-	-	-
Shares issued for acquisition of Golden Wonder Project	200,000	20,000	-	-	-	20,000
Shares issued for the acquisition of subsidiary	11,600,000	4,640,000	-	-	-	4,640,000
Shares issued for property acquisition	50,000	69,500	-	-	-	69,500
Shares issued for cash	1,100,000	1,100,000	-	-	-	1,100,000
Share issue cost	-	(39,889)	-	-	-	(39,889)
Share based compensation	-	-	-	80,665	-	80,665
Net loss	-	-	-	-	(702,381)	(702,381)
Balance, November 30, 2019	**33,072,800**	**$ 6,212,681**	**$ -**	**$ 80,665**	**$ (720,644)**	**$ 5,572,702**

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

BLUE LAGOON RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

		For the year ended November 30, 2019		For the year ended November 30, 2018
Cash flows used in operating activities				
Net loss	**$**	**(702,381)**	$	(18,224)
Items not involving cash:				
Write-off of exploration and evaluation asset		**25,000**		-
Stock-based compensation		**80,665**		-
Changes in non-cash working capital:				
Receivables		**(6,774)**		-
Prepaid Expenses		**15,000**		(15,000)
Accounts payable and accrued liabilities		**(56,756)**		13,205
Due to related parties		**132,000**		-
Net cash used in operating activities		**(513,246)**		(20,019)
Cash flows used in investing activities				
Exploration and evaluation assets		**(157,687)**		(25,000)
Cash acquired from acquisition of subsidiary		**23,069**		-
Net cash used in investing activities		**(134,618)**		(25,000)
Cash flows used in financing activities				
Proceeds from issuance of special warrants		**45,000**		358,050
Proceeds from issuance of shares		**1,100,000**		20,000
Share issue cost		**(39,889)**		-
Net cash provided by financing activities		**1,105,111**		378,050
Change in cash		**457,247**		333,031
Cash, beginning		**333,292**		261
Cash, ending	$	**790,539**	$	333,292
Non-cash transactions:				
Shares issued for exploration and evaluation assets (Note 5)	**$**	**89,500**	$	-
Shares issued for acquisition of subsidiary (Note 5)	**$**	**4,640,000**		
Conversion of special warrants to common shares (Note 7)	**$**	**403,050**	$	-

(The accompanying notes are an integral part of these consolidated 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. All of the Company's exploration and evaluation properties are located in Canada. The address of the Company's corporate office and principal place of business is Suite 610, 700 West Pender Street, Vancouver, British Columbia.

On June 25, 2019, the Company obtained a receipt for its final prospectus filed with the securities regulatory authorities in the Provinces of British Columbia, Alberta and Ontario. The Company's common shares began trading on the Canadian Stock Exchange on July 4, 2019, under the stock symbol "BLLG".

These consolidated 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 $720,644 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 consolidated financial statements and could be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Measurement and Consolidation

The consolidated financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars 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.

These consolidated financial statements incorporate the accounts of the Company and its wholly owned Canadian subsidiary ASIC Mining Inc. ("ASIC"). The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar.

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. As at November 30, 2019 and 2018, the Company did not have any cash equivalents.

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 (loss).

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. For the years presented there are no decommissioning liabilities.

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.

Flow-through share private placement

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company’s common shares. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The deferred income tax liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditure are completed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Recently Adopted Accounting Standards

IFRS 9: Financial Instrument

The Company adopted all of the requirements of IFRS 9 as of December 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

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

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Financial Assets/Liabilities	IAS 39	IFRS 9
Cash	Loans and receivables (amortized cost)	Amortized cost
Receivable	Loans and receivables (amortized cost)	Amortized cost
Accounts payable	Other financial liabilities (amortized cost)	Amortized cost
Dues to related parties	Other financial liabilities (amortized cost)	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on December 1, 2018.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standards (continued)

(ii) Measurement

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

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

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

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

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standards (continued)

Financial liabilities
A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements and since the Company did not have any financial liabilities designated at fair value through profit or loss, the adoption of IFRS 9 did not impact our accounting policies for financial liabilities.

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 consolidated financial statements from adopting the above new standard.

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

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Estimates (continued)

Income taxes

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.

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.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

EXPLORATION AND EVALUATION ASSETS

	Lac Gainsmoor Gold Project	***Golden Wonder Project***	***Pellaire Gold Property***	***Total***
Balance, March 17, 2017 (date of incorporation) and November 30, 2017	$ -	$ -	$ -	**$ -**
Acquisition Cost	25,000	-	-	**25,000**
Balance, November 30, 2018	25,000	-	-	**25,000**
Write-off of exploration and evaluation asset	(25,000)	-	-	**(25,000)**
Acquisition Cost – cash	-	25,000	132,687	**157,687**
Acquisition Cost – shares	-	20,000	4,779,667	**4,799,667**
Balance, November 30, 2019	$ -	$ 45,000	$ 4,912,354	**$ 4,957,354**

Lac Gainsmoor Gold Project

On October 15, 2018, the Company entered into an option agreement whereby the Company has the option to earn a 100% interest in the Lac Gainsmoor Gold Project located in Quebec, Canada. The Company paid $25,000 on the execution of the agreement in fiscal year 2017.

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. As a result, the Company recognized a write-down of $25,000 during the year ended November 30, 2019. As at November 30, 2019, the Company had no further obligations to fulfill the above terms.

Golden Wonder Project

On April 18, 2019, the Company entered into an agreement to purchase a 100% interest in the Golden Wonder Property located in British Columbia, Canada by:

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

On July 16, 2019, the Company executed on its rights to purchase 100% interest in the Golden Wonder property by making its final cash payment $10,000 and issuing 200,000 common shares to the vendor value at $20,000.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Pellaire Gold Property

On August 27, 2019, the Company acquired all of the issued and outstanding shares of ASIC Mining Inc. ("ASIC") in exchange for a total of 11,600,000 common shares of the Company. ASIC is a private Canadian company.

The Company has determined that ASIC does not have the inputs and processes capable of producing outputs that are necessary to meet the definition of a business as defined by IFRS 3. Therefore, the acquisition is accounted for as an asset acquisition whereby the Company has acquired all of the net assets of ASIC. The primary assets of ASIC consist of an option to acquire 100% interest in the Pellaire Gold Property located in the Clinton Mining Division of British Columbia.

Consideration		
11,600,000 common shares	$	4,640,000
The cost of the acquisition was allocated to assets and liabilities as follows:		
Cash	$	23,069
Receivables		11,194
Pellaire Project		4,710,167
Accounts payable and accrued liabilities		(104,430)
Net assets acquired	$	4,640,000

On March 28, 2019, as amended on July 5, 2019 and July 31, 2019, ASIC entered into an option agreement to acquire a 100% interest in the Pellaire Gold Property by the following:

- Cash payment of $25,000 USD on March 28, 2019 (paid);
- Cash payment of $100,000 USD on July 5, 2019 (paid) and issue 200,000 shares in four equal instalments of 50,000 shares 3, 6, 9 and 12 months from July 5, 2019 (50,000 shares issued);
- Cash payment of $50,000 USD, incur $200,000 in Expenditures and issue 200,000 shares in four equal instalments of 50,000 shares 3, 6, 9 and 12 months from July 5, 2020;
- Cash payment of $50,000 USD, incur $100,000 in Expenditures and issue 200,000 shares in four equal instalments of 50,000 shares 3, 6, 9 and 12 months from July 5, 2021;
- Cash payment of $50,000 USD, incur $100,000 in Expenditures and issue 200,000 shares in four equal instalments of 50,000 shares 3, 6, 9 and 12 months from July 5, 2022;
- Cash payment of $50,000 USD, incur $100,000 in Expenditures and issue 200,000 shares in four equal instalments of 50,000 shares 3, 6, 9 and 12 months from July 5, 2023;

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.

On November 27, 2019, the Company issued 50,000 common shares towards earning a 100% interest in the Pellarie Gold Property. The shares were determined to have a fair value of $69,500.

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTION

Summary of key management personnel compensation:
Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers.

For the year ended		**November 30, 2019**	November 30, 2018
Management and consulting fees	**$**	**132,000**	-
Share-based compensation		**80,655**	-
	$	**212,665**	-

As at November 30, 2019 there was $132,280 (2018 - $280) owing to the officers or directors of the Company.

7. SHARE CAPITAL AND RESERVES

Authorized: Unlimited number of common shares without par value.

STOCK SPLIT

On August 20, 2019, the Company completed a four-for-one (4:1) share split of the issued and outstanding common shares. All shares and per share amounts have been retrospectively restated to reflect the share split.

COMMON SHARES

For the year ended November 30, 2019

On November 27, 2019, the Company issued 50,000 shares in connection with the Pellaire Gold Property option agreement, the shares were determined to have a fair value of $69,500.

On November 14, 2019, the Company closed the fourth tranche of financing for proceeds of $100,000 and issued 100,000 flow-through common shares. The flow-through shares were not issued at a premium, therefore no flow-through premium liability has been recognized as at November 30, 2019.

On November 1, 2019, the Company closed the third tranche of financing for proceeds of $450,000 and issued 450,000 flow-through common shares. The flow-through shares were not issued at a premium, therefore no flow-through premium liability has been recognized as at November 30, 2019.

On October 10, 2019, the Company closed the second tranche of financing for proceeds of $250,000 and issued 250,000 non-flow-through common shares.

On September 16, 2019, the Company closed the first tranche of financing for proceeds of $300,000 and issued 300,000 non-flow-through common shares to the CEO of the Company.

On August 27, 2019, the acquisition date of ASIC Mining Inc., the Company issued 11,600,000 common shares for the acquisition of the net assets of ASIC which were determined to have a fair value of $4,640,000 (Note 5).

On July 16, 2019, the Company issued 200,000 common shares for the execution of the Golden Wonder Project agreement for an addition in exploration and evaluation assets of $20,000 (Note 5).

7. SHARE CAPITAL AND RESERVES (Continued)

For the year ended November 30, 2018

On February 27, 2018, 4,000,000 common shares were issued for proceeds of $20,000.

On March 13, 2017, the incorporation date, 800 common shares were issued for proceeds of $20.

SPECIAL WARRANTS

On December 3, 2018, the Company issued 1,800,000 special warrants for proceeds of $45,000. Each special warrant is exercisable at any time without additional consideration into one common share by the subscriber.

On November 30, 2018, the Company issued 14,322,000 special warrants 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.

During the year ended November 30, 2019, a total of 16,122,000 special warrants have been exercised and converted to 16,122,000 common shares.

STOCK OPTIONS

Stock Option Plan

The Stock Option Plan was adopted by the Company's board of directors on December 14, 2018. The aggregate number of securities reserved for issuance, set aside and made available for issuance under the Stock 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 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 Stock 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 Stock Option Plan may not exceed five years.

Stock Option Activity

On September 20, 2019, the Company issued 100,000 stock options with an exercisable price of $1.20 per option to the Company’s Chief Geologist. The options vest quarterly beginning December 20, 2019. The fair value of the stock options were determined to have a fair value of $39,279 using the Black-Scholes option pricing model determined using the following assumptions: estimated volatility of 84%, risk free interest rate of 1.59%, expected life of 2 years, exercise price of $1.2 and a share price of $0.98. $15,942 has been included in share-based payments related to the portion vested as at November 30, 2019.

(Expressed in Canadian dollars)

7. SHARE CAPITAL AND RESERVES (Continued)

On July 19, 2019, the Company issued 1,210,000 stock options with an exercisable price of $0.1125 per option to the directors and officers. The options vested immediately upon grant and will expire on July 18, 2021. The fair value of the stock options were determined to have a fair value of $64,723 using the Black-Scholes option pricing model determined using the following assumptions: estimated volatility of 88%, risk free interest rate of 1.71%, expected life of 2 years, exercise price of $0.1125 and a share price of $0.1125.

	Number	Weighted Average Exercise Price
Balance, November 30, 2018 and 2017	-	-
Granted	1,310,000	0.20
Balance, November 30, 2019	1,310,000	0.20

Details of the share options outstanding and exercisable as at November 30, 2019 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Vested	Exercise Price
July 19, 2021	1,210,000	1,210,000	0.11
September 20, 2021	100,000	-	1.20
Balance, November 30, 2019	1,310,000	1,210,000	0.20

As of November 30, 2019, the weighted average remaining life for outstanding options was 1.65 years.

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.

The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended November 30, 2019.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values

The judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, The Company has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of the of the Company's financial assets and financial liabilities are assumed to approximate their carrying values due to their short-term nature.

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, 2019, the Company had cash of $790,539 to settle current liabilities of $193,159. 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, 2019, the Company does not have any interest-bearing loans or liabilities outstanding. All accounts payable and accrued liability balances as at November 30, 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.

(Expressed in Canadian dollars)

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, 2019		For the year ended November 30, 2018
Net loss	$	(702,381)	$	(18,224)
Statutory rate		27%		27%
Expected income tax expense (recovery)		(190,000)		(5,000)
Tax effect of:				
Permanent differences		11,000		-
Share issuance costs		(11,000)		-
Other		1,000		-
Change in unrecognized deferred income tax assets		189,000		5,000
Income tax provision	**$**	–	**$**	-

The significant components of deferred income tax assets at November 30, 2019 and 2018 are as follows:

		November 30, 2019		November 30, 2018
Non-capital losses carried forward	$	146,000	$	4,000
Exploration and evaluation assets		39,000		1,000
Share issuance costs		9,000		-
Unrecognized deferred income tax assets		(194,000)		(5,000)
	$	-	**$**	–

As at November 30, 2019, the Company has non-capital losses carried forward of $543,000, which are available to offset future years' taxable income that expire between 2037 to 2039.

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 EVENTS

a) On December 3, 2019, the Company entered into an option agreement with Exgen Resources Inc. ("Exgen") to acquire 80% interest in the Gordon Lake gold property located in the Northwest Territories of Canada by:
   - Incurring $250,000 in exploration expenditures during the first year of the option;
   - A cash payment of $100,000 and issuance of 100,000 common shares of the Company over a period of two years;
   - A cash payment of $50,000 per year until the commencement of commercial production;
   - Issuance of 100,000 shares upon obtaining a NI 43-101 technical report establishing a resource estimate;
   - Issuance of 200,000 common shares upon obtain a further technical report establishing economics on the property; and
   - Issuance of 350,000 common shares upon commencing commercial production.

   In addition, the Company will grant a 2.5% net smelter royalty to Exgen, with all prior cash payments being credited towards royalty payments.

11. SUBSEQUENT EVENTS (Continued)

b) On January 21, 2020, the Company closed the first tranche of a non-brokered private placement for proceeds of $850,000 and issued 566,666 non-flow-through common shares.

c) On January 7, 2020, entered into an earn-in and operating agreement (the "Agreement") with Mag One Products Inc. ("MOPI"), and MOPI's wholly owned subsidiary, Mag One Operations Inc. ("Mag One") dated January 6, 2020 pursuant to which the Issuer may acquire an option to acquire up to a 70% equity joint venture ownership interest in Mag One through the purchase of shares of Mag One. Mag One is in the business of development and commercialization of technologies for the processing and production of magnesium metal, magnesium compounds, by-products and vertically integrated co-products from serpentinite tailings. Pursuant to the Agreement, the Issuer may purchase up to 50% interest in Mag One by making cash payments to Mag One of $100,000 upon the closing date of the acquisition of the 50% interest (the "First Closing Date"), and $300,000, $750,000, $1.1 million and $1.5 million, within 3, 8, 12 and 19 months from the First Closing Date, respectively. The Issuer may acquire an additional 20%, subject to MOPI shareholder approval, by making a final payment of $1.5 million within 24 months of the First Closing Date. Closing of the Transaction is subject to various conditions, including completion of due diligence investigations, receipt of all necessary corporate and regulatory approvals, and compliance with stock exchange requirements.

d) On January 31, 2020, the Company closed the second tranche of a non-brokered private placement for proceeds of $150,000 and issued 100,000 non-flow-through common shares.

e) On March 27, 2020, the Company completed the acquisition of all of the outstanding shares of Metal Mountain Resources Inc. ("Metal Mountain") in exchange for 12,151,220 common shares of the Company (the "Transaction"). Metal Mountain holds a 50.84% interest in Gavin Mines Inc. ("Gavin Mines"), which holds a 100% interest in the Dome Mountain mine. Metal Mountain also holds 100% interest in Lloyd Minerals Inc., which holds a 100% interest in the Big Onion Porphyry Copper Project. Both projects are located in Northwest British Columbia.

   Pursuant to the Transaction, Metal Mountain amalgamated with a newly-incorporated subsidiary of the Company under the provisions of the Business Corporations Act (British Columbia). The shareholders of Metal Mountain received 0.97266 common shares of the Company in exchange for every 4 outstanding common shares of Metal Mountain.

   Upon the closing of the Transaction, the board and management of Gavin Mines was reconstituted, such that the Company has control of the board of Gavin Mines.

   Concurrent with the close of the Transaction, the Company acquired 27.44% share interest in Gavin Mines in exchange for 1,372,000 common shares of the Company.